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DIRECTORS' REPORT

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About OMV

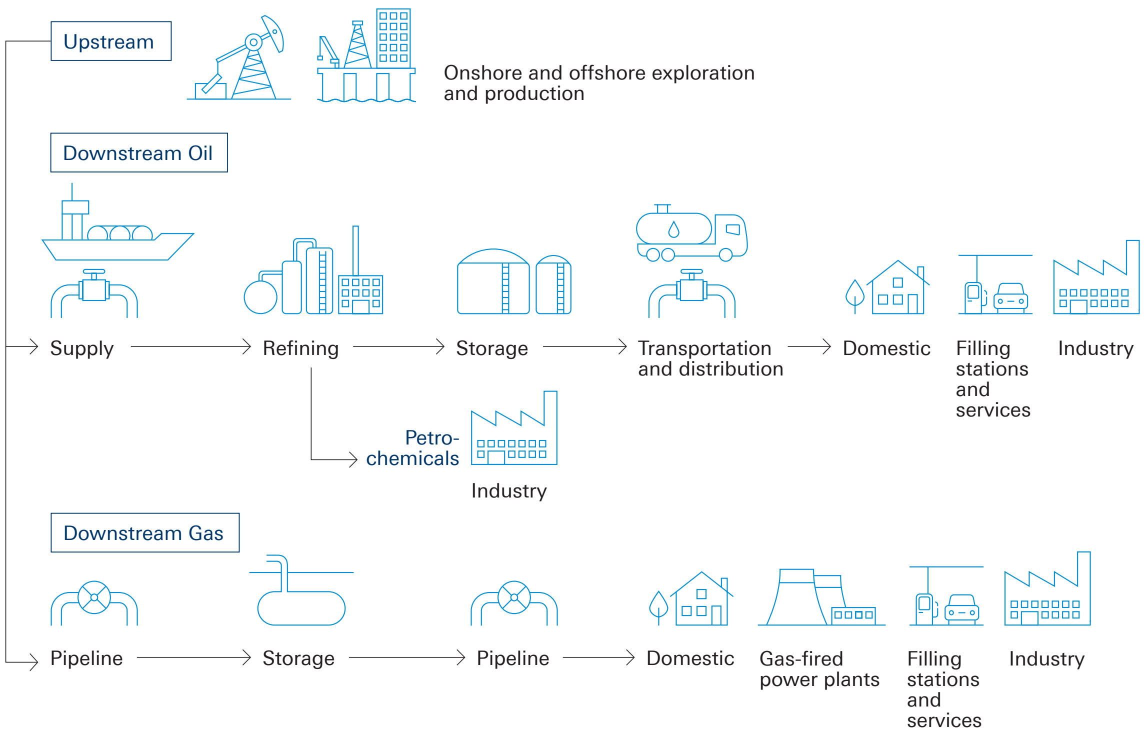
OMV produces and markets oil and gas, innovative energy, and high-end petrochemical solutions – in a responsible way. OMV has a balanced international Upstream portfolio, while its Downstream businesses feature European and Middle Eastern footprints. In 2019, Group sales amounted to EUR 23 bn. With a year-end market capitalization of around EUR 16.4 bn, OMV is one of Austria's largest listed industrial companies. The majority of OMV's roughly 20,000 employees work at its integrated European sites.

In the Upstream Business Segment, OMV focuses on the exploration, development, and production of oil and gas in its five core regions of Central and Eastern Europe, the Middle East and Africa, the North Sea, Russia, and Asia-Pacific. At the end of 2019, OMV had proven reserves (1P) of 1.33 bn boe and proven and probable reserves (2P) of 2.38 bn boe. The Reserve Replacement Rate (RRR) was 135% in 2019. Daily production was 487 kboe/d in 2019 (2018: 427 kboe/d), which equals a total production of 178 mn boe. While gas production accounted for 57% of production, oil amounted to 43%.

The Downstream Business Segment consists of the Downstream Oil and the Downstream Gas businesses. Downstream Oil operates three refineries in Europe: Schwechat (Austria) and Burghausen (Germany), both of which feature integrated petrochemical production, and the Petrobrazi refinery (Romania). In addition OMV holds a 15% share in ADNOC Refining, which operates the world-class Ruwais refinery in the United Arab Emirates, among other assets. Globally OMV's total annual processing capacity amounts to 24.9 mn t. The total refined product sales were 20.94 mn t in 2019 (2018: 20.26 mn t). The retail network consists of around 2,100 filling stations in ten countries with a strong multi-brand market portfolio. Furthermore, OMV holds a 36% interest in Borealis, one of the world's largest plastics producers.

In Downstream Gas, the natural gas sales volume was 136.7 TWh in 2019 (2018: 113.8 TWh). OMV owns gas storage facilities with a capacity of 30 TWh and a 51% share in Gas Connect Austria, which operates a 900 km natural gas pipeline network. The Central European Gas Hub (CEGH), in which OMV holds a 65% share is a well-established gas-trading platform. The node in Baumgarten (Austria) is Central Europe's largest entry and distribution point for Russian gas. In addition, OMV operates a gas-fired power plant in Romania.

Our value chain



Strategy

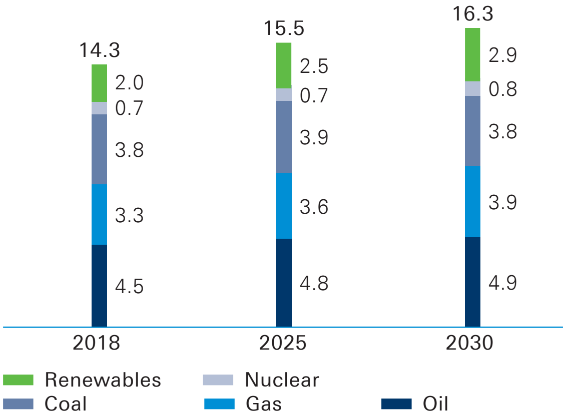
The OMV Strategy 2025 builds on the proven concept of integration. Based on a balanced growth strategy in Upstream and Downstream, the size and geographical reach of OMV will be expanded considerably to participate in attractive growth opportunities outside of Europe. OMV strives to substantially increase the clean CCS Operating Result to at least EUR 5 bn by 2025. Since the strategy was introduced in March 2018, significant milestones have already been reached.

Market outlook

Global energy demand continues to grow and will be met predominantly through traditional energy sources.

World energy demand by primary energy sources

In bn toe



Source: IEA World Energy Outlook 2019, Stated Policies Scenario

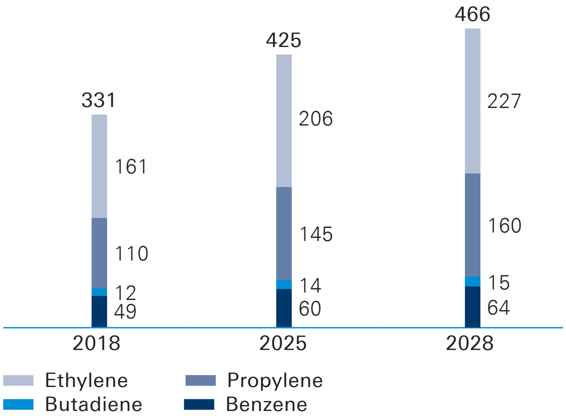
Global energy demand will continue to increase and is expected to rise 14% by 2030, driven by GDP and population growth. Oil and gas demand continues to grow and will account for about 54% of global energy demand for an additional increase of 1 bn toe.

Oil will remain the main source of primary energy in the next decade with a share of about 30% and a compound annual growth rate of 0.7% up to 2030. The increase in oil consumption will mainly stem from countries in Asia, the Middle East, and Africa. The growth in demand for crude oil is mainly the result of increased demand for products from the petrochemical industry and the transportation sector in these emerging markets. While demand for oil products is expected to decrease in saturated markets, such as North America and Europe, the global growth in demand beyond 2030 will come from emerging countries.

Natural gas will continue to be the fastest growing major energy source among fossil fuels, supported by a policy toward decarbonization of energy and more stringent emissions standards. Gas demand will grow at an annual rate of 1.4% up to 2030. This is due to, among others, the ability of natural gas to displace coal in the power generation sector.

Global petrochemical demand

In mn toe



Source: IHS – Chemical Supply & Demand (2019)

The growth in global demand for petrochemical products is closely linked to economic development. As such, the growing petrochemicals market will be an important consumer of oil and gas and a driver of global oil demand. Demand for olefins such as ethylene, propylene, butadiene, and benzene, are expected to increase by 41% by 2028. These olefins are considered to be the major building blocks for the chemical industry. Their derivatives, such as polyolefins, offer unique properties and economic benefits, such as low material costs, as well as easy and fast processing. Petrochemicals are increasingly being used as a substitute for other materials due to their advantageous characteristics. They are essential for various industries, such as packaging, construction, transportation, healthcare, pharmaceuticals, and electronics.

This growth will be primarily driven by Asia-Pacific, in step with the economic development in the region. Demand in mature markets, such as Europe, North America, and Japan, will continue to stay healthy and develop in line with GDP.

Naphtha, an oil derivative product, is expected to remain the main feedstock for the petrochemical industry. Other key feedstocks are associated gas in the Middle East and shale gas in North America.

