

# OMV signs agreement to increase its shareholding in Borealis to 75%, repositioning in a low-carbon world

Major step that extends OMV's value chain towards higher value chemical products, repositioning the Group for a lower carbon future

Purchase price of USD 4.68 bn

Transaction supported by divestment program of EUR 2 bn by end of 2021, synergies of EUR 700 mn until the end of 2025 as well as an active cash flow management

Immediately accretive to earnings per share

Transaction expected to close by the end of 2020

OMV, the international integrated gas and oil company headquartered in Vienna, and Mubadala Investment Company, the Abu Dhabi-based strategic investment company, signed today an agreement that will give OMV a controlling stake in Borealis, one of Europe's leading petrochemical companies. OMV, which currently owns a 36% stake in Borealis, will acquire an additional 39% from Mubadala, increasing its stake to 75%. Mubadala will retain a 25% interest. The closing of the transaction is expected by the end of 2020 and is subject to regulatory approvals.

Pursuant to the agreement, OMV is entitled to all dividends in relation to the additional shares in Borealis distributed after December 31, 2019. OMV will fully consolidate the results of Borealis in its financial statements. In 2019, Borealis generated worldwide total sales of EUR 9.8 bn and a net profit of EUR 872 mn. Rainer Seele, Chairman of the OMV Executive Board and CEO: "This transaction is not just another milestone in the implementation of our strategy, but the biggest transformation in OMV's history. This turns OMV into a global oil, gas and chemicals group, whose integrated business model extends from the wellhead to high-quality plastic and repositions the Group for a low carbon future."

The global demand for monomers and polymers is growing rapidly, driven by strong long-term economic growth and improving living standards in emerging countries and a steady economic development in mature economies. Obtaining a controlling majority in Borealis makes OMV a leading provider of polyolefins and base chemicals. The joint production capacities make OMV the number 1 producer of ethylene and propylene in Europe and one of the top 10 polymer producers worldwide. The acquisition is a strategic extension of OMV's value chain into high value chemicals. This provides a natural hedge against the cyclicity of each value chain step with respect to both volumes and market spreads, de-risking OMV's exposure to volatile markets.

Musabbeh Al Kaabi, CEO, Petroleum & Petrochemicals, Mubadala, said: "We remain very confident in Borealis as a leading company in its sector. We will continue to hold a significant interest in the company, through the direct 25% interest that we will retain, along with our existing 24.9% shareholding in OMV."

As a significant shareholder in OMV, we recognize the strong strategic fit and the complementary nature of Borealis's business in expanding its downstream position."

With its head office in Vienna, Austria, Borealis currently has around 6,900 employees and operates in over 120 countries. The company provides services and products to customers globally, in collaboration with Borouge, a joint venture with the Abu Dhabi National Oil Company (ADNOC) and with Baystar™, a joint venture with Total in Texas, USA. Borealis has delivered consistently strong financial results. As a further consequence of this transaction, OMV will consolidate the 40% share of Borealis in Borouge and 50% share in Baystar at-equity.

"The market for sustainable chemicals, and the circular economy volumes, is very interesting and showing strong growth. Both OMV and Borealis have recognized this opportunity and will now combine forces. This extends the value chain even further, namely beyond the life cycle of plastic products", Thomas Gangl, Executive Board Member and Chief Downstream Operations Officer, said.

Borealis' activities in plastic recycling, such as recycling plants EcoPlast (Austria) and MTM Plastics (Germany), Project STOP (Ocean Waste) and the Design For Recycling (DFR) initiative are a perfect addition to OMV's ReOil technology for chemical recycling of post-consumer-plastic to synthetic crude.

