



OMV Capital Markets Update 2025 – Q&A Transcript

OMV presented its Capital Markets Update 2025 on October 6, 2025. The event featured a strategy update from the entire Executive Board and was broadcast as a live webcast from Vienna. Following the presentations, a question-and-answer session was held with analysts and investors. Below is the transcript of the Q&A session, organized by topic and edited for clarity.

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Dividend policy

Question by **Sadnan Ali - HSBC:**

I just wanted to revisit the new distribution policy. I understand it was answered but just want to approach from a slightly different angle. In the past few years peers have been increasing their percentage of CFFO payout. Obviously, you've opted not to approach it from this angle. Just want to understand your thought process of opting not to follow peers.

Answer by **Reinhard Florey:**

Let me start by saying that the peers are also not following just one scheme. There are different schemes. And it's true that in terms of share buyback programs, some companies offer a special program on top of their dividend policy. That was one of the reasons why in 2022, we changed our dividend policy to an at that time progressive plus special dividend, because we wanted to make up with a full cash special dividend for this non-full cash but indirect positive development of share buybacks.

Now we have upped that even in saying this is not a special dividend with the character of "this may come or may not come" to say there will always be additional variable dividend, because we intend to be below the 30% threshold of leverage, and we also see that the ability to distribute 20% to 30% of our operating cash surpasses the regular dividend level. So therefore, we just kept this kind of discretion between the 20% and 30% to adjust for two things. First of all, is there an economic environment that would not make it recommendable also from a shareholder's point of view to distribute immediately, a very high dividend.

And the second is, if you take it, that you have, for instance, acquisition opportunity or something like that that consumes a little bit of the cash but preserves a lot of cash inflow in the future that you can also lower this with the promise of then having a higher distribution in the future.

Question by **Sadnan Ali - HSBC:**

The CFFO historically has included dividend payments you receive. So for example, in 2024, it was some EUR 400 mn of dividends received from Borouge. Going forward, the CFFO-linkage is now sticking to 20-30%, but of course, not including dividends received from BGI directly, as its 50% separately.



On slide 37, when you're comparing the new dividend policy, in 2024, when you're showing the EUR 4.3 bn of CFFO on a pro forma basis, does that also include the EUR 400 mn received from Borouge? And is that not sort of double counting on a pro forma basis on that chart? Because you're including the 50% from BGI, but does that not also already include the EUR 400 mn from Borouge?

Answer by **Reinhard Florey**:

You're right, the EUR 4.3 bn more or less stays the same in the comparison between old and pro forma. And we have on top what is more or less the operating cash flow from Borealis. So in the operating cash flow of Borealis, if I'm not wrong, we have dividends of Borouge fully included. So there's not a double count in that respect. So that really means this dividend is already something that is according to our accounting and reporting rules in the operating cash flow. And that gives us then the comparison right in terms of deducting that and adding back the at least floor dividend of BGI on top of the EUR 4.3 bn.

Question by **Paul Redman – BNP Paribas**:

When I think about the guidance you're giving on distributions, what decided 50%? Could it have been higher? Could it have been lower? What drives that 50% commitment?

Answer by **Reinhard Florey**:

I can confirm that 50% has been a very deliberate and very analytic choice. Maybe the reasons in its sequence: First of all, very clearly, 50% of free cash flow is more than 20% to 30% of operating cash flow. So that was the first calibration that we did. The second was that BGI dividend has a little bit of a different scheme than just a 20% to 30% of the OMV operating cash flow. Why? Because it has both a downside protection and upside assurance, which means that for an asset that we do not control to 100% or to 75%, we see that the market fluctuations are very much covered by that kind of floor concept. And that was true for both ADNOC and us. They losing their clear majority on Borouge, we losing that on Borealis.

So we thought, what's the best assurance for us to still get the money and the return on the investment that we need? And now we see that if the market goes down, we're protected. If the market goes up, there is an upside and I mentioned that upside not only from the net profit side, because probably you couldn't today take a model for how net profit looks like after a PPA of Nova. However, if you then compare it to say, you have 90% of net profit, wow, that's a high number and then if free cash flow is higher, there's an upside to that, that gives you really an opportunity, because if the market goes up, the cash flow, free cash flow, is the first thing to go up, because you still have curbed CAPEX and a great operating cash flow then. So therefore, it is a little bit more asymmetric than you would say, 20% to 30% of operating cash flow when you are fully exposed.

On the other hand, OMV stands for integrated business model. And we keep our promise of 20% to 30% of operating cash flow with all the resilience that we have. So therefore, we viewed it as the both of best worlds. So why then 50%? Because we said it's really our deliberate decision to pass on directly 50%, but we also need to keep 50%, because OMV is there with two strong pillars that we want to grow, that we want to develop. And there is a lot of opportunity what we can do. And if we are so successful, then also our share of dividends passed on from that with the operating cash flow gets higher.

Question by **Alejandro Vigil – Santander**:

On the '25 dividend, market expectations is that you're going to cut dividend by about 10%, so it's below last year. Do you think this is a fair assumption considering all the messages you're bringing today of growth and strength? You're expecting dividends to be lower this year?

Answer by **Reinhard Florey**:

I ask for your patience, because it will be January, until we will announce the level of the dividend for the year 2025. The year 2025 is happening in a challenging environment. We don't need to discuss this. Everybody knows it. On the other hand, the resilience of this group is able to also provide a cash level that we think is compared to others, very stable, very resilient. But certainly, we will discuss this, we'll discuss it in the Executive Board, we'll discuss it with



our Supervisory Board, because we still have this 20% to 30% range. And what is the adequate range, we will decide then at that point of time. So please be patient until January.