Strategic cornerstones – OMV set to become bigger and more valuable

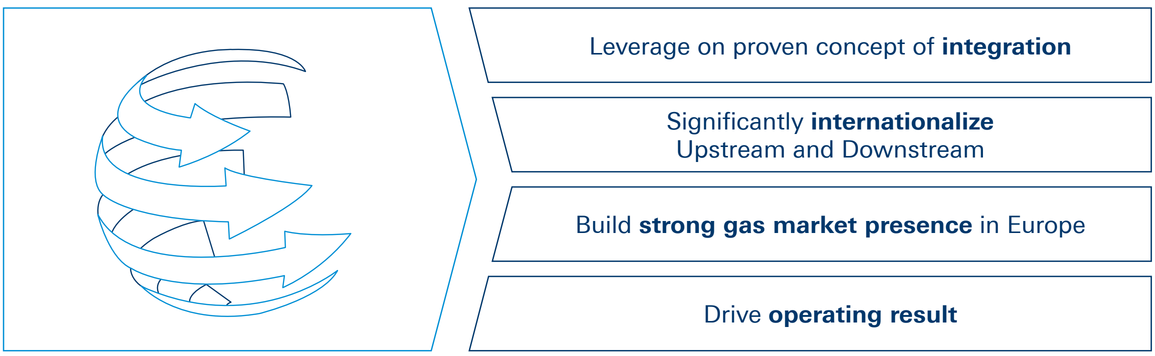
The OMV Strategy 2025 builds on the proven concept of integration, which ensures strong cash flows and resilience. OMV aims to grow both the Upstream and the Downstream businesses. In Upstream, our target is production and reserves growth in defined core regions. In Downstream, OMV will expand processing capacities and geographical reach considerably. Moreover, OMV will build a strong gas market presence in Europe. The Group will continue to improve its performance and extend its record of operational excellence. OMV strives to increase the clean CCS Operating Result to at least EUR 4 bn by 2020 (based on a Brent oil price of USD 70/bbl, a CEGH price of EUR 20/MWh and an indicator refining margin of USD 5/bbl) and at least EUR 5 bn by 2025.The growth will be driven equally by Upstream and Downstream, and will be achieved both organically and through acquisitions. Strategic partnerships will remain an important lever for accessing attractive projects, with long-term perspectives and high value creation.

Upstream

OMV's Upstream business generates profitable growth through its high-quality portfolio, while remaining focused on cash generation. The target production levels of 500 kboe/d and 600 kboe/d in 2020 and 2025, respectively, have been reconfirmed. Production will comprise more than 50% natural gas in the future to improve long-term carbon efficiency and adapt to the changing mix in global energy demand. To ensure a Reserve Replacement Rate of more than 100% (three-year average) and an average reserve life of eight to ten years in the long term, 1P reserves will almost double to more than 2 bn boe by 2025. Portfolio growth will be achieved primarily through acquisitions in low-cost, hydrocarbon-rich regions, but also through organic exploration and investments. Average production costs will not exceed USD 8/boe. Strict cost management, a focus on profitability, and prudent capital discipline will be of the utmost importance as OMV takes steps to reach these targets.

OMV will continue to focus its portfolio on five core regions. Portfolio expansion is being pursued with projects in OMV's core regions, with particular focus on the Middle East and Africa, Russia, and Asia-Pacific to ensure sustainable replacement with low-cost barrels and to improve the Company's overall resilience.

OMV – Strategy 2025



Strategic partnerships with the prospect of long-term value creation will continue to be an important pathway for OMV for accessing material volumes of oil and gas reserves. Working together with selected national oil companies as well as with strong international oil companies supports OMV's expansion in its core regions and bolsters the Group's technological capabilities, while also minimizing operational and financial risks.

OMV Upstream is planning to invest between EUR 1.3 and 1.7 bn annually in organic growth and operations until 2025. OMV's budget for exploration and appraisal activities is EUR 350 mn in 2020.

Upstream – strategic achievements

Since the announcement of the OMV Strategy 2025 in March 2018, we have made major progress in implementing our strategy. The 2019 highlights are summarized below:

- Generated strong earnings with a clean Operating Result of EUR 2.0 bn
- Gas production increased to 57% of the total portfolio
- Production costs reduced to USD 6.6/boe
- Production increased to 487 kboe/d in 2019 and reached the 500 kboe/d mark in the fourth quarter of 2019
- Developed Asia-Pacific into a core region
- Increased footprint in the Middle East and Africa region
- Three-year average Reserve Replacement Rate increased to 166%
- 1P reserves base increased to 1.3 bn boe at year-end

Downstream Oil

In Downstream Oil, OMV will further strengthen its competitive position in Europe. OMV will modify its European refining assets by reflecting expected demand changes and shifting to higher-value products. By 2025, up to EUR 1 bn will be invested in the refineries in Austria, Germany, and Romania. More than 50% of the investments will be used to expand OMV's position in the petrochemical sector. The three sites will continue to be operated as one integrated refinery system, optimizing asset utilization and maximizing margins through the exchange of intermediate products. OMV is well positioned to capture the benefits of marine fuel market changes in 2020 as a result of new regulations issued by the International Maritime Organization (IMO). OMV has a low heavy fuel oil yield of 2% with flexibility to further reduce it. Western refineries will become heavy-fuel-oil-free by 2025.

In order to safeguard revenue and profitability in Europe, OMV will increase the share of our refineries' production sold through captive sales channels from 47% in 2017 to 55% by 2025. This will ensure resilience and a refinery utilization rate of over 90% in the long term, which is well above the average in Europe. The retail business will increase fuel sales in the premium and discount segments. The number of discount stations will be expanded in Austria, Germany, and Slovenia. The focus of the premium retail network is on increasing the market share of the MaxxMotion premium product, growing the non-oil business, as well as developing additional customer-oriented retail products and services.

Building on OMV's strong expertise as one of Europe's leading refiners, the Group strives to export its successful European refining and petrochemical business model to international growth markets. By 2030, fuel demand is expected to grow significantly in Asia as well as in the Middle East and Africa. Petrochemicals demand is set to increase in all regions, especially in Asian markets. Overall, Asia will absorb more than 90% of the growth in global oil demand. Thus, OMV aims to nearly double its refining capacity and increase its petrochemical capacity by 2025 compared to 2018, establishing one to two core regions outside Europe.

Downstream Oil – strategic achievements

Since the announcement of the OMV Strategy 2025 in March 2018, we have made major progress in implementing our strategy. The 2019 highlights are summarized below:

- Strong contribution to Group financials with a clean CCS Operating Result of EUR 1.7 bn
- Built strong refining and petrochemical position in UAE by acquiring 15% in ADNOC Refining, which operates the fourth-largest refinery in the world, and a new trading joint venture, ADNOC Global Trading
- Increased share of refineries' production sold through captive sales channels to 49% supported by storage tank acquisitions and an increased number of discount filling stations
- Achieved utilization rate of the refineries of 97%
- Plastic to oil, ReOil®: facility for production of synthetic crude oil from waste plastic developed from the R&D phase into a pilot project integrated into OMV's refinery

Downstream Gas

European demand for natural gas is expected to remain stable until 2030, with upside potential of 30 bcm primarily driven by a switch from coal to natural gas in power generation. In the same time period, European natural gas production is rapidly declining, causing a growing supply gap that needs to be filled. In this environment, OMV will become the leading integrated supplier with a strong market presence from Northwest to Southeast Europe. By 2025, OMV gas sales will grow to more than 20 bcm, thereby aiming at a 10% market share in Germany, Europe's largest gas market. OMV will increasingly market natural gas from OMV's own Upstream production as well as imported gas volumes. OMV's integrated position in the European market will be strengthened by rising equity gas volumes from projects in Norway and Romania and long-term supply contracts with Gazprom.

With an increasing supply gap in Europe, higher volumes of natural gas will be imported. The Nord Stream 2 pipeline, which is close to completion is advantageous for OMV's gas strategy. This pipeline will secure and increase consistent and reliable long-term gas supplies to Europe and the Central European Gas Hub in Baumgarten, Austria.

Downstream Gas – strategic achievements

Since the announcement of the OMV Strategy 2025 in March 2018, we have made progress in implementing our strategy. The 2019 highlights are summarized below:

- Gas sales in Germany and the Netherlands significantly increased, reaching an average market share of 4% in Germany and more than 2% in the Netherlands in 2019
- Successful market entry in Belgium
- Growing cooperation on LNG with Gazprom aiming for 1.2 bcm in 2020
- Record volumes of 754 TWh traded at CEGH

Finance

OMV's value-driven finance strategy aims to enable growth, drive performance, and reward shareholders. A set of strategic and financial criteria are taken into account when making an investment decision. Growth will be achieved on a robust financial base, with solid long-term targets forming the foundation of OMV's finance strategy. As part of its growth strategy, OMV aims to increase the clean CCS Operating Result to at least EUR 4 bn by 2020 (based on a Brent oil price of USD 70/bbl, a CEGH price of EUR 20/MWh and an indicator refining margin of USD 5/bbl) and to at least EUR 5 bn by 2025. Following a tremendous turnaround period since 2016, OMV's cash generation increased to more than EUR 4 bn in 2019 and has the potential to exceed EUR 5 bn in the medium term. The growth will be supported by a strong financial framework focused on returns and cash flow. OMV's profitable growth strategy aims for a ROACE of at least 12% in the medium to long term, a positive free cash flow after dividends, and a growing clean CCS net income attributable to stockholders. At the same time, the gearing ratio without leases will be kept at or below 30% in the long term. A strong investment grade rating is also part of OMV's financial framework.

OMV's strategy pursues profitable growth. The main financial cornerstones are the following:

- ROACE target of at least 12% in the medium and long term
- Positive free cash flow after dividends
- Grow clean CCS net income attributable to stockholders
- Increase clean CCS Operating Result to at least EUR 5 bn by 2025
- Increase cash flow generation[1] to above EUR 5 bn in the medium term
- Long-term gearing ratio without leases ≤30%
- Competitive shareholder return with progressive dividend policy
- Maintain a strong investment grade rating

OMV targets attractive shareholder returns and aims to increase dividends every year or to at least maintain them at the respective previous year's level. Further growth will be enabled through organic and inorganic investments. For the period 2020 to 2025, OMV plans to make annual investments averaging EUR 2.0 to 2.5 bn. In the last years, a number of acquisitions in Upstream and Downstream have substantially strengthened the portfolio and its profitability.

OMV's capital allocation priorities are as follows:

1. Organic CAPEX
2. Dividends
3. Debt reduction
4. Acquisitions

In 2019, important milestones for the achievement of long-term financial objectives were reached:

- Clean CCS Operating Result at EUR 3.5 bn despite a weaker market environment
- Clean CCS net income attributable to stockholders rose to EUR 1.6 bn
- Cash generation[1] increased to EUR 4.3 bn
- Clean CCS ROACE of 11%
- Dividend Per Share of EUR 2.00 proposed[2]; increase of 14% compared to the previous year
- Strong balance sheet maintained, with a gearing ratio of 28%, despite the payment of the major acquisition of a 15% share in ADNOC Refining and Trading JV as well as the first-time adoption of IFRS 16 Leases
- Fitch Ratings confirmed OMV rating of A-, outlook stable, following the ADNOC Refining transaction

[1] Cash flow from operating activities excluding net working capital effects
[2] As proposed by the Executive Board and confirmed by the Supervisory Board; subject to confirmation by the Annual General Meeting 2020

Sustainability

OMV responsibly delivers affordable energy for a sustainable supply: the energy for a better life. Sustainable business behavior is crucial for OMV to create and protect value in the long term, to build trust-based partnerships, and to attract customers as well as the best employees, investors, and suppliers.