The financing of the transaction is supported by a divestment program, synergies and an active cash flow management. With the transaction, OMV announced a divestment program of EUR 2 bn until the end of 2021. In addition to that, OMV expects to realize synergies of EUR 700 mn until the end of 2025, coming from reduced costs, streamlined operations and tax benefits. OMV will also optimize its cash outflows by postponing or re-evaluating already planned projects. In 2020, the planned organic investments for OMV will be cut by EUR 200 mn to EUR 2.2 bn. The investment plans for the next years will be also scrutinized critically. Due to these measures as well as OMV's strong organic free cash flow generation, the Group expects to reduce its gearing ratio excluding leases to around 30% by the end of 2021, while reconfirming its progressive dividend policy.

## Background information:

### **OMV Aktiengesellschaft**

OMV produces and markets oil and gas, innovative energy and high-end petrochemical solutions – in a responsible way. With Group sales of EUR 23 bn and a workforce of around 20,000 employees in 2019, OMV Aktiengesellschaft is one of Austria's largest listed industrial companies. In Upstream, OMV has a strong base in Central and Eastern Europe as well as a balanced international portfolio, with Middle East & Africa, the North Sea, Russia and Asia-Pacific as further core regions. Daily average production was 487,000 boe/d in 2019. In Downstream, OMV operates three refineries in Europe and owns a 15% share in ADNOC Refining and Trading JV, with a total annual processing capacity of 24.9 mn tons. Furthermore, OMV has a 36% participation in Borealis, one of the world's leading producers of polyolefins. The Company operates about 2,100 filling stations in ten European countries. OMV runs gas storage facilities in Austria and Germany; its subsidiary Gas Connect Austria GmbH operates a gas pipeline network in Austria. In 2019, gas sales volumes amounted to around 137 TWh. Sustainability is an integral part of OMV's corporate strategy. OMV supports the transition to a lower-carbon economy and has set measurable targets for reducing carbon intensity and introducing new energy and petrochemical solutions.

### **Mubadala Investment Company**

Mubadala Investment Company is a sovereign investor managing a global portfolio, aimed at generating sustainable financial returns for its shareholder, the Government of Abu Dhabi. Mubadala's USD 229 bn portfolio spans five continents with interests in multiple sectors including aerospace, ICT, semiconductors, metals and mining, renewable energy, oil and gas, petrochemicals, utilities, healthcare, real estate, pharmaceuticals and medical technology, agribusiness and a global portfolio of financial holdings across all asset classes. Mubadala has offices in Rio de Janeiro, Moscow, New York and San Francisco, with a joint

venture in Hong Kong. Mubadala is a trusted partner, an engaged shareholder and a responsible global company that is committed to world-class standards of governance.

### **Borealis AG**

Borealis is a leading provider of innovative solutions in the fields of polyolefins, base chemicals and fertilizers. With its head office in Vienna, Austria, the company currently has more than 6,900 employees and operates in over 120 countries. Borealis generated EUR 8.1 bn in sales revenue and a net profit of EUR 872 mn in 2019. Mubadala, through its holding company, owns 64% of the company, with the remaining 36% belonging to Austria-based OMV, an integrated, international oil and gas company. Borealis provides services and products to customers globally, in collaboration with Borouge, a joint venture with the Abu Dhabi National Oil Company (ADNOC) and with Baystar™, a joint venture with Total and NOVA Chemicals in Texas, USA.

### **For further information, please contact:**

#### **OMV Public Relations:**

##### **Andreas Rinofner**

Tel.: +43 1 40440-21357

[public.relations@omv.com](mailto:public.relations@omv.com)

#### **OMV Investor Relations:**

##### **Florian Greger**

Tel.: +43 1 40440-21600

[investor.relations@omv.com](mailto:investor.relations@omv.com)

#### **Web:**

<https://www.omv.com>

<https://omv.com/en/about-us/blog>

<https://omv-mediadatabase.com>

#### **Social Media:**

<http://twitter.com/omv>

<http://youtube.com/omv>

<http://linkedin.com/company/omv>

3/22/2020

<http://www.linkedin.com/company/omv>

<http://facebook.com/omv>

<http://instagram.com/omv>

OMV signs agreement to increase its shareholding in Borealis to 75%, repositioning in a low-carbon world