M&A

Question by **Christopher Kuplent – Bank of America:**

This is particularly about energy, I think, where you've presented quite a bullish outlook, almost an acquisitive outlook. So I just wondered whether you can describe your view on which part of the cycle we're in when you consider particularly M&A, you sold a few assets, you're out here saying, hey, I want to get to 400 [kboe/d] with inorganic steps. Where are we? Is this a better time to sell or to buy? What are you waiting for?

Answer by **Berislav Gašo:**

First of all, I'm not sure I would agree with the bullish outlook. I think it's a factual outlook where we simply say and we've heard that today a couple of times, that the energy transition, the pace of the energy transition is not taking place at the same pace as anticipated earlier. I think that was one reason.

Second reason was that, we looked also a lot into demand, specifically also European demand for gas, but also global demand for energy, for instance. And if you look into what the International Energy Agency published in March, for instance, then you see incrementally 2024 was almost a 60%, 70% higher growth for energy than the comparable preceding 10-year period, where's that coming from. There is a massive electricity hunger that is triggered by new sources of demand, one thing, Gen AI data centers, you name it. But second, of course, also decarbonization efforts, because that translates into electrification. If you take that entire view, then I don't think that we are necessarily bullish with the outlook on gas demand in Europe.

I think we're just simply acknowledging the facts and the reality out there. And you see that also underpinned, for instance, with the recent discussion that German policymakers are having, where they say, of course, we want to push the renewables as much as we can and any form of energy that we can add to that massive demand is more than welcome. But we are equally realizing we can't do it with the renewables alone. We'll need gas-fired power plants in order to swing them on and swing them down as much as we can in order to stabilize the grid. So gas is going to be there for longer. It's going to be an important bridging technology and an important bridging fuel. That is I think the basis of our thinking. And then we say we sit in Europe and we sit in and around Europe and we sit here today, already on some fantastic gas reserves and gas resources and some of the most exciting gas projects that can be developed, in particular piped gas projects to Europe and we want to do more around that. So, I think it's pretty logical in terms of how we derive that.

Second to your question, where are we in the cycle? I mean, that's a difficult one, long enough around not to tell you where we are in the cycle and what I believe around oil and gas prices. I can tell you though one thing and that is, that independent of where you are in the cycle, if you get the right opportunity at the right price, you should go and execute. And I understand the worries in this room about, oh my god, does this now imply billions of acquisitions and money that OMV wants to spend, now what are they going to do. I can only repeat what I said earlier that I really like barrels, but I love dollars even more. My colleagues here think alike and think the same and so does also our Supervisory Board. We're not going to do something stupid just to chase a volumetric target. There are opportunities, there are not too many opportunities. It's not necessarily a buyer's market, but if you work hard, you can still find those opportunities.

Question by **Christopher Kuplent – Bank of America:**

These 2030 financial targets, are they based on purely what you have today? Or did you already include some of the M&A excitement from your colleagues around the shop?

Answer by **Reinhard Florey:**

I cannot give you a precise answer, but I can give you a clue. When we were talking about the targets of the previous strategic plan, we have reduced the inorganic part when it comes to CAPEX probably by around 50%. Why?



Because first of all, we stay below 30% leverage. Secondly, we are investing EUR 1.6 bn in BGI. And thirdly, in the last plan, we were focusing inorganically very much on the Chemical side, which has higher multiples than what you would find when you're looking into, be it on the Fuel side or specifically on the Energy side.

So therefore, from the leverage, from the stretch side, I'm relatively relaxed on that. On the other hand, you can never anticipate M&A opportunity. You cannot see what is giving you the best value for money. That is what Beri is talking about. Maybe it's a small deal with fantastic value, maybe it's a little bit larger giving you a lot of long-term opportunity. We don't know yet. We wouldn't talk about it now. Even if we would know exactly, that's not what we can do. But I think it's important for you to understand, [the inorganic part of CAPEX] is around half of what was in the previous plan and we still are almost there with the previous plan, taking even into account the deconsolidation of Borealis.

Question by **Guilherme Levy - Morgan Stanley:**

Going back to the M&A theme. Could you say a few words about how you see your firepower during the plan? How should we think about your appetite to get closer to the 30% gearing level depending on which point of the cycle we are in?

Answer by **Reinhard Florey:**

M&A firepower, I think, the firepower is very well defined. If you take 22% [leverage ratio] after BGI and headroom to 30%, this is where my discussion room is defined. If there is better or smaller opportunities, this is what we'll discuss, and we'll see. But don't expect that we are spending EUR 10 bn on something. No, why this is a company that keeps financial stability, predictability, also the dividend distribution opportunity as a very high value.

Commodity price assumptions

Question by **Guilherme Levy - Morgan Stanley:**

Could you walk us through the trajectory of commodity price assumptions and refining margin assumptions that you have used in your plan? I see that the average Brent price is USD 70/bbl. It ends up at USD 75/bbl by 2030. Also refining margins at USD 6/bbl to USD 7/bbl.

