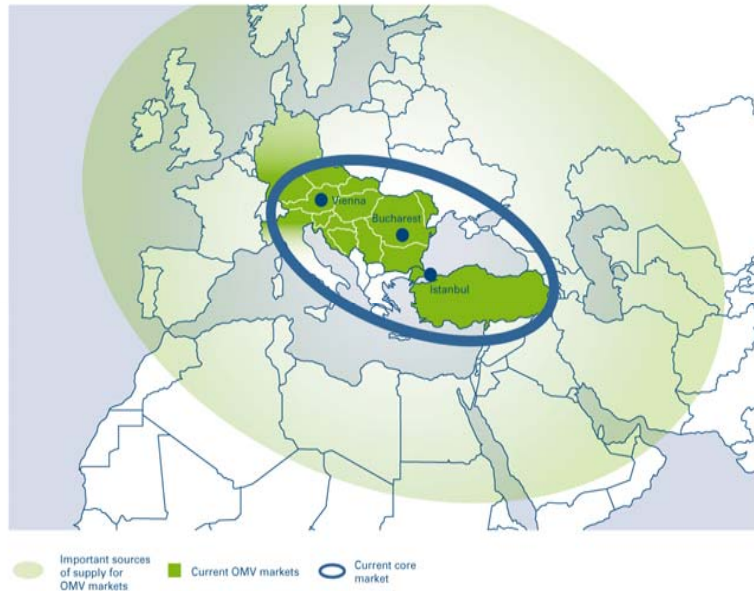


# OMV Gas & Power

WEC Austria EA, Joint Board Meeting and  
62th session of the GA  
Vienna, 08 April 2010

# OMV is the leading energy provider in the European growth belt



**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 Divisions - **PLUS** expansion of the business portfolio towards sustainability
- ▶ 3 Values: Pioneers, Professionals, Partners - **PLUS** synergies through leveraging integration

## Regional focus

Expand downstream in our growth markets and connect to supply regions

## Portfolio adaptation

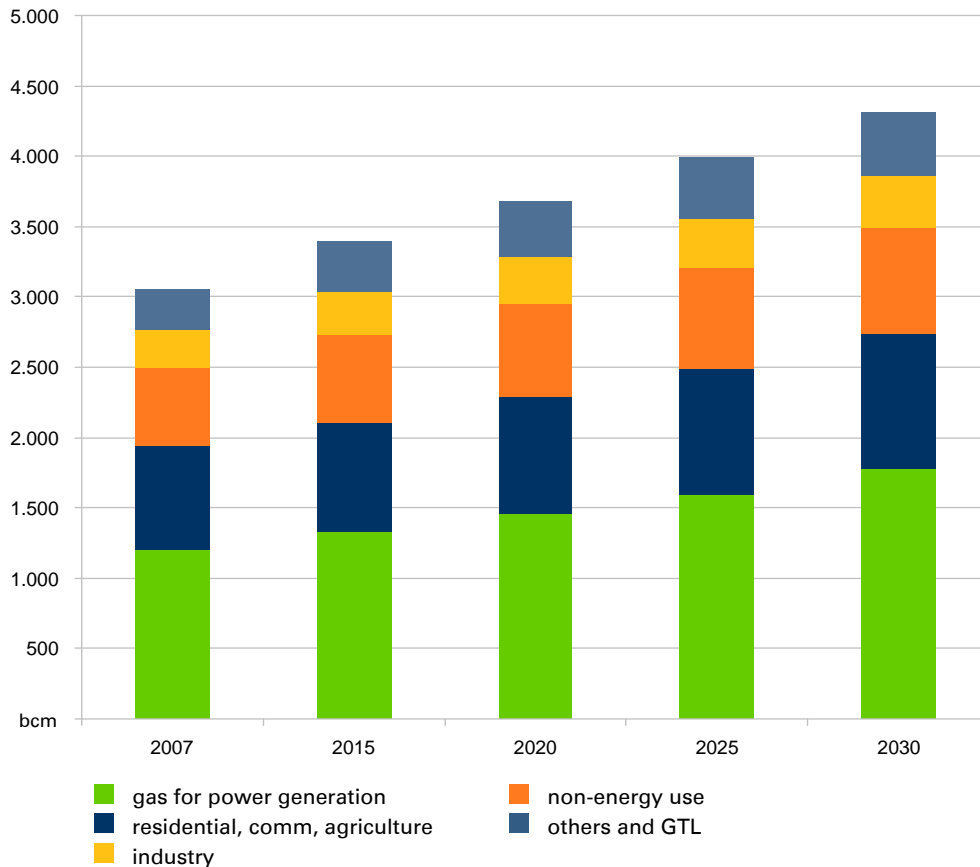
Reduce carbon intensity and strengthen E&P and G&P businesses with power investments to enhance gas value