OMV's approach to sustainability

In the era of energy transition, the goal of OMV's business is to provide "oil & gas at its best." The growing demand for energy and accelerating climate change pose immense challenges for the energy sector. The key lies in finding the balance between climate protection efforts, affordable energy, and reliable supply. This means producing and using oil and gas as sensibly and responsibly as possible to safeguard the energy supply. We pledge to conduct our business responsibly by protecting the environment, aiming to be an employer of choice, and creating long-term value for our customers, shareholders, and society.

In line with the sustainable approach to the business, OMV has developed the Sustainability Strategy 2025 as an integral part of OMV's Corporate Strategy 2025. The Strategy includes 15 measurable targets set in the five focus areas: Health, Safety, Security, and Environment (HSSE); Carbon Efficiency; Innovation; Employees; Business Principles and Social Responsibility. For a lower-carbon future, OMV will invest up to EUR 500 mn by 2025 in innovative energy solutions such as ReOil® and Co-Processing and will implement carbon efficiency measures.

- **Health, Safety, Security, and Environment (HSSE):** Health, safety, security, and protection of the environment have top priority in all activities. Proactive risk management is essential for realizing OMV's HSSE vision of "ZERO harm – NO losses." OMV targets:
  - Achieve zero work-related fatalities
  - Stabilize Lost-Time Injury Rate[1] at below 0.30 (per 1 million working hours)
  - Keep leading position for Process Safety Event Rate[2]

For more information, see Health, Safety, Security, and Environment on page 52.

- **Carbon Efficiency:** OMV focuses on improving the carbon efficiency of its operations and product portfolio. OMV is fully committed to acting on climate change mitigation and responsible resource management. OMV targets:
  - Reduce the carbon intensity of OMV's operations[2] by 19% by 2025 (vs. 2010)
  - Reduce the carbon intensity of OMV's product portfolio[3] by 4% by 2025 (vs. 2010)
  - Achieve zero routine flaring and venting of associated gas by 2030

- **Innovation:** OMV's innovation efforts focus on optimizing production, exploring high-end petrochemical solutions, developing innovative energy solutions, and embracing digital technologies. Innovation is facilitated by investment and partnerships in research and development of innovative technological solutions. OMV targets:
  - Develop ReOil® into commercially viable, industrial-scale process (unit size of ~200,000 t per year)
  - Raise the share of sustainable feedstock co-processed in the refineries to ~200,000 t per year by 2025
  - Increase the recovery factor in the CEE region in selected fields by 5 to 15 percentage points by 2025 through innovative Enhanced Oil Recovery methods

For more information, see Upstream (page 66) and Downstream (page 73).

[1] Lost-Time Injury Rate is the frequency of injuries leading to lost working days, relative to one million working hours of employees and contractors.
[2] See Abbreviations and Definitions for definition of a Process Safety Event (PSE).
[3] CO_2 equivalent emissions produced to generate a certain business output using the following business-specific metric (Upstream: t CO_2 equivalent/toe produced, Refineries: t CO_2 equivalent/t throughput, Power: t CO_2 equivalent/MWh produced) consolidated to an OMV Group Carbon Intensity Operations Index, based on weighted average of business segments' carbon intensity
[4] OMV carbon intensity of product portfolio measures the CO_2 equivalent emissions generated through usage of OMV's products sold to third parties in t CO_2 equivalent/toe sold.

- **Employees:** OMV is committed to building and retaining a talented expert team for international and integrated growth. The focus of its diversity strategy is on gender and internationality. OMV targets:
  - Increase share of women at management level[1] to 25% by 2025
  - Keep high share of executives with international experience[2] at 75%

For more information, see Employees on page 55.

- **Business Principles and Social Responsibility:** OMV strives to uphold equally high ethical standards at all locations. OMV is a signatory to the United Nations (UN) Global Compact, fully committed to the UN Guiding Principles on Business and Human Rights, and aims to contribute to the UN's 2030 Agenda for Sustainable Development. OMV targets:
  - Promote awareness of ethical values and principles: conduct in-person or online business ethics training courses for all employees
  - Assess Community Grievance Mechanism of all sites against UN Effectiveness Criteria[3] by 2025
  - Conduct human rights training courses for all employees exposed to human rights risks[4] by 2025
  - Increase the number of supplier audits covering sustainability elements to >20 per year by 2025

Carbon efficiency performance

OMV recognizes climate change as one of the most important global challenges. OMV integrates risks and opportunities related to climate change impacts into the development of the Company's business strategy and the planning of operational activities. In this regard, OMV aims to reduce its carbon footprint in an effort to mitigate the impact of its operations and product portfolio on climate change. OMV implements measures aimed at optimizing its operational processes, increasing energy efficiency, reducing flaring and venting, and reducing methane emissions through leakage detection and improvement of asset integrity. For example, as a result of the Upstream Energy Efficiency Program at OMV Petrom, 36 gas-to-power (G2P) and combined heat and power (CHP) plants have been installed so far, resulting in a reduction in annual greenhouse gas emissions of 130,000 t. We will continue phasing out routine flaring and venting as soon as possible, but no later than by 2030, as part of OMV's commitment to the World Bank's "Zero routine flaring by 2030" initiative.

A cornerstone of our climate strategy is increasing the share of natural gas in our product portfolio. Based on our Upstream production project pipeline, we will increase the share of natural gas in our Upstream portfolio to 65% by 2025. In 2019, the Larak gas development project came on stream in Malaysia, and the Nawara gas development and pipeline project in Tunisia is foreseen to start production in 2020. The divestment of the Maari oil field shifts OMV in New Zealand to a gas-only producer and eliminates 280,000 t of greenhouse gas emissions per year from OMV Upstream operations. This reinforces OMV's strategy of placing the focus on natural gas production rather than oil.

Additionally, OMV extended the Russian natural gas supply contracts until 2040. The higher share of natural gas in OMV's overall product portfolio will contribute to the reduction of the product portfolio's carbon intensity. In 2019, we also began selling climate-neutral gas to our customers, offsetting greenhouse gas emissions through projects certified by the Verified Carbon Standard and the Gold Standard, such as Bulgaria's Saint Nikola wind farm.

[1] Management level: executives and advanced career level
[2] More than or equal to three years of living and working abroad
[3] Legitimate, accessible, predictable, equitable, transparent, rights-compatible, a source of continuous learning, based on engagement and dialog
[4] 1,059 employees in corporate functions managing human rights risks as well as the corresponding functions in countries with elevated human rights risk

In addition to increasing the share of natural gas products, we also focus on lower carbon/higher value-added petrochemicals, and alternative fuels such as hydrogen and electro mobility options.

In 2019, OMV and AustroCel Hallein GmbH signed a multi-year agreement to supply advanced bio-ethanol. The fuel components will be derived exclusively from spruce-based cellulose, which is a scrap material in the sawmill industry. The sustainable source material of these fuel components leads them to be classified as "advanced biofuels." In future they will be added to OMV gasoline to fulfill legal additive requirements for reducing the carbon intensity of fuels.

In 2019, OMV achieved an outstanding CDP Climate Change score of A– (Leadership) for the fourth time in a row. With its CDP Climate Change score, OMV is among fourteen companies in the global oil and gas sector that achieved a leadership score and among the top five companies across all sectors in Austria.

Business principles and social responsibility performance

Business ethics and compliance

OMV has a Code of Business Ethics in place that applies to all employees. A dedicated cross-regional compliance organization, consisting of 34 compliance experts, ensures that OMV standards are consistently met across the Group. In 2019, 11,144 employees participated in online training on business ethics. In addition, 514 employees attended classroom trainings on business ethics. The "Integrity Platform" provides an anonymous whistleblower mechanism for OMV employees and external stakeholders, such as suppliers, that they can use to report issues of non-compliance with legal regulations, the Code of Business Ethics, or other internal guidelines of the OMV Group.

Supplier compliance

OMV has a Code of Conduct in place that ensures suppliers support OMV's principles. It also mitigates supply chain risks such as forced labor, slavery, corruption, and human trafficking. All suppliers are obliged to comply with the content of the Code of Conduct. In 2019, OMV performed a comprehensive assessment in terms of the environmental, social, and governance (ESG) performance of six suppliers and conducted twelve audits that include sustainability elements. OMV will follow the defined road map and plans to perform more than ten audits including sustainability elements in 2020.

Human rights

Following the UN Guiding Principles on Business and Human Rights, OMV considers human rights to be an important aspect of our risk management approach which is integrated into our decision-making processes. In 2019, we conducted five human rights risk assessments at country level to evaluate OMV's human-rights-related activities in existing operations and assess any human rights risk in potential future operations. A total of 9,241 employees received training on human rights topics through the e-learning tool and in-person training sessions (2018: 243). As professional training is essential to ensure compliance with our human rights commitment, we have set ourselves the goal of training, by 2025, all employees who are highly exposed to human rights topics, such as security, human resources, procurement, and community relations managers. By 2019, 82% of the target group was trained. In addition, an internal awareness campaign on human rights was implemented. No incidents of human rights violations (child labor, harm to indigenous people, or discrimination) were reported in 2019 (2018: 0).