Answer by **Reinhard Florey:**

Assumptions for the next few years is an oil price at USD 70/bbl. Only on the further end towards 2030, we would see a recovery to USD 75/bbl again. But we have said, Alfred showed in the average, it's around USD 70/bbl. Gas prices also on a rather flat level with an average of EUR 30/MWh. And the refining margins, well, we are not lured into high optimism from today's situation. I mean, today we are talking double digit and really also not a perspective that this would end tomorrow. Nevertheless, we are keeping cautiously optimistic with this level of USD 6-7/bbl per barrel. So this is around the assumptions.

Strategy targets

Question by **Joshua Stone - UBS:**

On the financial framework and updated targets, one thing that struck me was you've reduced your CAPEX on a like-for-like basis by about 8%, and yet your operating result target in 2030 is unchanged. So maybe just talk about what's going into that? I mean, I know there's a number of moving parts. The macro deck got a number of pluses and minuses. But in particular, what are you assuming for like BGI net income within that? And do you assume some growth going through to 2030 within your financial targets?

Answer by **Reinhard Florey:**

I think this is a very good and clear question and observation that, of course, the level of the target changed in a different way. Now there are two explanations to that. The first is the sensitivity of operating result and operating cash flow are very different. You see that also in our sensitivities of oil prices and gas prices. Sensitivities may be half of what it is on the cash flow versus the operating result side, simply, because of the tax that we have with around 50% in average. That is one thing.



The other thing is that in operating cash flow compared to operating result, there is much more from Borealis in there on the reference side that we had when the plans were still fully consolidating Borealis. So that means if you take out Borealis and replace it on the operating result side by net profit and on the operating cash flow with a dividend, then you automatically have a different level. That is also why this dividend policy is so important, because we want to demonstrate with the operating cash flow going down, that does not mean the dividend potential goes down. On the contrary, there is an accretiveness also on the dividend. But that is the reason why there is this not in parallel development of the targets between operating results and operating cash flow.

Question by **Oleg Galbur – ODDO BHF**:

Could you please help us understand the difference between your new and previous financial targets? Specifically, I'm talking about Clean CCS operating result and Clean CCS EPS. And in case of the first one, we see the same number, more than EUR 6.5 bn, however, I believe the moving parts are a bit different. One, I can think of is the synergies of EUR 0.5 bn which I believe were not part of the previous financial targets. So understanding which parts led to an increase and which led to a decrease would be very helpful for the operating results. And for the clean CCS EPS, we see a decrease of 10% from the previous target. So it would be also helpful to understand what led to this development.

Answer by **Reinhard Florey**:

Yes. Both, of course, relevant. In terms of the Clean CCS operating result, there is about the same level. But there is a little bit of change in the composition. And if you anticipate a higher growth in energy compared to what was at that time a higher share in chemicals, fully-owned chemicals, you would see at the same level of an operational success a higher operating result on what comes from energy than compared to chemicals. That is also why there is a higher multiple on chemicals than on that, because it is before deducting the tax. So you have a situation that, of course, this shows a higher level on energy as a result, because the operating result in comparison to the other areas is ultimately with a higher tax, but they're also with a higher starting point.

So this composition has changed, and it has changed, because you have, from the chemical side, a bigger piece, but only at a net profit in there, in the operating profit, because at-equity consolidation of BGI only results in the bottom line being reflected in the top line. And you have a difference between the original plans to say, let's grow our own business in chemicals compared to the much more profitable and much more success-oriented situation to combine that in the BGI.

And that is a little bit the same effect on the EPS side, and that leads to the situation that the lower you get, the higher your impact of the different ratios gets, because the EPS as such will be slightly lower compared to an operating result in energy. And if you have higher energy share in there, your bottom line gets slightly smaller. So therefore, that is a like-for-like translation with all the ambitions in there, which ultimately gives you specifically, also when you have the earnings per share as such, these effects. However, we also anticipate that there is less of a CAPEX need for achieving this than the previous plans.

Cash Flow

Question by **Naish Cui - Barclays**:

On your EUR 6 bn CFFO target by 2030. I wonder if you can unpack that a little bit, please. What is the contribution coming from Energy segment, for example, especially given that now you are adding CAPEX for Energy, then cutting CAPEX for some of the low carbon segments?

Answer by **Reinhard Florey**:

We have not disclosed any specific breakdown of the EUR 6 bn, but I can give you a little bit of a hint. The first easy one is from Chemicals, you'll get as operating cash flow the part of the dividend that we receive. Now this is EUR 1 bn plus. Why do I say plus? Because we expect until 2030 that market in Chemicals has picked up, gets into more or less to the normalization of the cycle. So therefore, we should be quite away from a floor dividend from a minimum dividend. So that's the first part that you can, I think, grab.



The second is that the rest of that, the larger part comes from Energy. The slightly smaller part comes from Fuels. Why is that? All the sustainable business that we are investing and that we are focusing on will have cash contributions at a later stage. So this is organic growth, and we'll have some of that in your area, Martijn, that will come into this 2030 target, not in full yet. Whereas on the Energy side, we have most of the projects, be it the sustainable energy in Romania, will be built by that time. Neptun will be built by that time. Norwegian organic projects [Berling] will be completed by that time. So that there is already quite good contributions from that side. And in addition, we can see the part that I explained in the very beginning about M&A. The beauty about M&A versus organic CAPEX is you spend the money and you get the cash immediately from the operations. So there is a part in there as well. Therefore, the Energy part is larger than the Fuels part in that total.