## Costs/synergies

Strict cost and capital discipline. Realize cost and revenue synergies through integrated position

# Natural Gas, the energy source of the near future

## World primary natural gas demand



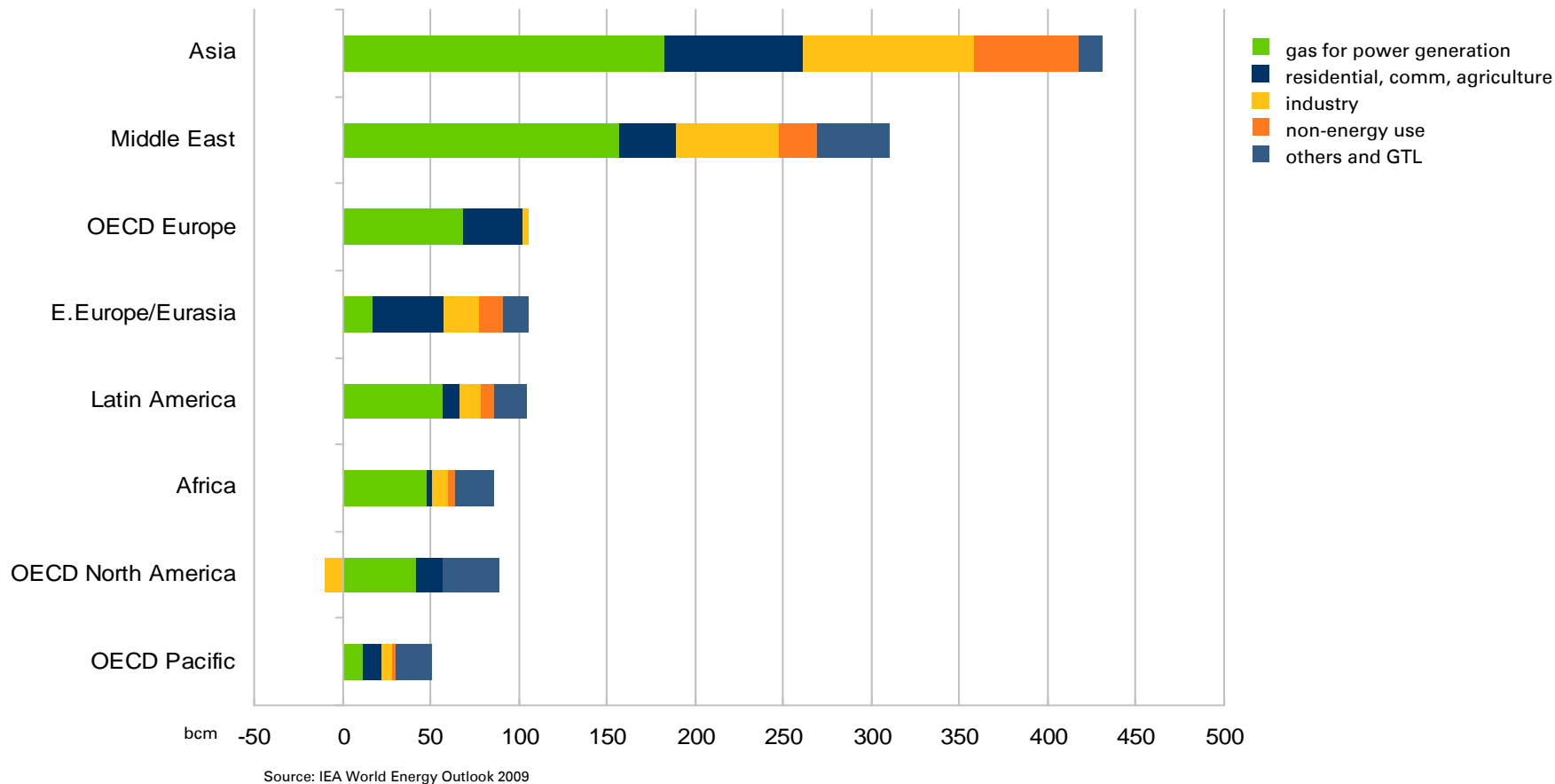
Source: IEA World Energy Outlook 2009

## Facts

- ▶ World gas demand is expected to grow 1.5% per year until 2030
- ▶ Prominent role in a carbon-restrained world
- ▶ Power generation sector is the key driver of gas demand
  - ▶ Cleanest fossil fuel
  - ▶ High efficiency
  - ▶ Flexibility needs due to renewable power plants
- ▶ Further enhancement of markets (liquidity, flexibility, linkage)
- ▶ Further development of technologies (e.g. shale gas)