Community relations and development

OMV maintains an active partnership with local communities in all countries in which the Company does business and is committed to adding value to these societies. As part of OMV's stakeholder dialog, we have implemented community grievance mechanisms at all operating sites. In 2019, OMV registered 1,196 grievances (2018: 1,058) from the community grievance mechanism. All of the grievances were handled in accordance with OMV's localized Community Grievance Management (CGM) procedures, which stipulate a stringent approach to systematically receiving, documenting, addressing, and resolving grievances in all of the countries where we operate. OMV's Sustainability Strategy 2025 has set the goal of aligning the CGM system at all sites with the Effectiveness Criteria of the United Nations Guiding Principles. We are implementing this target by conducting assessments that include reviews of management processes and consultations with internal and external stakeholders. The assessments result in recommendations and tailored action plans to improve grievance management at site level. The action plans are implemented by local management and monitored by the Corporate function. In 2019, the CGM assessments in Romania and Austria were finalized and the assessment at the Burghausen refinery in Germany was conducted. The assessments are performed by an independent third-party consulting firm. The sites already assessed represent 96% of all registered grievances at OMV in 2019.

For more information about OMV's Environmental, Social, and Governance (ESG) ratings and the indices in which OMV is included, see OMV on the Capital Markets.

For management approaches and performance details for all material topics, see the stand-alone OMV Sustainability Report 2019. This report also serves as the separate consolidated non-financial report of OMV Aktiengesellschaft in accordance with section 267a of the Austrian Commercial Code (UGB).

Health, Safety, Security, and Environment

Health, safety, security, and protection of the environment are key values at OMV. The integrity of OMV's operating facilities, loss prevention, proactive risk management, and acting on climate change mitigation are essential for reaching OMV's HSSE vision of "ZERO harm – NO losses."

HSSE strategy

To achieve this vision, the OMV Group's HSSE Strategy 2025 was established as an integral part of the OMV Sustainability Strategy. The HSSE Strategy focuses on the cross-functional goals of strong HSSE commitment and leadership, increased efficiency and effectiveness of HSSE processes, management of HSSE risks, and skilled people, as well as subject matter goals in the areas of

- Health: Improve the ability to work through integrated health management.
- Safety: Build on sustainable safety for people and plants.
- Security: Protect people and assets from emerging malicious intentional threats.
- Environment: Minimize the environmental footprint throughout the entire lifecycle.

Health, safety, and security

In 2019, the combined Lost-Time Injury Rate (LTIR) for OMV employees and contractors was 0.34 (2018: 0.30), and our combined Total Recordable Injury Rate (TRIR) was 0.95 (2018: 0.78). We had no work-related fatalities.

In Upstream, our combined efforts resulted in an LTIR of 0.43 (2018: 0.38). The Nawara project and our SapuraOMV Malaysian operations completed the year without a lost-time injury (LTI). However, we had 21 High Potential Incidents (HiPos) which could have resulted in serious or even fatal injuries under slightly different circumstances. We continued to focus on our safety culture program, including several detailed workshops in Romania and a safety culture baseline assessment in New Zealand. We conducted five global contractor performance meetings, which all had a significant HSSE component. At Hub level, contractor and supplier management continued to offer opportunities for HSSE improvement through auditing and review.

Downstream's HSSE performance was outstanding in 2019 and further improved the LTIR to 0.22 (2018: 0.25). The severity of work accidents in terms of lost workdays was reduced significantly, by more than half, compared to 2018. Special emphasis was placed on contractor management, process safety assessments and improvement measures, and training on various emergency and crisis management scenarios.

OMV Group safety performance

In mn hours worked

	2019	2018
Company		
Lost-Time Injury Rate	0.51	0.29
Total Recordable Injury Rate	1.26	0.88
Contractors		
Lost-Time Injury Rate	0.27	0.31
Total Recordable Injury Rate	0.81	0.74
Total (Company and contractors)		
Lost-Time Injury Rate	0.34	0.30
Total Recordable Injury Rate	0.95	0.78

Employees' well-being and health are the foundation for successful company performance as they are core elements of ensuring the ability to work. In 2019, OMV continued its long tradition of offering healthcare and preventive health programs, such as cardiovascular disease prevention programs, cancer awareness sessions, vaccinations, first aid courses, work-life balance awareness sessions, and health hours, which go far beyond local legal requirements.

During 2019, a number of key safety-related activities took place:

- The life-saving rules titled "Protect Your and Your Colleagues' Lives" were rolled out Group-wide to all employees and contractors to help prevent severe workplace incidents. Trainings, booklets, videos, and info screens were provided for this purpose.
- The Group-wide Safety Culture Program was continued with a focus on hazard awareness workshops and employee engagement in identifying hazards and managing risks. More than 15,000 HSSE walk-arounds provided opportunities for dialog on site between the workforce and management.
- Contractor HSSE management is key to OMV Group's safety performance. It starts in the early phases of procurement. For this reason, the internal regulations framework was reviewed, and HSSE requirements were formally integrated into the updated source-to-contract process and other business processes.
- A new HSSE reporting tool was set up and rolled out on time. The system will further support the sharing of lessons learned from safety reports and incident investigations, and will provide up-to-date analytical features.

A still unstable geopolitical environment combined with enduring regional conflicts resulted in the 2019 security emphasis remaining on the Middle East and North Africa. Notwithstanding the challenges of operating securely in Yemen, Libya, and Tunisia, the threat of terrorist attacks on mainland Europe and elsewhere further validate OMV's travel security procedures governing all company travelers. In addition to the enduring terrorist threat, other threats such as political extremism, organized crime, and asymmetric cyber threats remain very credible.

The Resilience Standard on incident, emergency, crisis, and business continuity management was updated. Resilience capabilities were further improved in 2019, e.g., by training on various scenarios and reviewing the corresponding plans.

Environmental management

Due to the nature of its operations, OMV has an impact on the environment. The Group strives to minimize that impact at all times, particularly in terms of spills, energy efficiency, greenhouse gas (GHG) emissions, as well as water and waste management. OMV strives to optimize processes to use natural resources as efficiently as possible and to reduce emissions and discharges.

OMV is strongly committed to climate change mitigation and responsible resource management, and has set targets to reduce its carbon footprint. The principal targets are to reduce the carbon intensity of OMV's overall operations by 19% and the carbon intensity of products by 4% by 2025, both compared with 2010. This will be achieved by improving energy efficiency across all operations, implementing GHG emission reduction projects, and increasing the share of natural gas and petrochemical products in our product portfolio.

To address future challenges, we have set up two new departments. "Carbon Management" will focus on reducing the GHG emissions of our existing assets and finding further opportunities. "New Energy Solutions" will develop small- and large-scale, low-carbon technologies for energy supply, for mobility, and for industry. This unit will connect to OMV's core competencies and maintain a direct link to the existing business.

In 2019, there was one major hydrocarbon spills (level 3 out of five levels. 2018: two). The total volume of hydrocarbon spilled was 56,641 liters (2018: 36,874 liters). OMV continued to improve its oil spill response preparedness and capabilities.

Key environmental actions and achievements in 2019:

- Achieved for the fourth time in a row a CDP Climate Change A– leadership score
- Continued to implement our commitments as endorser of the World Bank's "Zero routine flaring by 2030" initiative and developed routine flaring and venting phase-out plans and methane emissions reduction plans

- Continued to reduce the carbon footprint of our operations by, e.g., commissioning two new gas-to-power plants, which use previously flared/vented gas in OMV Petrom Upstream, and installing photovoltaic cells at another ten retail filling stations in Romania.

- Validated three GHG emission reduction projects (LTS Boldeşti, G2P Gornet, OMV South Tunisia Gas Valorization Project) according to ISO 14064-2 and verified a reduction of GHG emissions totaling 209,242 t of CO_2eq

- Continued the OMV Petrom Pipeline Integrity Management Program to reduce number and volume of oil spills

- Continued to implement projects to reduce energy consumption in refineries, such as advanced condensate recovery and reuse, and an enhanced firing system in the cogeneration plant in Petrobrazi

- Continued to modernize water stations and distribution systems in OMV Petrom Upstream, such as the Săcuieni Water Station in the Muntenia Asset and the rehabilitation of the industrial water distribution system in four parks in Suplac

- Continued to upgrade facilities with state-of-the-art technologies to reduce environmental impact and increase operational efficiency, such as the modernization of the Arad fuel storage in Romania

- Supported biodiversity projects in New Zealand, such as the partnership with Rotokare Scenic Reserve Trust to reintroduce the endemic hihi bird (stitchbird) and the partnership with Ngāti Koata and the Department of Conservation for the Moawhitu lake and wetland regeneration project

Employees

We know that it is our roughly 20,000 employees who turn our strategy into results and success. We are proud of the result we have achieved together. Trust and pride in the organization fuel our employees' energy and determination to tackle challenges and to focus on innovative solutions to make us even stronger.

OMV's People Strategy

We continue to build on our strategic priorities to unlock our organization's full potential and to strengthen the foundation for growth and success:

- Strengthen leadership capability
- Focus on culture and performance
- Increase organizational agility
- Ensure OMV remains a great place to work

Highlights of 2019

The development of our people was at the core of our human resources agenda in 2019. We broadened the leadership development opportunities we offer by adding leadership refreshment and leadership essential courses. We also expanded our selection of training courses in functional, technical, and business skills available to all. Our belief in continuous learning as a driver of success is reflected in our development approach, which ensures that people can grow in their jobs. Our experts are a key pillar of our organization. To foster their career development, we launched the Expert career path.

The Group-wide calibration of job evaluations and the introduction of a standardized job title system provides further clarity and consistency. It establishes the foundation necessary for employees to take ownership of their own careers. The associated salary bands position us competitively in our industry. The "Thx for doing great!" recognition program received an HR award for linking principle-led behavior and the company purpose, and for fostering a feedback culture.

In September, we launched our Digital Academy to prepare for OMV's digital transformation. The Academy offers more than 250 courses covering everything from basic digital and function-specific digital skills to leadership skills. All of this is intended to equip our people to thrive in a digital world. The courses are structured in bite-size lessons that can be completed anywhere, anytime.

Number of training participants [1,2,3]

	2019	2018
Austria	3,579	2,682
Romania/rest of Europe	11,317	11,091
Middle East and Africa	715	435
Rest of the world	712	410
Total	**16,323**	**14,618**

Money spent on training per region [1,2,3]

in EUR

	2019	2018
Austria	2,722,418	2,643,692
Romania/rest of Europe	4,836,744	3,895,112
Middle East and Africa	381,065	144,238
Rest of the world	330,999	385,599
Total	**8,271,226**	**7,068,641**

[1] Excluding conferences and trainings for external employees
[2] Number of employees who received at least one training
[3] Excluding Gas Connect Austria GmbH, Avanti GmbH, DUNATÀR Köolajtermék Tároló és Kereskedelmi Kft., and SapuraOMV Upstream Sdn. Bhd.