Tax rate

Question by **Oleg Galbur – ODDO BHF**:

And lastly, the second question, very short one, what level of effective tax rate would you see after the deconsolidation of Borealis? Would it be much different from the current one, which is around 50%?

Answer by **Reinhard Florey**:

Yes, the effective tax rate. Look, that depends. Not a very good answer, but effective tax rate is very different in the very different regions of upstream. And wherever the growth in upstream is stronger, you can either have a higher tax rate, that the effective tax rate may grow above 50%, or you have it in lower areas. As such, the deconsolidation of Borealis leads to a higher tax rate in comparison, because the tax rate of Borealis fully consolidated was lower. However, you have, if you take it to the full, you have already post-tax net profit that you get in your equity consolidation, and that makes up for some of that disadvantage. So therefore, whatever our ultimate successes are, then you can see that will deliver, because you have between tax rates of 30% and tax rates of 80% or 90%, all the range in the universe of upstream.

Efficiency program

Question by **Tamas Pletser – Erste Bank**:

You mentioned in the presentation, the cost cutting and I think it was a quite ambitious target of EUR 0.5 bn. Can you elaborate a little bit more on that? Because we haven't heard a lot about this.

Answer by **Reinhard Florey**:

The EUR 0.5 bn is not EUR 0.5 bn, but more than EUR 0.5 bn. And it's not cost cutting, but it's cash addition. And we have said that this was the original target of the last plan, and we have delivered already EUR 200 mn in 2024. Now at that time, when we first anticipated the EUR 500 mn of cash addition, we said it's about 50-50 coming from cost savings and coming from market. That is the difference to what we have today, because we have added on the top of the EUR 200 mn we have captured already a EUR 400 mn cost savings program, really cost savings. Why is that? Because we see the opportunities in a challenging market to capture it directly from the market as cash flow are more limited. So we have to look at - quoting Alfred - self-help.

And that is why we say, okay, this is a group wide program where we are really lowering our costs by EUR 400 mn. And of course, the EUR 400 mn are a gross cost topic. So then if you take it to a real free cash flow addition, then you have to deduct the tax. And therefore from the EUR 400 mn, it's roughly EUR 300 mn. And that's why I'm so confident, because if you take EUR 200 mn plus the EUR 300 mn plus then still market opportunities, you are easily above the EUR 500 mn.

Question by **Tamas Pletser – Erste Bank**:

What kind of actions do you do?

Answer by **Reinhard Florey**:

Plenty of action. Actually, actions in measures of operational nature in Martijn's and in Beri's area, but also decisive areas in cutting our overhead costs here. And the measures that we are applying there is structural optimization in how we group functions, how we lead participations, how we look at portfolio optimization, but then very tangible



things like standardization, automation, the use of digital areas, you certainly remember, we have taken all of the company now on SAP S/4HANA. We have by far not exhausted all the opportunities that this new top technology provides us to get more efficient.

And the last thing is, we will take in a strong emphasis on shared services, which means leveraging labor arbitrage, leveraging the opportunity of getting bundling of activities, having end to end use for process optimization, having functional areas more or less in centers of excellence that we can control for the group in a more efficient way. So this is very concrete actions that we are currently developing that are going into operation over the next years that ultimately help us to save that. And the due date for that is end 2027. We are not talking about five years out. We're saying end 2027, we want all that delivered.

Answer by **Martijn van Koten**:

Yes. And we've very delivered, also look at how we can really be fit for the future. So on the operational measures that Reinhard talked to, it's, for instance, also improving the customer service. So we're looking at Chemical customers, Fuel customers, B2C, B2B, e-mobility. And really looking at kind of how can we serve these customers well with IT solutions, a web platform, how can we then streamline the customer service behind, how we can do the pricing, how can we then also use the shared service concept, so that it's really both kind of for the functional areas as well as for the business areas, a comprehensive program to make us fit for the future.

Answer by **Alfred Stern**:

So the only thing that I would add is, as Reinhard said, the aim is to get there by 2027. And there's a whole bunch of different activities that we have. We will also not be able to avoid personnel actions. So, in total, it will result in a reduction of workforce. Current estimate, we don't know, because our target is EUR 400 mn cost reduction, but the current estimate is that, that will be about 2,000 FTE's out of 24,000 today in the group.

Cybersecurity

Question by **Roman Eisenschenk – Kepler Cheuvreux**:

On cybersecurity, we saw that the airport is not working or whatever. And if you see any impact on your investments, CAPEX going forward on the cybersecurity side?

Answer by **Alfred Stern**:

On security, I think you're absolutely right. I think both, as you know, OMV safety has a very high priority. With that also comes security and cybersecurity just as a sign of the times. This has been around for much longer than 2022. So we invested into those areas, but I do have to say that in 2022, with the Russian attack on Ukraine, we did ramp up our efforts. So I would say today, we have both significantly increased measures on physical security but also on cybersecurity. But this is a game that you cannot stop.

You cannot. It's different than building a plant where you maybe say, okay, now we built it and we turn it on. I think every day we learn new things, and we need to strengthen our resistance against these kind of attacks. You potentially heard about an incident that we had where we had to separate from an employee, because he provided there's a suspicion that he provided company information to a Russian spy. We will find out what that is exactly, but that just highlights that we need to continuously, and all the time increase our things. I think we are actually at a quite high level with our ethics and compliance work in the company, where data security and who has access to what information is quite elaborate. Also we have limited significantly the possibility to export information through IT channels. So USB sticks or anything is not possible anymore in OMV. But it's a never-ending story.