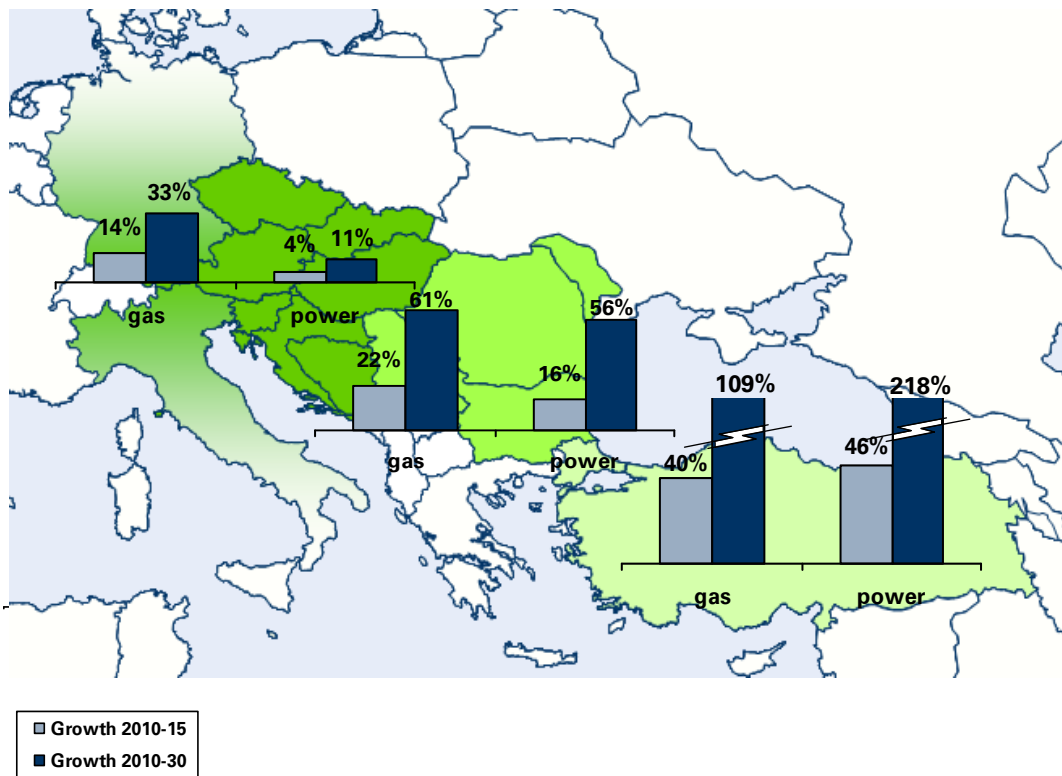
# Power generation drives OECD Europe gas demand increase