Our organizational structure is a key enabler of organizational agility. Splitting Downstream into the Refining & Petrochemical Operations and Marketing & Trading divisions aligns OMV's organizational structure consistently with the value chain. It also ensures our readiness to tackle strategic challenges in the future. Finance, IT, and Employee Services were centralized to further streamline our organizational structure and to reduce interfaces.

The integration of the businesses acquired in New Zealand and Malaysia made the OMV family even more international and provides additional career and learning opportunities.

Diversity

Work-life balance is a key driver of gender diversity. In 2019, we were certified as a family-friendly employer in Austria in recognition of the opportunities we offer to facilitate combining career and parenthood. In addition to our well-established OMV daycare, we also offer summer camps to school children. Participation rates tell us that childcare during school holidays is highly appreciated.

The percentage of women in the Group is about 26%, of which 19.6% are in advanced management and executive positions. We have defined clear actions to reach our goal of increasing this share to 25% by 2025. Providing dual career opportunities and tailored development plans for female talent supports this ambition. Within our Leadership Programs, the proportion of women was 26% in 2019.

Employee key figures

At the end of 2019, OMV employed 19,845 persons in 24 countries. Compared with 2018, the number of employees decreased by 1.9%. This decrease, in combination with our results clearly shows an increase in the efficiency and productivity of our people year by year.

Employees [1]

		2019	2018
Employees by region			
Austria		3,965	3,632
Romania/rest of Europe		14,219	15,232
Middle East and Africa		686	683
Rest of world		975	684
Total number of employees		**19,845**	**20,231**
Diversity			
Female	in %	26	26
Male	in %	74	74
Female Senior Vice Presidents [2]	in %	16	17
Number of nationalities [2]		**77**	**74**

[1] As of year end
[2] Excluding Gas Connect Austria GmbH, Avanti GmbH, DUNATÀR Köolajtermék Tároló és Kereskedelmi Kft., and SapuraOMV Upstream Sdn. Bhd.

OMV Group Business Year

In the year 2019, OMV recorded a clean CCS Operating Result of EUR 3.5 bn despite the challenging market environment. This remarkable result was driven by strong results in both Upstream and Downstream business segments and strict cost discipline. In 2019, the operating cash flow amounted to EUR 4.1 bn. Following the payment of the highest dividend in OMV history, an organic free cash flow after dividends of EUR 1.3 bn was achieved, which contributed to finance major acquisitions in 2019 such as the 15% stake in the ADNOC Refining business and the 50% interest in SapuraOMV.

Business environment

The global economic cooldown beginning in 2018 continued throughout 2019. Economic research institutes were forced to retract their forecasts several times during the year. Global economic output increased by 2.9%, 0.7 percentage points less than in 2018. Growth in developing and emerging economies (+3.7%) led industrialized countries (+1.7%), a gap that grew even larger in 2019 than it had been in recent years. Global trade volume increased minimally, by 1.0%, being the weakest growth in ten years. This was attributable mainly to escalating trade conflicts, heavier sanctions, and a drop in commodities prices. The result was a negative effect on investments and industry, whereas services and private consumption saw growth remain stable nearly throughout the entire year.

Despite a significant reduction in the foreign trade volume with China and stalled exports, the economic situation in the United States proved relatively robust. As in the previous year, private consumption rose by 2.9%, remaining the key pillar of the economy. This enabled a GDP growth of 2.3%. China's economy grew at a pace of 6.1% after 6.6% in the prior year. In the eurozone, where GDP growth slowed from 1.9% to 1.2%, high-risk geopolitical issues and unresolved Brexit questions put the brakes on more positive economic development. Private consumption (+1.1%) and exports (+2.4%) grew more slowly than in the previous year.

The economic environment in Central and Eastern European countries (GDP growth of between 2.3% and 4.9%) continued to be favorable. However, this trend only partlially compensated for the minimal increase in economic output by major EU countries (GDP growth of between 0.2% and 1.3%). Growth in the EU-28 was 1.5% overall, just below the average for the industrialized countries.

In **Germany,** sectors dependent on demand from abroad were particularly hard hit by the downturn. Exports only grew by +0.9%. The country's GDP growth of 0.6% was well below the average for the last ten years of 1.3%. Key sectors, such as the automotive and steel industries, suffered sales declines of 5% to 10%. However, private and public-sector consumption grew by 1.6% and 2.5%, respectively, which was faster than in 2018. In terms of investments, this growth shifted to the construction industry (+3.8%), while investments in equipment were almost stagnant.

Austria experienced a delay in the onset of the downturn in the international economic climate. The country's GDP growth was 1.7%. Unlike in previous years, exports rose by 2.8%, somewhat slower than imports. The industrial production index was up 1.6%, and investments stayed at a relatively high level, growing 3.4%. Consumption by private households increased by 1.3%, while growth was only 0.6% in the public sector. This contributed to the generation of a notable budget surplus of 0.6% of GDP for the first time.

In 2019, **Romania** was one of the few EU countries that was able to bump up its economic output year over year. Its GDP growth of 4.1% was mainly the result of domestic consumption. In the first six months of 2019, it was also supported by intensive economic activity in the course of the Romanian presidency of the Council of the European Union. The slight drop in industrial production, the current account deficit of 5.5% in relation to GDP, and the high rate of inflation of 3.9% compared with other EU countries dulled the economic picture.

Global oil demand rose by 0.8%, or 0.8 mn bbl/d, to a new record high level of 100.1 mn bbl/d in 2019. Whereas demand by the OECD member states declined by 0.3 mn bbl/d, or 0.6%, it rose in non-OECD countries by 1.1 mn bbl/d, or 2.1%. Asian countries accounted for more than 80% of this growth in demand.

In 2019, **global oil production** increased by 0.2%, or 0.2 mn bbl/d, to 100.5 mn bbl/d. The market was oversupplied, and inventories were built up by 0.4 mn bbl/d. The United States put an additional 1.7 mn bbl/d (+11%) of oil on the market and therefore more than compensated for the lower production levels of other non-OPEC countries. Other major influences on the supply side were the sanctions-related decline in Iran's production totaling 1.2 mn bbl/d as well as the decrease in Venezuela's oil production and the reduction in Saudi Arabia's production by 0.5 mn bbl/d, respectively. In contrast, Iraq, the United Arab Emirates, Nigeria, and Libya were able to expand oil production. All told, however, the production volume of the OPEC countries declined 6%, or 1.9 mn bbl/d, to 30.0 mn bbl/d, with market coverage (including 5.5 mn bbl/d NGL) also down to 35%.

Against the backdrop of geopolitical tensions, oil prices rose by around 50% from the start of the year to mid-May 2019, reaching the high for the year at nearly USD 75/bbl. After that, the economic slowdown, higher than expected US production, and the extension of the market cooperation agreement by the OPEC alliance covering 24 countries were strong stabilizing forces on prices in the summer. An attack on Saudi production facilities in mid-September caused a loss of capacity of 5.7 mn bbl/d and price spikes, but thanks to fast repairs, these factors influenced market developments only briefly. In early December, the decision by the OPEC alliance to expand its oil production cut from 1.2 to 1.7 mn bbl/d dispelled fears of pending overproduction and supported the price level.

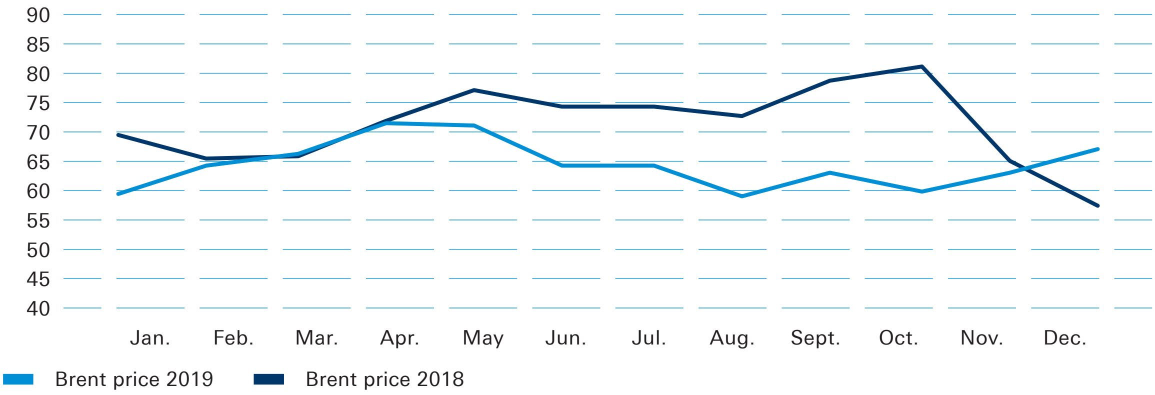
In 2019, the **price of Brent crude** stood at an average of USD 64.30/bbl, nearly 10% below the prior-year level. The price displayed volatility of around 50% over the course of the year. The EUR/USD exchange rate fluctuated between 1.15 and 1.09. Using the annual average of 1.12, the appreciation of the US currency against the euro is calculated at 5% in 2019. Due to these opposing trends, the prices of key products traded on the Rotterdam market for mineral oil products changed only minimally.

Austrian energy demand likely increased by more than 1% in 2019 and therefore compensated for the decline in 2018. Demand for the primary energy source oil rose by around 1.5%, while demand for natural gas grew by 2.4%. Gas-fired power plants generated 17% more electricity. The market for space heating saw surplus demand of less than 1% due to weather conditions, and industrial consumption increased only slightly as well, in response to economic conditions. Domestic natural gas production dropped by 9% to 10 TWh. Net imports grew to 121 TWh, covering not only 90% of the market demand of almost 100 TWh, but also building up storage levels to a record high of 94 TWh. At the end of the year, natural gas storages were 97% filled, compared with 64% in the previous year.