Answer by **Reinhard Florey**:

Yes, on cybersecurity. Actually, this is an area that is getting more and more complex and more and more, I would say, challenging, however, we had started five years ago quite significant effort to ramp up all the measures, the know-how, but also the physical, the IT-oriented equipment in OMV, and we have not stopped ramping that up. It's always a little bit of a cat-and-mouse game. So far, I can say we are exposed to almost daily attacks, and some of



them, specifically those who are not even very strictly hidden state-led attacks, they are heavy. And sometimes this is an hour-long, sometimes a day-long defense battle.

So far, knock on wood, we have won every of that. We've never had any intruder and anybody intruding into our system. We have secured massive bandwidth opportunities to withstand massive attacks. Of course, as Alfred says, after the Russian invasion in Ukraine, specifically also the Romanian activities are under attack. There's very close cooperation, even an opportunity to switch systems. So we feel we are on a very advanced level, and we are also supporting Ministry of Interior and working together. So that is a both party support, because critical infrastructure, that's also Austria. So we have to be aware that this is not only a company issue, this is also a national issue. And for that, we have equipped ourselves.

Answer by **Martijn van Koten**:

And same on physical security. So we had that always integrated with the HSSE departments already. But after 2022, we also kind of had a group-wide activity, where we kind of have a very sophisticated approach, but we need to be humble. Also there, we see intrusions and attempts. Drones is an example that's often discussed also in public. And we're ramping that up. It's like safety. It's really trying to improve and improve and improve.

Answer by **Berislav Gašo**:

And same on the energy side, of course, as you can imagine. There is some places which are not picnic places where we operate. And that's not only the Black Sea, where Neptun is developed. That's also Libya, for instance, which is a country that has been in significant turmoil for years.

Energy

Production target

Question by **Paul Redman – BNP Paribas**:

On the production guidance. I was just intrigued to know why you need to mention the 400 kboe/d, why that's important to you to show the market that you will go out and acquire and get up to 400 kboe/d? You're already showing organic growth. You'd already committed to 350 [kboe/d]. Why is it important that everyone knows it's 400 [kboe/d] is you say not the target, but it's clearly something you're thinking about?

Answer by **Alfred Stern**:

So the answer on 400 [kboe/d] is pretty simple. The thought that we had was exactly what Beri said versus the anticipated speed of transformation in Europe. We are seeing industrial implementation and implementation in the markets, the regulation being a little bit slower than the hope that maybe society, let's just call it that, had three, four years ago, which means we will need gas for longer and we will need more gas than we previously thought. Also in Europe, we believe that, because of the work that we have actually done over the last years to, first of all, create a fully diversified gas portfolio where we are no longer dependent on any single supplier, makes us a stronger kind of gas player in Europe.

And secondly, with our current portfolio in and around Europe, we are in pole position to take advantage of that change in the market. Beri mentioned the Neptun Deep project. We also have some exploration ideas in the Black Sea. So there could be more kind of ideas what all we can do. And that was the signal we see that stronger than we saw even still last year when we said 350 [kboe/d].

Gas price outlook

Question by **Adnan Dhanani – RBC**:

On the gas opportunity, obviously, you emphasized there's a pretty strong opportunity out there in the coming years. Obviously, there's also a lot of LNG capacity coming online that might impact the prices. Some of your peers have acknowledged there might be a glut coming in the coming years. So how do you think about the pricing in that context?



Answer by **Berislav Gašo**:

I think probably two things. Number one, you're right. There's significant U.S. LNG, Qatar LNG, African LNG quantities potentially coming on stream and some of that might hit Europe and then that import parity pricing, first of all, will, of course, remain. It will remain priced versus LNG. Second, and I really want to remind everybody in the room briefly, for decades, we have been operating on European gas prices of EUR 10-15/MWh. That was below USD 5/MMBtu, if you wanted in MMBtu terms. That's half the price we see today basically for landed LNG, landed U.S. LNG to Europe. And we've made some of the biggest discoveries in Europe, and developed some of the most profitable fields.

Just as a reminder, it's since Ukraine that level roughly doubled or we're now at 2.5x that price. But for decades it worked, that's one. Second, even more so I would argue that piped gas will have a competitive advantage if you sit on the right equity position. And if you look back at what we, for instance, presented with Neptun, USD 3/boe unit cost, it's a fantastic resource to sit on in such an environment. So, I'm not worried about that.

Neptun Deep

Question by **Michele della Vigna – Goldman Sachs**:

Going back to the extraordinary growth you're going to see in Romanian gas, I was just wondering in a liberalized market - how should we think about the Romanian gas price in that liberalized market? Should we think about TTF plus, TTF minus, about a kind of insulated market? It's interesting, because that region has really suffered from the lack of Russian exports and is not as well connected to the LNG market as some of the other regions. So I was just wondering about how we should think about it in the modeling of Neptun Deep coming on stream in '27.

Answer by **Berislav Gašo**:

I would think about this on three levels. Number one is, what is the amount of price caps introduced through regulation, which are going to disappear? Number two was a question on a different flying altitude that you asked, which is, what is the marker quotation that will be used to price molecules in Romania in the future? Is something going to change? And number three, I think you didn't mention it, but probably implicitly assumed is what are taxation effects that will matter?