## Incremental increase in gas demand 2007 – 2030



# Gas & Power: Long-term growth is expected

## OMV markets



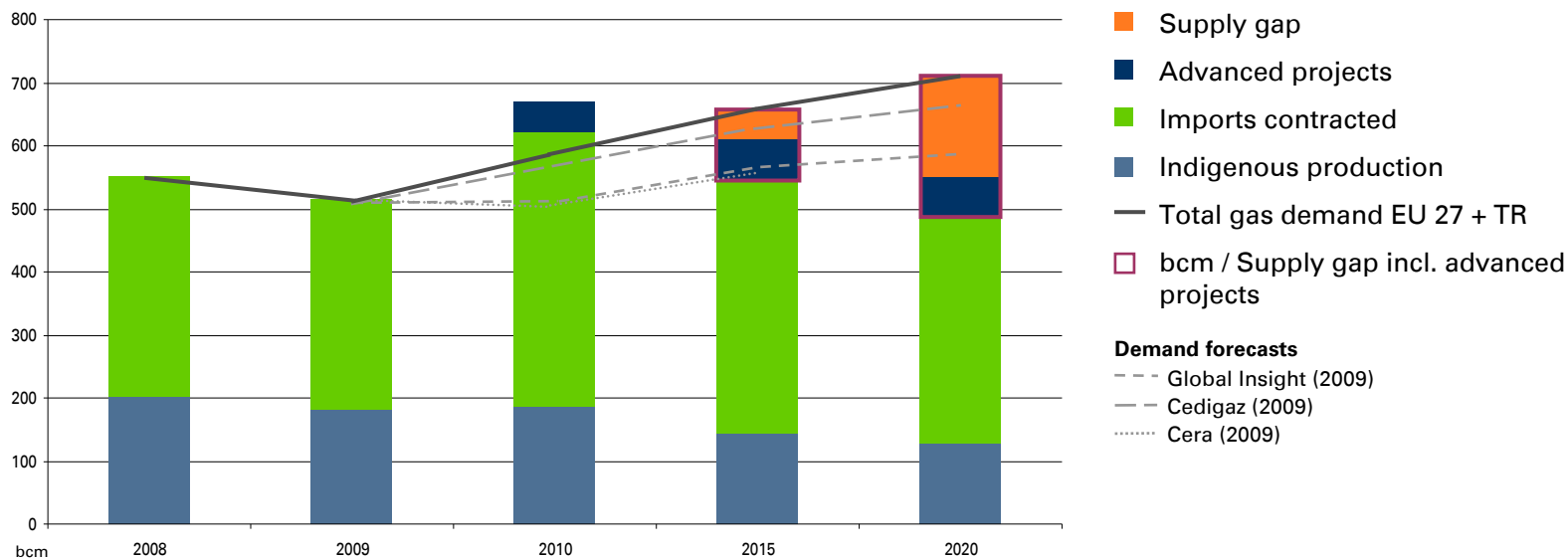
## Key drivers

- ▶ Further electrification leads to high long-term growth of power demand especially in OMV markets
- ▶ CO<sub>2</sub> drives renewable power sector and need for flexible gas-fired power generation units
- ▶ Further development of gas and power markets into traded markets
  - ▶ Increased liquidity
  - ▶ Integrated trading and optimization approach of players
- ▶ Further liberalization

Sources: OMV analysis based on KBC (2009)  
 Scope ITA & GER: gas – South Germany & North Italy; power – Germany

# Europe faces a gas supply gap after 2012

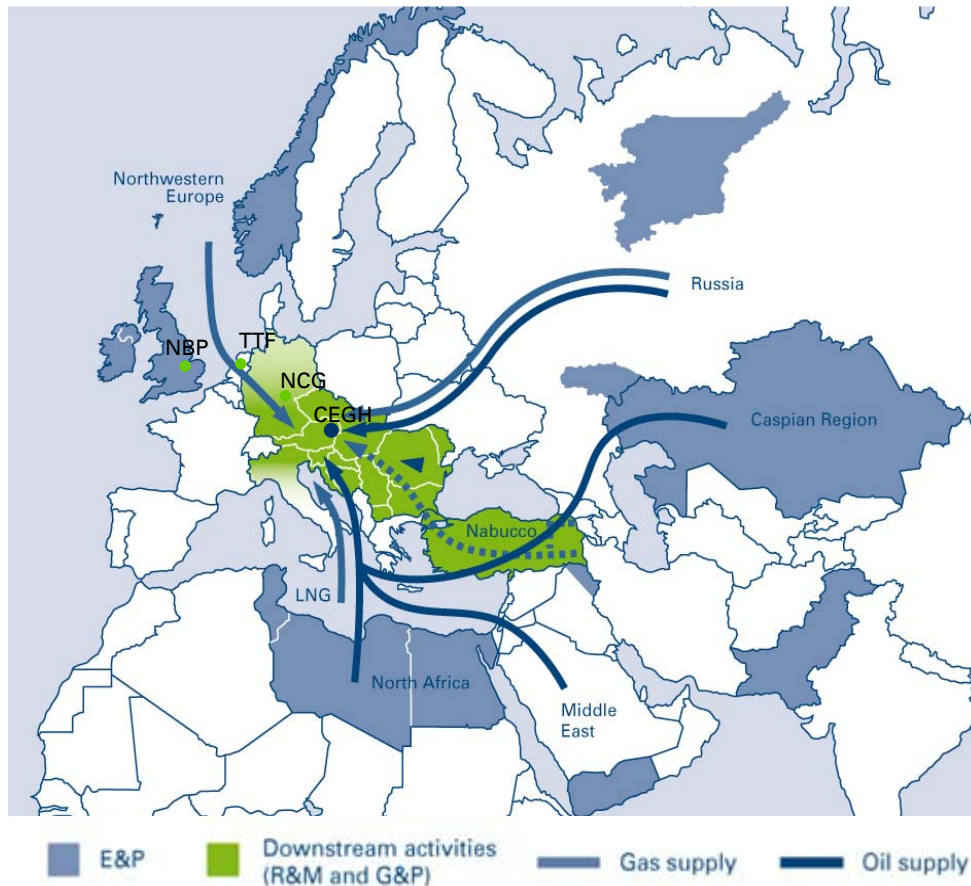
- ▶ Growth of demand slows down in the short-term
- ▶ Oversupply will not be an issue post 2012
- ▶ Long-term demand forecasts indicate stable growth of gas demand
  - ▶ Growing demand mainly driven by power sector
- ▶ Import dependency of Europe will increase
  - ▶ Indigenous production will decrease by 25% until 2015



