

OMV and AustroCel Hallein sign bioethanol supply agreement

- ▶ **AustroCel Hallein produces bioethanol from wood sugar**
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- ▶ **Second-generation bioethanol delivers a 96% cut in greenhouse gases versus gasoline**

OMV, the international, integrated oil and gas company headquartered in Vienna, and AustroCel Hallein GmbH have recently signed a multi-year agreement to supply advanced bioethanol.

The agreement relates to fuel components derived exclusively from cellulose. Their sustainable base leads them to be classified as “advanced biofuels” and in future they will be added to OMV gasoline to fulfil legal additive requirements. The product will play a part in reducing the carbon intensity of the OMV product portfolio and thereby help it to meet its OMV 2025 Sustainability Goals.

AustroCel Hallein is committed to the cascading use of resources: High-purity cellulose is produced from spruce, which comes from the sawmill industry as scrap; this cellulose is predominantly processed in Asia to make fibers for textile applications. The spruce used in Hallein only contains 40% cellulose and that’s why the incidental material must be optimally exploited to generate the greatest value added and guarantee maximum resource efficiency. When the wood is boiled, so-called brown liquor is produced. In the past this was vaporized and then burnt off. But this brown liquor contains valuable wood sugars that can be fermented via the addition of yeast, after which they can be distilled into bioethanol.

Thomas Gangl, OMV Executive Board member responsible for Refining & Petrochemical Operations: “This is the first agreement concluded by OMV in the field of advanced, second-generation biofuels. It will enable OMV to take an important step towards reducing the carbon intensity of its fuels. In addition to meeting international climate targets, creating added value in Austria is a priority for us. With AustroCel we are delighted to have found such a reliable cooperation partner as well as being able to help strengthen the industrial sector in Austria”.

“Austria’s first plant to produce second-generation bioethanol is being built in Hallein. The feedstock will be wood sugar instead of anything that could potentially be used as food or animal feed. When completed, we should be able to replace around one percent of gasoline consumption in Austria and reduce CO₂ emissions by approximately 50,000 tonnes“, said Jörg Harbring, CEO of AustroCel.

AustroCel is investing EUR 42 mn in building the bioethanol plant, which will make it one of the greenest cellulose operations worldwide and a pioneering role model. Preparatory construction work is already underway in Hallein and the first supplies of bioethanol are expected to leave the facility in early 2021.

Background information:

Biofuels

A number of directives regulate the use of biofuels in the EU. Several binding targets were laid out in the EU's 2009 Renewable Energy Directive (RED): to fulfil 20% of its total energy needs (power, heating and transport) with renewables, along with a minimum of 10% of transport fuels from renewable sources. This was followed in December 2018 by the Renewable Energy Directive II (RED II), which establishes a new binding renewable energy target for the EU for 2030 of at least 32%, as well as a target of 14% renewables in the transport sector. A higher target for advanced biofuels (third generation) has also been determined. The target has been set at 0.2% for 2021, rising to 1% for 2025 and 3.5% by 2030. Waste-based biofuels (second generation) have been capped at 1.7% over the same period. Conventional biofuels (first generation) may account for a maximum of 7%. The member states have until June 2021 to pass national legislation for the implementation of RED II.

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 more than 20,000 employees in 2018, OMV Aktiengesellschaft is one of Austria's largest listed industrial companies. In Upstream, OMV has a strong base in Romania and Austria as part of the Central and Eastern Europe core region as well as a balanced international portfolio, with Russia, North Sea, Middle East and Africa as well as Asia-Pacific as further core regions. 2018 daily production stood at approximately 427,000 boe/d. In Downstream, OMV operates three refineries with a total annual processing capacity of 17.8 mn tons and more than 2,000 filling stations in ten countries. OMV runs gas storage facilities in Austria and Germany; its subsidiary Gas Connect Austria GmbH operates a gas pipeline network in Austria. In 2018, gas sales volumes amounted to around 114 TWh. Sustainability is an integral part of the corporate strategy. OMV is set to invest EUR 500 mn in innovative energy solutions by 2025.

About AustroCel Hallein GmbH

AustroCel Hallein GmbH currently has more than 260 employees and is the market leader in China for textile fibers from coniferous wood, with total revenue of EUR 146 mn. Last year it produced more than 157,000 metric tons of viscose pulp, as well as 105 GWh district heating and 95 GWh green power. In addition to powering its own manufacturing operation with clean energy, the Hallein-based high-tech firm also provides green electricity to 30,000 households and district heating to 14,000 homes.

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