I would really suggest that you maybe with Florian go into deeper discussion of that. The one thing that will be removed are the price caps. No change so far to the marker quotation, and that has implication and also on the third leg, which is the taxation plus the over taxation. But I think IR can probably help you with a bit more details on that. For now, the price caps are gone. The taxation problem remains.

Exploration

Question by **Mark Wilson – Jefferies**:

More on the upstream, please, and it touches on some of these points about where we are in the cycle. Neptun Deep, clearly the highlight and more optimistic on gas demand in Europe. And you've got the 350 kboe/d growth target and possibly to 400 kboe/d. Neptun Deep itself took like ten years to get to FID, which is a comment on a cycle in itself. It has made super majors leave over that time and markets come back.

And growth in the upstream means more reserves and more resources to maintain in the future. So given that kind of length of bringing through developments to FID, what is the view on exploration and maintaining the 350 kboe/d or the 400 kboe/d longer-term? A number of your European peers who produce about that same amount are really leaning into exploration in places like Norway. So I'd just like to know where you stand on that next leg of the cycle.

Answer by **Berislav Gašo**:

I think, first of all, my recollection is that the sanctioning of Neptun Deep, and the protracted length and how long it took to get there was much less about the resource base and the reserves, which are world-class, and that it had to do much more with fiscal stability and off-taking and getting that right actually. So it was much more tied to basically the fiscal principles under which the field can be developed. And once that was in place, we expedited the FID in 2023. It is unfortunate, and it also makes my heart bleed when I see such fantastic resources sitting around



for 10 years and then not being developed. That is, it doesn't feel right. That was not due to the subsurface. It was due to other reasons.

Second, what's the role of exploration? I think you've heard us saying today that we are going to continue to commit some EUR 200 mn every year into exploration expenses or expenditures. We're going to drill 50-plus wells. Some of these wells are super exciting wells. Q4 this year, we're going to spot with Petrom for instance, a fantastic Bulgarian offshore opportunity and [Neptun Deep] look-alike in the Black Sea, which can be very, very exciting once it's delivered.

I don't think that we are thinking like ten years ago in KPIs, like what's my reserve replacement ratio and how much of that can I now deliver from exploration or from other sources. You've not seen us talking about that. Simple reason being that I think until 2030, we see gas growth as a fantastic opportunity. I think we will need to reassess from 2030 to 2040 in a new update how the world out there will behave. Today we talk about that five-year outlook, and I think there's going to be a time when we will reassess how attractive gas or unattractive oil might become by the point we reach 2030. Too early to say that.

Fuels

Fuels 2030 target

Question by **Bertrand Hodee – Kepler Cheuvreux**:

A question on Fuels. You have a very strong ambition, plus 50% in cash flow by 2030 compared to 2024. I'm always a bit suspicious when I don't see the base of this cash flow, but it's been a bit re-segmented. So can you give us a bit of clarity on that? And then I also noticed that in terms of CAPEX, you're going to grow significantly this CAPEX portion at least for the next three to four years or let's say, three years from, let's say, a base of around EUR 800 mn in the past years to something like EUR 1.1 bn. So I wanted to correct if my numbers are right. And then if you can a bit more explain, on the moving pieces on the cash flow growth and also on the base.

Answer by **Martijn van Koten**:

Actually, you're spot on. So our CAPEX is about EUR 1.1 bn. And why is that, that's going up. That's, because we've taken FID on the HVO/SAF plant. We've taken FID on these three electrolyzers. And we also kind of announced for the electrolyzer here, it is a mid-three-digit number. And the Petrom HVO/SAF plant that was announced with EUR 750 mn. So that's all in construction. And you can put it on top of the maintenance CAPEX, because we have turnarounds and the run of the mill CAPEX also for the retail business. And then you come to the figure that you have. So I think your model is pretty good. But we are comfortable with that, because those are all projects where we have a clear idea how the business case will work, and there's lots of focus on making that happen.

Now we had in our strategy 2030, we had also a lot of projects going behind. The next HVO/SAF, a big organic project and so on, where I've explained that we will take a look at that, what is the right moment to take FID and shift it a bit back in the time. So it comes at the right moment between 2030, 2035, so we're still in the lead. But we also kind of make sure that we don't kind of put CAPEX on CAPEX. And so that allows us to really have a good cash delivery. And then if I can easier talk about operating results, and you can translate that into cash.

I mentioned that the retail business is EUR 500 mn and we see an outlook to EUR 600 mn, EUR 200-300 mn coming from this Renewable Fuel business on the projects under construction. And then keeping healthy, the underlying refining and trading business gives together this growth in operating results, which is roughly also kind of 40% and then with, kind of the CAPEX discipline that gives the 50% cash flow from operation and free cash flow, roughly. Yes, so that's kind of the makeup. We don't disclose exactly all the details, but you could get the numbers I mentioned from the presentation. I think you're quite spot on with the modeling.

SAF/HVO



Question by **Naish Cui - Barclays**:

On low carbon fuel. Some of your peers, they have decided to pull out from this niche segment. It's great to hear that you have done some pre-marketing. I just wonder if you can talk about some margins, economics and returns about your SAF/HVO plant. What have you done right to make sure you can proceed on those projects?

Answer by **Martijn van Koten**:

The sustainable fuels opportunity. If you think back, there were kind of a lot of concerns around it, concerns around the market. That is now clear, with the 2% mandate in place and the 6% coming in 2030, this is a growing mandate segment. And we've also done voluntary sales. We've launched also SAF-business solutions. And we see also there, an uptake, and we expect it to grow. So on the market side, we feel that we've de-risked the opportunity, and I explained that we have the jet sales. And we'll visit that, also the SAF market side.