Source: OMV

# OMV's international footprint

## Portfolio of OMV AG



- ▶ International Player
- ▶ Downstream market focus on European growth belt
- ▶ Significant contribution to oil and gas supply in the OMV markets
- ▶ Initiatives to connect supply regions with downstream markets
- ▶ Baumgarten as international node for gas transit in the heart of Europe
- ▶ Central European Gas Hub
- ▶ Activities on main international gas hubs
- ▶ Initiatives to expand gas infrastructure (storage, pipelines, LNG)

# Nabucco will bring “fresh” gas to OMV markets - Important milestone achieved in 2009

## IGA signing in Ankara on 13 July 2009



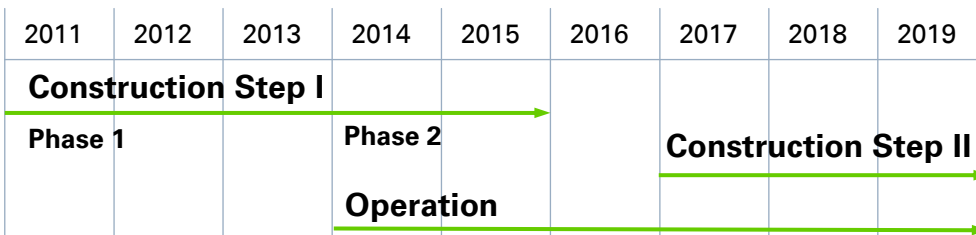
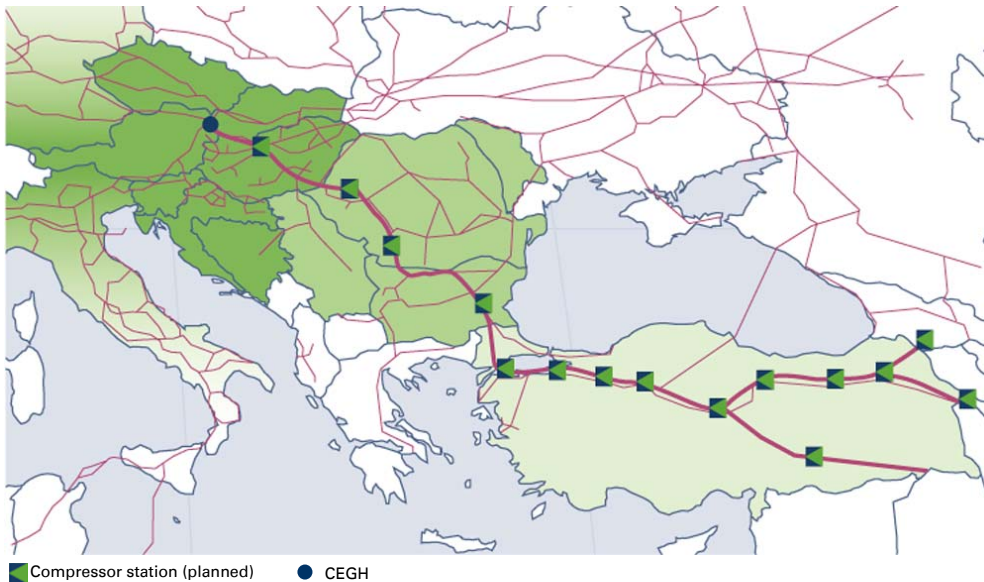
## Intergovernmental Agreement (IGA)

- ▶ Stable legal framework
- ▶ Political agreement among the Nabucco transit countries (Austria, Hungary, Romania, Bulgaria and Turkey)
- ▶ Guarantees full political support. Agreement is valid for 50 years
- ▶ Ensures equal legal conditions for gas transit throughout the entire Nabucco pipeline system
- ▶ Lays down transport tariff methodology and rules for network access
- ▶ Establishes political committee comprising representatives of all signatory countries to support development of the project
- ▶ All exemptions in place
- ▶ IGA ratified in Austria, Hungary, Romania, Bulgaria and Turkey