Sales of mineral oil products in the Central and Southeast European countries relevant to OMV rose by around 2.9% to about 150 mn t in 2019. In Austria, the market volume reached 11.4 mn t, with demand for fuels up 0.6% and demand for heating oils stagnant. Total sales in Germany climbed by 2.8 mn t to over 98 mn t. Fuel sales grew moderately by 0.7% and heating oil sales increased sharply by nearly 13%. Romania posted the strongest growth in Eastern Europe thanks to sales growing by more than 5%.

Crude price (Brent) – monthly average

In USD/bbl



Financial review of the year

Consolidated sales increased by 2% to EUR 23,461 mn. Higher Upstream sales volumes, following OMV's acquisitions in New Zealand, Malaysia and the United Arab Emirates, were partially offset by unfavorable market environment developments. The clean CCS Operating Result slightly decreased from EUR 3,646 mn in 2018 to EUR 3,536 mn. The Upstream result went down to EUR 1,951 mn (2018: EUR 2,027 mn), whereas in Downstream the clean CCS Operating Result slightly rose from EUR 1,643 mn to EUR 1,677 mn in 2019. In 2019, the clean Group tax rate was 38% (2018: 39%). The clean CCS net income was nearly flat at EUR 2,121 mn (2018: EUR 2,108 mn). The clean CCS net income attributable to stockholders amounted to EUR 1,624 mn (2018: EUR 1,594 mn). The clean CCS Earnings Per Share were EUR 4.97 (2018: EUR 4.88).

Net special items of EUR (64) mn were recorded in 2019 (2018: EUR (149) mn). In Upstream, net special items in 2019 amounted to EUR (71) mn (2018: EUR 95 mn). In 2019, net special items were mainly related to the re-evaluation of the redetermination payment in the Yuzhno Russkoye field (EUR (58) mn) and the negative impact triggered by the reclassification of marginal fields in Romania to held for sale following a divestment process (EUR (46) mn), partially offset by temporary hedging effects of EUR 53 mn.

In Downstream, net special items amounted to EUR 31 mn (2018: EUR (219) mn) and were mainly related to temporary hedging effects (EUR 135 mn), largely offset by environmental provisions at OMV Petrom in the amount of EUR (43) mn and impairments of assets of EUR (30) mn.

In Corporate and Other, net special items amounted to EUR (24) mn in 2019 (2018: EUR (26) mn). Positive CCS effects of EUR 110 mn (2018: EUR 27 mn) were recognized in 2019.

The OMV Group's reported Operating Result slightly rose to EUR 3,582 mn (2018: EUR 3,524 mn). The net financial result improved to EUR (129) mn (2018: EUR (226) mn). With a Group tax rate of 38% (2018: 40%) the net income amounted to EUR 2,147 mn (2018: EUR 1,993 mn). The net income attributable to stockholders was EUR 1,678 mn compared to EUR 1,438 mn in 2018. Earnings Per Share increased to EUR 5.14 compared to EUR 4.40 in 2018.

Key financials

		2019	2018	Δ
Sales revenues[1]	in EUR mn	23,461	22,930	2%
Clean CCS Operating Result[2]	in EUR mn	**3,536**	**3,646**	**(3)%**
Clean Operating Result Upstream	in EUR mn	1,951	2,027	(4)%
Clean CCS Operating Result Downstream[2]	in EUR mn	1,677	1,643	2%
Clean Operating Result Corporate and Other	in EUR mn	(67)	(21)	(220)%
Consolidation: elimination of inter-segmental profits	in EUR mn	(25)	(3)	n.m.
Clean Group tax rate[2]	in %	38	39	(1)
Clean CCS Net income[2]	in EUR mn	2,121	2,108	1%
Clean CCS net income attributable to stockholders[2,3]	in EUR mn	**1,624**	**1,594**	**2%**
Clean CCS EPS[2]	in EUR	4.97	4.88	2%
Special items	in EUR mn	**(64)**	**(149)**	**n.m.**
thereof Upstream	in EUR mn	(71)	95	n.m.
thereof Downstream	in EUR mn	31	(219)	n.m.
thereof Corporate and Other	in EUR mn	(24)	(26)	n.m.
CCS effects: inventory holding gains/(losses)	in EUR mn	110	27	n.m.
Operating Result Group	in EUR mn	**3,582**	**3,524**	**2%**
Operating Result Upstream	in EUR mn	1,879	2,122	(11)%
Operating Result Downstream	in EUR mn	1,847	1,420	30%
Operating Result Corporate and Other	in EUR mn	(91)	(47)	(93)%
Consolidation: elimination of inter-segmental profits	in EUR mn	(54)	28	n.m.
Net financial result	in EUR mn	(129)	(226)	43%
Group tax rate	in %	38	40	(2)
Net income	in EUR mn	2,147	1,993	8%
Net income attributable to stockholders	in EUR mn	**1,678**	**1,438**	**17%**
Earnings Per Share (EPS)	in EUR	5.14	4.40	17%
Cash flow from operating activities	in EUR mn	4,056	4,396	(8)%
Free cash flow before dividends	in EUR mn	(583)	1,043	n.m.
Free cash flow after dividends	in EUR mn	(1,441)	263	n.m.
Organic free cash flow before dividends	in EUR mn	2,119	2,495	(15)%
Organic free cash flow after dividends	in EUR mn	**1,261**	**1,715**	**(27)%**

[1] Sales excluding petroleum excise tax
[2] Adjusted for special items; clean CCS figures exclude fuels' inventory holding gains/losses (CCS effects) resulting from the fuels of refineries
[3] After deducting net income attributable to hybrid capital owners and net income attributable to non-controlling interests

Special items and CCS effect

In EUR mn

	2019	2018	Δ
Clean CCS Operating Result	**3,536**	**3,646**	**(3)%**
Special items	**(64)**	**(149)**	**n.m.**
thereof: Personnel restructuring	(34)	(40)	n.m.
thereof: Unscheduled depreciation	(39)	51	n.m.
thereof: Asset disposal	5	3	n.m.
thereof: Other	4	(164)	n.m.
CCS effect	**110**	**27**	**n.m.**
Operating Result	**3,582**	**3,524**	**2%**

More details on special items and CCS effects can be found in Note 4 – Segment Reporting – of the Consolidated Financial Statements.

Notes to the income statement

Sales Revenues

In EUR mn

	2019	2018	Δ	% of Group total
Sales to third parties				
Upstream	2,583	2,170	19%	11%
Downstream	20,874	20,756	1%	89%
thereof Downstream Oil	15,039	14,707	2%	64%
thereof Downstream Gas	5,835	6,049	(4)%	25%
Corporate and Other	4	4	(8)%	0%
Total	**23,461**	**22,930**	**2%**	**100%**
Intersegmental sales				
Upstream	3,656	3,386	8%	90%
Downstream	84	74	14%	2%
thereof Downstream Oil	46	48	(4)%	1%
thereof Downstream Gas	141	166	(15)%	3%
thereof intrasegmental elimination Downstream	(103)	(139)	26%	(3)%
Corporate and Other	341	335	2%	8%
Total	**4,081**	**3,795**	**8%**	**100%**
Total Sales (not consolidated)				
Upstream	6,239	5,556	12%	23%
Downstream	20,958	20,830	1%	76%
thereof Downstream Oil	15,085	14,755	2%	55%
thereof Downstream Gas	5,976	6,215	(4)%	22%
thereof intrasegmental elimination Downstream	(103)	(139)	26%	0%
Corporate and Other	345	339	2%	1%
Total	**27,542**	**26,725**	**3%**	**100%**

Sales of the **Upstream** Business Segment increased by 12%, impacted mainly by the new acquisitions in Abu Dhabi, New Zealand and Malaysia. Increase in the **Downstream** Business Segment was mainly driven by higher quantities sold in Downstream Oil, amounting to 55% of the total not consolidated sales, partially offset by the decrease of sales in Downstream Gas. After the elimination of the intersegmental sales, **total sales revenues to third parties** increased by 2% to EUR 23,461 mn. Sales to third parties split by geographical areas can be found in the Notes to the Consolidated Financial Statements (Note 4 – Segment Reporting).

Other operating income decreased to EUR 315 mn in 2019 (2018: EUR 517 mn). In 2019 OMV agreed to sell its 69% interest in Maari field, New Zealand and this led to the reclassification of the assets and liabilities to "held for sale", which triggered a pre-tax write-up amounting to EUR 34 mn. 2018 was impacted by reversals of past impairments in Romania and Norway due to significant improvement of operating performance (EUR 105 mn). Furthermore, a gain of EUR 52 mn related to the disposal of the Upstream companies active in Pakistan and a gain on disposal of the subsidiary OMV Tunisia Upstream GmbH amounting to EUR 39 mn contributed to the 2018 income.

Income from equity-accounted investments amounted to EUR 386 mn (2018: EUR 391 mn) and mainly reflected the 36% share of the result from the Borealis Group amounting to EUR 314 mn (2018: EUR 327 mn).

Purchases (net of inventory variation), which include the cost of goods and materials used for conversion into finished or intermediary products as well as goods purchased for reselling, as well as inventory changes and write-offs, totaled EUR (13,608) mn (2018: EUR (14,094) mn).

Other operating expenses totaled EUR (322) mn in 2019 (2018: EUR (485) mn). 2018 included a loss on the divestment of OMV Samsun Üretim Sanayi ve Ticaret A.Ş. of EUR (150) mn. **Research and development (R&D) expenses,** which are included in Other operating expenses, amounted to EUR (49) mn (2018: EUR (40) mn).

The **net financial result** improved significantly to EUR (129) mn (2018: EUR (226) mn), mainly as a result of an improved foreign exchange result and higher interest income. Dividend income amounted to EUR 5 mn (2018: EUR 20 mn).

Income taxes

		2019	2018
Current taxes	In EUR mn	(1,207)	(1,007)
Deferred taxes	In EUR mn	(100)	(298)
Taxes on income and profit	In EUR mn	(1,306)	(1,305)
Effective tax rate	in %	**38**	**40**

The Group's effective tax rate decreased slightly to 38% (2018: 40%). For further details, please refer to Note 12 – Taxes on income and profit – of the Consolidated Financial Statements.