On the feedstock side, that was another key concern. Do you have the feedstock for these renewable fuel projects? Now we have developed a huge pipeline, a mix of different type of feedstock sourcing. We've taken some equity stakes in collectors. We have developed a trading organization in Singapore. We've also bought into a trading operation in Milan. We have done long-term contracts. So, on the feedstock side, we also feel that we have de-risked it. And the beauty is we have quite a lot of European sourced feedstock in there. For instance, for Chemicals customers that want proof-of-origin or kind of traceability, we can supply that. So also on the feedstock side, we've de-risked it.

Now on the SAF/HVO plant itself, what Petrom has done is they have built a smaller facility, which can do very high percentage SAF. We really like this, because if you build a larger facility that [produces] 70% diesel and 30% SAF, it's not entirely clear if that's the right approach — especially because of the diesel part. That's where I talked about the arbitrage from outside, so a lot of diesel components coming in. Being able to make for every feedstock molecule a lot of SAF, we feel this is the right thing. And that's the third thing we've done.

Then actually remember, we have two electrolyzers feeding this. And again, this gives the maximum upside per ton of feedstock that we have. So maximum upside SAF and then also the quality of the SAF with the greenhouse gas impact of the SAF. So we actually feel that we have four kind of tactics how we have de-risked this opportunity. So even with now the supply-demand on diesel components not so good. Some of the kind of shady feedstocks, now we know where the feedstock is coming from, so we have de-risked it. So, we feel really good about this opportunity. But if we then do the next one, that's actually what we're watching. So fortunately, we are not yet building the next one, but you can really look at when we will take the next FID.

Chemicals

Outlook

Question by **Joshua Stone – UBS**:

Focusing on the petrochemical markets, I'm curious is that if your view has changed at all since you did your last Capital Markets updates. On the outlook, we've seen U.S. margins have been pretty abysmal, really, in the last six months. Europe has started up a bit better. What's your view on what's going on? And when do you think where are we? I mean, if you ask about oil, where are we in the cycle of petrochemicals? And if you could just share your views, that would be great.

Answer by **Martijn van Koten**:

Indeed, we don't know exactly how the cycles develop, but we think two to three years and then we see a normalization coming. In order to understand that, kind of it's important to see the different effects, because there are multiple effects now that come on top of each other. I think one key aspect that impacted the North American market was the whole tariff uncertainty, which kind of led to these exports being disturbed, because U.S. normally is exporting a lot, also to Asia. This led to a short-term market ripple, but we expect that to even out.



Then the next effect is the sluggish growth, Asia, China especially, also kind of European markets, we see that coming back. I guided that we think that the polyolefin market especially will grow above GDP on the mid-term. Third effect is simple supply - demand. Mostly supply, actually. There has been significantly extra capacity coming on stream, especially in U.S. also in China. And that coinciding with the other two effects, leads to kind of a tough market, especially in the U.S. And that swaps, of course, over to Europe. And imports, the whole pressure, and that kind of now leads to kind of a number of European derivative producers having a really difficult time. And not so much polyolefins, but other derivatives. Everything from cosmetics, building materials and so on. And that then necessitates capacity rationalization.

Now we see a lot of announcements in Europe. We also see announcements in Korea, China. And if they all happen, we think that will actually support the cycle coming back. If they would take longer to materialize, that's a different thing. But you have to look through these different effects, because they all come on top of each other. But fundamentally, we still see chemicals, of course, as a mid-term growth play. And we think we're well positioned and also BGI is well positioned to weather the storm, so to speak, and then come out and strive when the cycle normalizes.

Answer by **Alfred Stern:**

So the only thing I would want to add is that these closures that Martijn was talking about, they will not come at a certain moment. They will gradually happen over time, and we do see some capacity going out, in particular in Europe that has already happened. This is interesting, but I also think it's not the time, beyond cycles to just wait for improvement. Self-help is critical. And Borouge Group International is exactly that. It's a consolidation, and we will drive the synergies, as Martijn pointed out, relentlessly, because this is what we need.

Already, BGI will be one off, if not the best positioned from a feedstock position. We are moving from Borealis 60% European to BGI 70% in advantage feedstock. We are moving to more geographic diversification and then we need to focus on synergies and first quartile performance in all geographies. And that's what we will drive so that we are more independent of what the cycles do moving forward.

And last but not least, building on the innovation power of Borealis. As you know, 45% of our sales in Borealis are specialty products, and we continue to see those holding up pretty well, both from a volume perspective, but also from a margin perspective, because they are just addressing, whether you have EVs or combustion engine cars. It doesn't matter. Lighter means less energy consumption, so more of these materials. I think self-help is critical to do on the way forward.

BGI dividend

Question by **Alejandro Vigil - Santander:**

About the BGI transaction. How confident are you that these comments about dividend floor actually will be there in the sense that we are still probably early in the cycle, probably there are more capacities of ethylene coming to the market. So how confident are you about this floor?

Answer by **Reinhard Florey:**

First of all, I hear that quite frequently, because there is not so exciting situation in the chemical markets. We see a big acquisition by Borouge/Borealis to get Nova on board, and we see a very attractive value of that floor. What I can tell you, a floor is a floor is a floor. That has been an agreement between the two major shareholders and that is important for ADNOC and that is important for us. And if we have close to or north of 90%, you can imagine that we will do the utmost to take the dividend. Of course, equally important for us it is to look at the stability of the company in terms of the balance sheet, in terms of the ratings and all of that, that is important.