# Nabucco – a strong supply line connecting OMV markets

## Nabucco Gas Pipeline



## Status

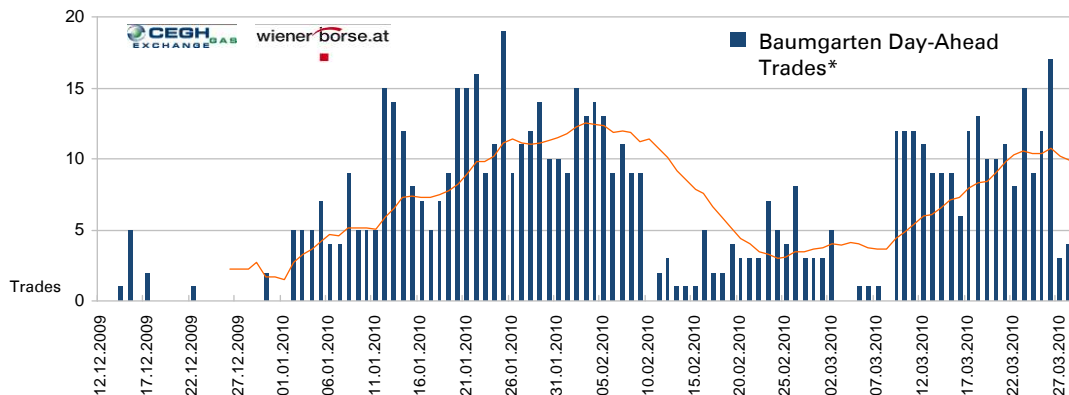
- ▶ Conclusion of Project Support Agreements
- ▶ IGA ratified in all transit countries
- ▶ Execution of Environmental and Social Impact Assessment (ESIA)
- ▶ Continuing detailed engineering
- ▶ Financing negotiations with EIB, EBRD and IFC
- ▶ Open Season process in 2010

# Gas Exchange launch in December 2009 – an important milestone for the further development of the market

## European trading hubs



## Historical Trade Development



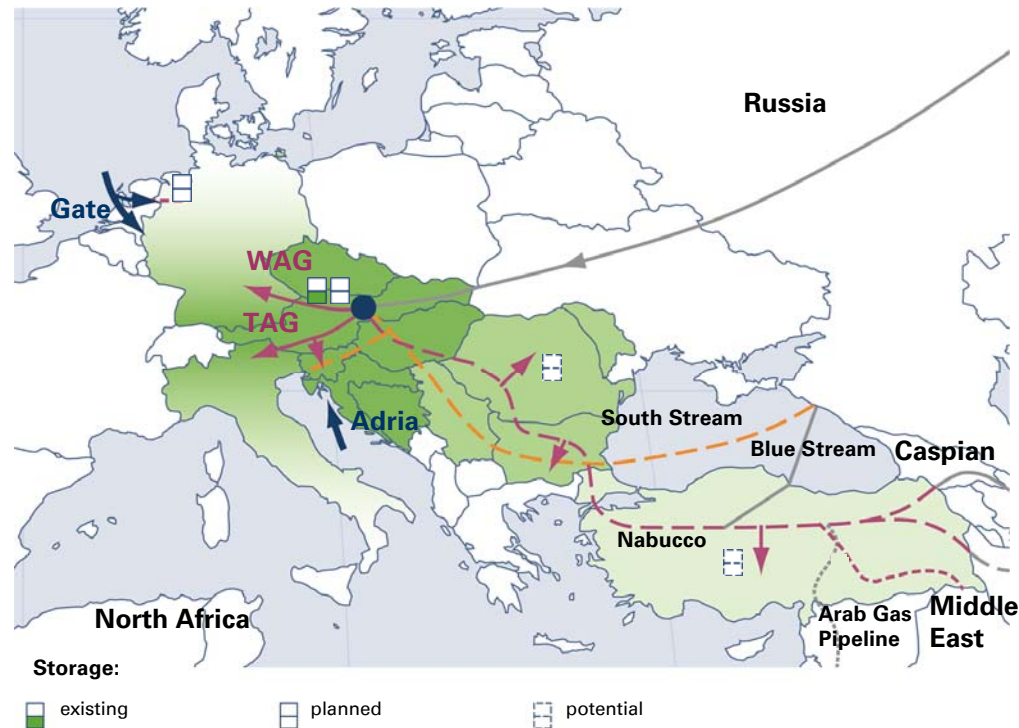
\* The trading volume and the amount of trades are calculated in single count method and crossings are excluded.