Summarized income statement

In EUR mn

	2019	2018	Δ
Sales revenues	23,461	22,930	2%
Other operating income	315	517	(39)%
Net income from equity-accounted investments	386	391	(1)%
Purchases (net of inventory variation)	(13,608)	(14,094)	(3)%
Production and operating expenses	(1,695)	(1,594)	6%
Production and similar taxes	(496)	(392)	26%
Depreciation, amortization and impairment charges	(2,337)	(1,827)	28%
Selling, distribution and administrative expenses	(1,892)	(1,749)	8%
Exploration expenses	(229)	(175)	31%
Other operating expenses	(322)	(485)	(34)%
Operating Result	**3,582**	**3,524**	**2%**
Net financial result	(129)	(226)	(43)%
Taxes on income and profit	(1,306)	(1,305)	0%
Net income for the year	**2,147**	**1,993**	**8%**
thereof attributable to hybrid capital owners	75	78	(3)%
thereof attributable to non-controlling interests	393	477	(18)%
Net income attributable to stockholders of the parent	**1,678**	**1,438**	**17%**

Cash flow performance

Cash flow from operating activities amounted to EUR 4,056 mn, down by EUR (340) mn compared to 2018, significantly impacted by negative working capital effects.

Cash flow from investing activities showed an outflow of EUR (4,638) mn in 2019 compared to EUR (3,353) mn in 2018, containing a cash outflow of EUR (460) mn related to the acquisition of a 50% interest in the new company SapuraOMV and a cash outflow of EUR (2,095) mn related to the acquisition of a 15% stake in the ADNOC Refining business (including related transaction costs and FX hedging impacts). 2018 included the acquisition of a 20% stake in an offshore concession in Abu Dhabi that led to an outflow of USD (1.5) bn and the acquisition of Shell's Upstream business in New Zealand that led to a cash outflow of EUR (350) mn. Cash flow from investing activities in 2019 included a cash outflow of EUR (113) mn related to the financing agreements for the Nord Stream 2 pipeline project (2018: EUR (275) Mio).

Free cash flow declined to EUR (583) mn (2018: EUR 1,043 mn).

Cash flow from financing activities showed an outflow of EUR (484) mn compared to EUR (975) mn in 2018. In 2019 the issuance of bonds totaling EUR 1.3 bn was only partially offset by repayments of long-term debt, while in 2018 the issuance of new bonds was more than offset by the repayment of long-term debt.

Free cash flow after dividends decreased to EUR (1,441) mn in 2019 (2018: EUR 263 mn).

Capital Expenditure (CAPEX)

CAPEX in 2019 amounted to EUR 4,916 mn (2018: EUR 3,676 mn), mainly driven by the acquisitions of a 15% stake in the ADNOC Refining business as well as the Sapura Upstream business in Malaysia.

Upstream CAPEX decreased to EUR 2,070 mn (2018: EUR 3,075 mn), mainly as major acquisitions in New Zealand and Abu Dhabi took place in 2018, partially offset by an increase in CAPEX due to the acquisition in Malaysia in 2019. Moreover, the Upstream Business Segment invested mainly in field redevelopments, drilling and work-over activities in Romania as well as in field developments in Abu Dhabi and Norway.

Downstream CAPEX increased to EUR 2,774 mn (2018: EUR 576 mn), of which EUR 2,687 mn are attributable to Downstream Oil (2018: EUR 506 mn) and EUR 87 mn to Downstream Gas (2018: EUR 70 mn), mainly related to the acquisition of the ADNOC Refining business.

In the **Corporate and Other** segment, CAPEX amounted to EUR 72 mn (2018: EUR 25 mn).

Capital expenditure [1]

In EUR mn

	2019	2018	Δ
Upstream	2,070	3,075	(33)%
Downstream	2,774	576	n.m.
thereof Downstream Oil	2,687	506	n.m.
thereof Downstream Gas	87	70	25%
Corporate and Other	72	25	191%
Total capital expenditure	**4,916**	**3,676**	**34%**
+/– Changes in the consolidated Group and other adjustments	(10)	(86)	88%
– Investments in financial assets and acquisition of non-controlling interest	(2,155)	(4)	n.m.
Additions according to statement of non-current assets (intangible and tangible assets)	**2,751**	**3,585**	**(23)%**
+/– Non-cash changes	(594)	(393)	(51)%
Cash outflow due to investments in intangible assets and property, plant and equipment	**2,158**	**3,193**	**(32)%**
+ Cash outflow due to investments, loans and other financial assets	2,265	305	n.m.
+ Acquisitions of subsidiaries and businesses net of cash acquired	460	357	29%
Investments as shown in the cash flow statement	**4,883**	**3,855**	**27%**

[1] Includes acquisitions as well as equity-accounted investments and other interests; adjusted for capitalized decommissioning costs, exploration wells that have not found proved reserves, borrowing costs and other additions that by definition are not considered capital expenditure

The reconciliation of total capital expenditures to additions according to the statement of non-current intangible and tangible assets (for details, see Note 14 – Intangible assets – and Note 15 – Property, plant and equipment) mainly relates to additions, which by definition are not considered to be capital expenditures, as well as investments in financial assets and changes in the consolidated Group.

The difference between the additions shown in the statement of non-current assets and the investments reported in the cash flow statement partially arise from additions to intangible and tangible assets that did not affect investing cash flows during the period (including accrued liabilities arising from investments, new right of use assets, decommissioning and capitalized borrowing costs). In addition, cash outflows due to investments in financial assets as well as the acquisition of subsidiaries and businesses are included in the overall investments shown in the cash flow statement.

Statement of financial position

Summarized statement of financial position (condensed)

In EUR mn

	2019	2018	Δ
Assets			
Non-current assets	28,950	24,896	16%
Intangible assets and property, plant and equipment	20,642	18,432	12%
Equity-accounted investments	5,151	3,011	71%
Other non-current assets	2,470	2,695	(8)%
Deferred tax assets	686	759	(10)%
Current assets	11,248	12,017	(6)%
Inventories	1,845	1,571	17%
Trade receivables	3,042	3,420	(11)%
Other current assets	6,360	7,026	(9)%
Assets held for sale	177	47	n.m.
Equity and liabilities			
Equity	16,863	15,342	10%
Non-current liabilities	13,961	11,917	17%
Pensions and similar obligations	1,111	1,096	1%
Lease liabilities	934	—	n.m.
Bonds and other interest-bearing debts	5,882	4,909	20%
Decommissioning and restoration obligations	3,872	3,673	5%
Other provisions and liabilities	1,031	1,508	(32)%
Deferred tax liabilities	1,132	731	55%
Current liabilities	9,395	9,680	(3)%
Trade payables	4,155	4,401	(6)%
Lease liabilities	120	—	n.m.
Bonds and other interest-bearing debts	688	843	(18)%
Provisions and other liabilities	4,432	4,436	0%
Liabilities associated with assets held for sale	156	22	n.m.
Total assets/equity and liabilities	**40,375**	**36,961**	**9%**

Total assets increased by EUR 3,414 mn to EUR 40,375 mn.

Intangible assets and property, plant and equipment were mainly impacted by the acquisition of a 50% stake of the issued share capital in SapuraOMV Upstream Sdn. Bhd., on which more details are provided in Note 3 – Changes in group structure – of the Consolidated Financial Statements. In addition to this, the first time adoption of IFRS 16 Leases standard lead to an increase of property, plant and equipment (see Note 2 – Accounting policies, judgements and estimates – of the Consolidated Financial Statements for further details). **Equity-accounted investments** increased by EUR 2,141 mn, mainly attributable to the acquisition of a 15% stake in the ADNOC Refining business (see Note 3 – Changes in group structure – of the Consolidated Financial Statements). Proportional net income from equity-accounted investments was largely balanced by distribution of dividends. Decreased derivatives position was the main factor for the decrease in **other non-current assets,** while it was partially offset by additional drawdowns under the financing agreements for the Nord Stream 2 pipeline project.

Current assets decreased by EUR 770 mn and amounted to EUR 11,248 mn as of December 31, 2019, mainly as a result of a decreased cash and cash equivalents position following the acquisitions. **Assets held for sale** increased by EUR 130 mn, mainly related to the reclassification to "held for sale" of a 69% interest in Maari field, located in New Zealand's offshore Taranaki Basin and 40 marginal oil and gas fields in Romania.

Equity (including non-controlling interest) rose by 10% in comparison to 2018. The equity ratio remained unchanged to 2018 and stood at 42%. **Non-current decommissioning and restoration obligations increased** by EUR 199 mn, mainly resulting from the acquisition of SapuraOMV Upstream Sdn. Bhd. and reassessment effects.

Lease liabilities for previously unrecognized operating lease commitments were first recognized in 2019 due to the first time adoption of the new standard IFRS 16 Leases and amounted to EUR 706 mn (see Note 2 – Accounting policies, judgements and estimates – of the Consolidated Financial Statements for further details). Current and non-current **bonds and other interest bearing debts** increased by EUR 818 mn to EUR 6,570 mn, primarily related to the issuance of bonds in 2019 totaling EUR 1.3 bn, partially compensated by the repayment of a EUR 500 mn bond. Current- and non-current **other liabilities** decreased mainly due to a lower derivatives position and the reclassification of previous finance lease liabilities to lease liabilities upon the implementation of IFRS 16. **Deferred tax liabilities** increased to EUR 1,132 mn (2018: EUR 731 mn) mainly due to the acquisition of a 50% stake of the issued share capital in SapuraOMV Upstream Sdn. Bhd., for which more details are provided in Note 3 – Changes in group structure – of the Consolidated Financial Statements. **Liabilities associated with assets held for sale** increased by EUR 134 mn, mainly related to the reclassification to "held for sale" of a 69% interest in Maari field, located in New Zealand's offshore Taranaki Basin and 40 marginal oil and gas fields in Romania.

Gearing ratio

Gearing ratio

		2019	2018	Δ
Bonds	in EUR mn	5,802	5,007	16%
Lease liabilities	in EUR mn	1,053	—	n.m.
Liabilities on finance leases	in EUR mn	—	288	n.m.
Other interest-bearing debts	in EUR mn	769	745	3%
Debt	in EUR mn	**7,624**	**6,040**	**26%**
Cash and cash equivalents[1]	in EUR mn	2,938	4,026	(27)%
Net debt	in EUR mn	4,686	2,014	133%
Equity	in EUR mn	**16,863**	**15,342**	**10%**
Gearing Ratio	in %	**28**	**13**	**15**

[1] Including cash and cash equivalents that were reclassified to assets held for sale.