Now why am I saying that and you could now ask, well, what is now priority one? Both. And we have established a flexibility in order to also preserve the strength of the balance sheet. And the flexibility specifically is around this Borouge 4. Just imagine today, we have started with low debt. I gave you the amount of debt that adds from the



Nova acquisition. But then there is a capital raise. That will strengthen with a double whammy this company, creating equity on the one hand side, reducing debt on the other side.

And then there is another big acquisition. At the timing of the acquisition, we have agreed to be flexible in order to make sure that the balance sheet at all times is stable, gives you an investment-grade at all times, gives you also the stability of the integrity of the company. Now as you can see, there's a lot of additional cash flows coming in, because with B4 being operated, if not owned, there is already some opportunity to get some cash. With additional assets, Baystar running up, AST2 running up, also the PDH 2 in Kallo coming in, that is a lot of assets from investments from the past that add additional cash flow.

So it's, I would say, a matter of time in correlation with the market to say, do we have to wait one year, maybe two years for the recontribution of B4, but we have that flexibility and that also has been agreed between the shareholders. So therefore, both are priorities, being able to deliver on the floor and being able to keep stable balance sheet within the investment-grade and credit rating.

Question by **Adnan Dhanani – RBC:**

As it relates to your BGI dividend and the two priorities you said you have, do you and ADNOC have an upper limit on the leverage that the business can have if the chems market worsens from here? And if that ceiling does get hit, how does that impact your thoughts on the floor dividend?

Answer by **Reinhard Florey:**

We said that on the long run, we have a target to be below 2.5x EBITDA in the net debt. That is, I would say, a more than adequate strong balance sheet. Of course, you start immediately after acquisition of Nova on a higher level. You deleverage automatically with the capital raise and with the cash flows going in. That is why, in fact, we estimate that for the first two, if not three years, probably we'll find ourselves at the floor of the dividend and then the upside will kick in.

And on the other hand, I do not expect that in the first year, we will more or less force BGI to do the recontribution or the acquisition of B4. That is the flexibility that we have and this is, I think, the way how we stabilize this. But for you to say the upper limit of the leverage on the long run is 2.5x and in all our simulations and sensitivities, this gives a very stable picture. So that is also, I think the proof that we have gotten and this is really good news for us, but also for you that the ratings we got in our exercise that we did with the rating agencies, all pointed to a strong investment-grade credit limit already starting with a standalone investment-grade credit rating. So that gives you some evidence about that. Knowing the rating agencies, you all know, they do not work without haircuts. So that gives us some confidence.

Question by **Tamas Pletser – Erste Bank:**

How long will this [BGI] floor dividend be paid? How many years?

Answer by **Reinhard Florey:**

Just to clarify, a floor is a floor, which means it's always there. How long will it be paid only at the level of the floor is dependent on the ramp-up that we have, both in terms of the synergies, the integration, the operational excellence efforts, but also, of course, of the market. That's why I previously said, I'm expecting that we are seeing more on the next two to three years, the floor side and the upside somehow later. But the floor will not stop existing. So that's always the fallback position.

BGI governance

Question by **Roman Eisenschenk – Kepler Cheuvreux:**

On governance. You said you will choose the management of BGI after the closing. So maybe you can help us please how or walk through how it will be done?



Answer by **Alfred Stern**:

On the governance of BGI, it's actually, such as we announced. We agreed we will have a two-tier system. It will be a company located headquartered here in Austria. So we'll have a two-tier system. There will be a Supervisory Board. There will be management, an Executive Board management. That consists of three people, a CEO, a CFO and a COO.

And on the Supervisory Board, we will have five members from ADNOC, five from OMV, and then, most likely due to the legislation here, if the Works Council decides, so five from Works Council. So for the shareholder representatives, we are both sides are working on how we should set this up. We are making profiles, and we are putting this together and are in a process so that when we come to the closing, we will have a functioning supervisory board, which is also needed in order to appoint and do things like this.

On the Executive Board management, also a process is being run. So maybe there was a misunderstanding. We didn't mean to say that we will appoint them after. We will of course need to appoint management before and there's a process running at the moment, and we are very busy doing that.

Borouge 4 recontribution

Question by **Michele della Vigna – Goldman Sachs**:

When we think about Borouge 4 being contributed at some point into BGI, how should we think about adjusting the 22% leverage for that? And what will be the impact on your balance sheet from doing that?

Answer by **Reinhard Florey**:

B4 is currently a company where we ultimately will hold 70% ADNOC, 30% OMV. Why is that? Borealis held 40% and OMV had 75% of Borealis, that then calculates to 30% of Borouge 4. Why is that important? Because Borouge 4 is more or less financed by two things in its project phase. The first is shareholder loans, and the second is external financing. There is a majority of external financing in there, and then the shareholder loans are more or less distributed in the same ratio as the participation values to the individual shareholders. That means you can calculate this is about EUR 1 bn or a little bit higher than EUR 1 bn of skin in the game for OMV in B4. That is where the impact of a fast deleveraging of the 22% when the recontribution comes or somewhat later deleveraging if we strengthen the balance sheet of BGI, but that's about the value that you can have in your calculations.



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