## Central European Gas Hub (CEGH)

- ▶ CEGH to become a leading hub in Continental Europe and further increase liquidity in the region
- ▶ CEGH trading volume rose to 22.8 bcm/y in 2009
- ▶ Via swaps the gas transported via Nabucco can be transferred to all over Europe
- ▶ In connection with EEX: Trading of gas and power
- ▶ Central clearing by ECC
- ▶ Standardization of gas trading activities
- ▶ International clearing members active
- ▶ Implementation of Futures Trading in 2010

# Gas logistics provides the infrastructure basis for the growth strategy and stable cash flows

## Gas logistics asset portfolio



## Gas pipelines

- ▶ Transit system in Austria: increase capacity due to market needs and Nabucco volumes
- ▶ Feeder lines to Nabucco

**Storages** in sales clusters to provide more flexibility

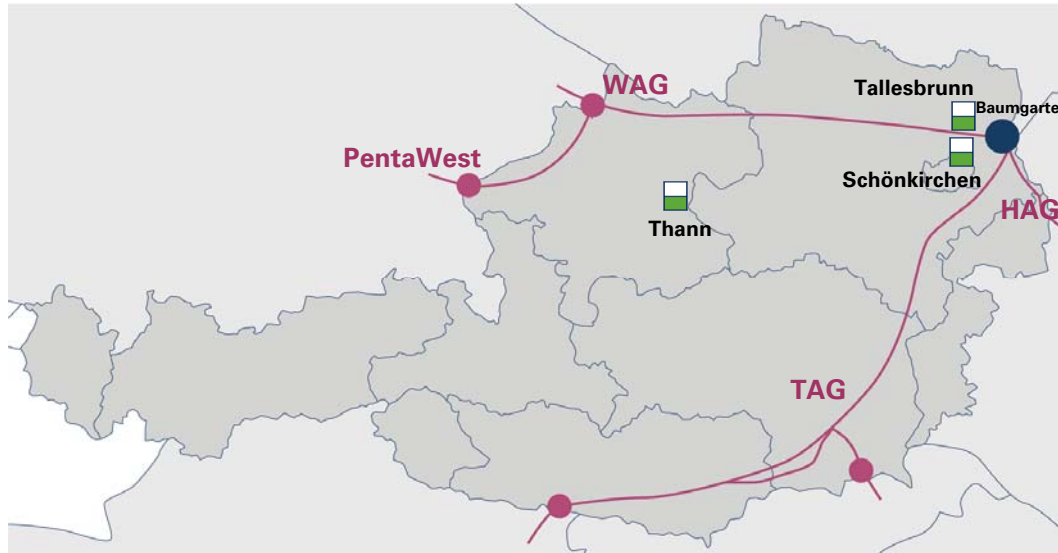
- ▶ Germany
- ▶ Austria
- ▶ Romania
- ▶ Turkey

**LNG** regasification to support diversification of supply

- ▶ Gate terminal
- ▶ Adria LNG

# Austria's gas logistics infrastructure: European node and OMV's backbone of the gas business

## OMV's operated gas infrastructure in Austria



## Infrastructure in 2009

- ▶ Gas pipeline transportation capacity of **75 bcm in total**
- ▶ Storage working gas volume of **2.33 bcm in total**
- ▶ New compressor station Weitendorf on TAG
- ▶ Technical feasibility for storage Schönkirchen Tief finished

# Gas sales portfolio comprises three clusters with essential regional partners

## Sales clusters



## EconGas

- ▶ Leading wholesale company in Austria
- ▶ Internationalization on track (current share of international volumes: 37%)
- ▶ 8.3 bcm sold in 2009

## Petrom

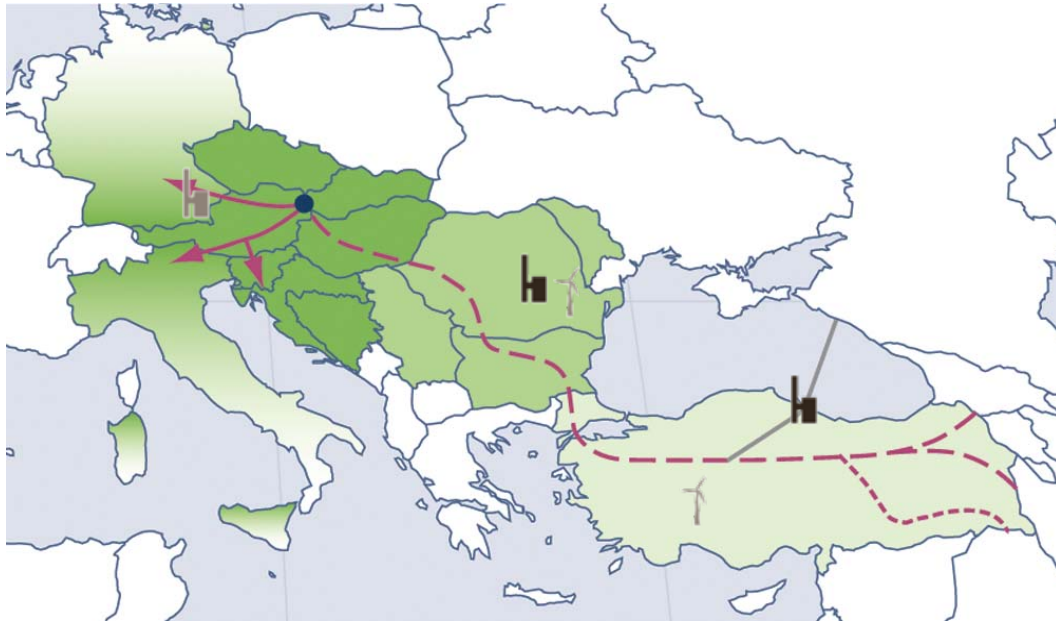
- ▶ Leading wholesale company in Romania
- ▶ 4.6 bcm sold in 2009
- ▶ Gas price regulation still an issue




## Turkey

- ▶ 40% stake acquired in Turkish gas company Enerco in 2009
- ▶ 2nd biggest gas sales and trading company in Turkey
- ▶ Long-term gas supply secured for the Turkish gas-fired power plant

# OMV adds gas-fired power generation to its portfolio

## Power plant projects



-  Gas-fired power plant project
-  Gas-fired power plant project (pre FID)
-  Screening of wind power market / projects

## Strategic rationale

- ▶ Gas-fired power generation drives the gas demand
- ▶ Strong position of OMV in gas business (supply, trading, storages, pipelines)

## Strategic thrust

- ▶ Additional value creation through expanding the gas value chain to electrical power

## Power strategy

- ▶ Build up an **asset portfolio** with gas-fired power plants and realize opportunities in renewable energy
- ▶ Set-up an integrated asset backed **wholesale and trading**

# Gas-fired power plant project in Brazi/Romania

## OMV Petrom



### Capacity

- ▶ 860 MW net = 2 x 280 MW gas turbine + 1 x 300 MW steam turbine

### Type

- ▶ Combined cycle gas-fired power plant (CCPP)

### Status

- ▶ First brick ceremony at Brazi took place on 03 June 2009
- ▶ Piling finished and foundation works ongoing
- ▶ Mechanical construction ongoing
- ▶ Construction of the electrical overhead line in progress

**2009: Start of construction**

**2011: Start of commercial operation**

# Gas-fired power plant project in Samsun/Turkey

OMV



2009: Start of construction

2012: Start of commercial operation

## Capacity

- ▶ 870 MW net = 2 x single shaft trains (gas turbine/generator/steam turbine set) each 435 MW

## Type

- ▶ Combined cycle gas-fired power plant (CCPP)

## Status

- ▶ OMV reached full ownership
- ▶ Gas supply contract secured
- ▶ Gas supply via Blue Stream Terminal and gas pipeline connection
- ▶ Ground preparation works started
- ▶ Permitting ongoing



# Combining strengths of gas-fired and renewable power plants

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## Gas-fired CCPPs

- ▶ Flexibility “on demand”
- ▶ Additional outlet for gas sales (secure demand)
- ▶ Low investment costs per capacity
- ▶ Ability to flexibly operate on day-ahead and balancing market
- ▶ Lowest CO<sub>2</sub> emissions of fossil fuel plants



## Renewable power plants

- ▶ Must-runners
- ▶ Low/zero variable costs
- ▶ Generation dependent on weather conditions
- ▶ Low carbon footprint
- ▶ Fastest growing energy segment due to changing energy map
- ▶ Favorable regulatory setting

# OMV as observer in the Desertec Industrial Initiative



## Short-Term initiatives

- ▶ Develop a business plan, a feasibility study and a freely available Solar Irradiation Atlas
- ▶ Kick off program to demonstrate the practical feasibility

## 2050 Vision

- ▶ 15% of the European power demand by 2050
- ▶ 700 TWh/a transferred from MENA to various centers of demand in Europe; Total production in MENA: 4,000 TWh/y
- ▶ Cover growing energy needs in MENA states

# OMV in the new Headquarters

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## Head Office in "Viertel 2"

- ▶ Easily recognizable and major architectural addition to the 2nd district
- ▶ "Plus Zwei": 8 floors/33 meters high
- ▶ "Hoch Zwei": 23 levels/80 meters high
- ▶ Active symbol of the collaboration within the Group (1.590 people)
- ▶ Interaction of people and departments

# Thank you for your attention!

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