Upstream

In the Upstream Business Segment, OMV continued to reshape its portfolio in line with the focus on improved asset base quality and reserves growth in 2019. Production reached a new record at more than 500 kboe/d in the fourth quarter 2019. Production costs fell below USD 7.0/boe, while the one-year Reserve Replacement Rate reached 135% at year-end.

At a glance

		2019	2018	Δ
Clean Operating Result	in EUR mn	1,951	2,027	(4)%
Special items	in EUR mn	(71)	95	n.m.
Operating Result	in EUR mn	1,879	2,122	(11)%
Capital expenditure[1]	in EUR mn	2,070	3,075	(33)%
Exploration expenditure	in EUR mn	360	300	20%
Exploration expenses	in EUR mn	229	175	31%
Production cost	in USD/boe	6.61	7.01	(6)%
Total hydrocarbon production	in kboe/d	487	427	14%
Total hydrocarbon production	in mn boe	178	156	14%
Total hydrocarbon sales volumes	in mn boe	169.3	148.7	14%
Proved reserves as of December 31	in mn boe	1,332	1,270	5%
Average Brent price	in USD/bbl	64.21	71.31	(10)%
Average realized crude price[2]	in USD/bbl	61.66	62.13	(1)%
Average realized gas price[2]	in USD/1,000 cf	4.08	4.72	(14)%

Note: The net result from the equity-accounted investment in Pearl and Severneftegazprom ("SNGP," operator of the Yuzhno Russkoye natural gas field) is reflected in the Operating Results.

[1] Capital expenditure including acquisitions, notably the acquisition of Shell's Upstream business in New Zealand for USD 579 mn in Q4/18 and a 50% interest in SapuraOMV for USD 540 mn in Q1/19

[2] Average realized prices include hedging effects.

Financial performance

The **clean Operating Result** decreased from EUR 2,027 mn to EUR 1,951 mn in 2019. There were adverse effects resulting from higher depreciation of EUR (382) mn, mainly related to OMV's acquisitions in New Zealand (Q4/18), the United Arab Emirates (Q2/18), and Malaysia (Q1/19), as well as higher production in Norway. Net market effects had a negative impact of EUR (80) mn, resulting from lower average realized oil and gas prices. This was partially offset by lower hedging losses and positive FX effects. Gains resulting from improved operational performance amounted to EUR 386 mn and were mainly a consequence of OMV's acquisitions in New Zealand, the United Arab Emirates, and Malaysia, as well as higher Norwegian output. These effects were negatively impacted by a natural production decline in Romania and the sale of OMV's Upstream assets in Pakistan in Q2/18. In 2019, OMV Petrom contributed EUR 599 mn to the clean Operating Result compared to EUR 693 mn in 2018.

Net **special items** amounted to EUR (71) mn in 2019 (2018: EUR 95 mn). The **Operating Result** decreased to EUR 1,879 mn (2018: EUR 2,122 mn).

Production cost excluding royalties decreased by 6% to USD 6.6/boe as a result of higher production coupled with a positive FX development. At OMV Petrom, production cost decreased by 3% to USD 10.9/boe.

Total hydrocarbon production rose by 60 kboe/d to 487 kboe/d, primarily due to the acquisitions in New Zealand, the United Arab Emirates, and Malaysia, as well as higher production in Norway. This was partially offset by lower production in Romania and the divestment of the Upstream operations in Pakistan in Q2/18. In addition, production from the Libyan El Sharara field was shut in at the beginning of 2019 and only resumed in March. Average production in Libya was 16 kboe/d in Q1/19, compared to an average of around 35 kboe/d in the remaining quarters. OMV Petrom's total production went down by 8 kboe/d to 152 kboe/d, mainly due to natural decline. **Total sales volumes** improved by 14% to 169.3 mn boe (2018: 148.7 mn boe), mainly as a result of the acquisitions in New Zealand, the United Arab Emirates, and Malaysia. These contributions were partially offset by lower sales in Romania and the divestment of the Upstream operations in Pakistan in Q2/18.

In 2019, the **average Brent price** decreased by 10% to USD 64/bbl. The Group's **average realized crude price** declined by 1%. This was mainly due to hedging losses in 2018. The **average realized gas price** in USD/1,000 cf went down by 14% caused by warmer than-expected winter temperatures, above-average storage levels all across Europe, and a doubling of LNG imports to Europe. Realized gas prices in 2019 were impacted by a realized hedging loss of EUR (51) mn.

Capital expenditure including capitalized E&A was EUR 2,070 mn in 2019 (2018: EUR 3,075 mn). This also included the payment of USD 540 mn for the purchase of the 50% interest in SapuraOMV in Q1/19. In 2018, capital expenditure including capitalized E&A was mainly related to the acquisition of a 20% stake in two offshore oil fields in the United Arab Emirates from ADNOC for USD 1.5 bn in Q2/18 and the acquisition of Shell's Upstream business in New Zealand for USD 579 mn in Q4/18. In 2019, organic capital expenditure was primarily directed to projects in Romania, Norway, and the United Arab Emirates. **Exploration expenditure** increased by 20% to EUR 360 mn and was mainly related to activities in Romania, Norway, and Austria.

Production

	2019				2018			
	Oil and NGL	**Natural gas**[1]		**Total**	**Oil and NGL**	**Natural gas**[1]		**Total**
	in mn bbl	in bcf	in mn boe	in mn boe	in mn bbl	in bcf	in mn boe	in mn boe
Romania[2]	24.1	156.2	28.9	53.0	24.6	168.7	31.2	55.8
Austria	4.0	29.2	4.9	8.9	4.3	30.9	5.2	9.4
Kazakhstan[2]	2.1	1.8	0.3	2.4	2.2	1.7	0.3	2.5
Norway	16.6	90.0	15.0	31.6	17.1	60.9	10.1	27.3
Libya	11.1	–		11.1	10.9	–	–	10.9
Tunisia	0.8	3.2	0.5	1.4	1.3	2.9	0.5	1.8
Pakistan[3]	–	–	–	–	0.1	7.0	1.2	1.3
Yemen	1.8	–	–	1.8	1.1	–	–	1.1
Kurdistan Region of Iraq	0.9	14.2	2.4	3.3	0.9	11.6	1.9	2.8
United Arab Emirates	8.1	–	–	8.1	1.8	–	–	1.8
New Zealand	4.6	65.2	10.9	15.5	2.1	16.0	2.7	4.8
Malaysia[2]	2.1	15.5	2.6	4.7	–	–	–	–
Russia	–	218.0	36.3	36.3	–	218.4	36.4	36.4
Total	**76.1**	**593.2**	**101.8**	**177.9**	**66.5**	**518.2**	**89.5**	**156.0**

[1] To convert gas from cf to boe, the following conversion factor was applied in all countries: 1 boe = 6,000 cf; except for Romania, where the following factor was used: 1 boe = 5,400 cf.
[2] The figures above include 100% of all fully consolidated companies.
[3] The upstream business in Pakistan was divested on June 28, 2018.

Portfolio developments

In 2019, OMV made considerable progress with the implementation of the OMV Strategy 2025. OMV grew and strengthened its Upstream portfolio by improving the quality of the asset base and through growing its reserves. On January 31, 2019 a 50% stake was secured in the newly formed company SapuraOMV. In June, the purchase price for OMV's interest in the Achimov formation was agreed with Gazprom. The portfolio has been further optimized with the agreed divestment of the 69% stake in the Maari oil field in New Zealand, the exit from Madagascar in September, and the streamlining of the Upstream portfolio in Romania.

Central and Eastern Europe

Portfolio optimization continued in Romania with the divestment of nine marginal fields on March 1, 2019. The cumulative oil and gas production of these fields is approximately 1,000 boe/d. In January 2020, OMV Petrom signed an agreement to sell 40 onshore oil and gas fields in Southern Romania, together producing 1,700 boe/d.

In 2019, drilling activities were sustained at a high level with a peak of 13 active rigs in OMV Petrom's operated licenses in November. A total of 100 new wells and sidetracks were completed by the end of 2019, maintaining a stable trend compared to previous years. Among these are three shallow offshore wells that were drilled in the XVIII Istria block of the Romanian Black Sea as well as two deep (>4,000 m) high-potential exploration wells. The 4461 Totea South exploration well was tested in April 2019, and OMV Petrom started production with an initial rate of approximately 4,000 boe/d at the beginning of October.

Middle East and Africa

For the Middle East and Africa portfolio, 2019 was a year of consolidation following the multiple acquisitions and divestments that took place in 2018 in order to renew and improve the quality of the asset base. Portfolio optimization continued in 2019 with the end of operations in Madagascar, as Sub-Saharan Africa no longer fits the Company's strategic direction.

In the United Arab Emirates, OMV and ADNOC signed technical evaluation agreements on the Shuwaihat and North-West offshore licenses in April 2019. In July 2019 the Ghasha concession, in which OMV holds a 5% stake, was expanded with the addition of the Shuwaihat field area.

North Sea

On February 6, 2019, OMV Norge received the "Explorer of the Year" award for the Hades and Iris discoveries. In June 2019, two memorandums of understanding were signed with Equinor on collaboration on the Norwegian continental shelf. These relate to the Hades/Iris discovery and the Wisting development. In October 2019, an appraisal well was completed in the Iris discovery, and recoverable reserves are now estimated between 33 and 57 mn boe gross. In 2020, another well is planned to further appraise the Hades discovery.

Russia

In June 2019, OMV signed an amendment agreement to the basic sale agreement, which stipulates a purchase price of EUR 905 mn for the potential acquisition of a 24.98% interest in the Achimov 4A/5A phase development in the giant Urengoy gas and condensate field. Signing of the transaction is expected in the first half of 2020.

Additionally, OMV continued to strengthen its strategic partnership with Gazprom by signing a memorandum on LNG cooperation and expanding the companies' multifaceted partnership in the areas of science, technology, education, culture, and sports.

Asia-Pacific

In line with OMV's strategy of forming partnerships with major players in high-growth regions, OMV and Sapura Energy Berhad ("Sapura Energy") entered into an agreement on January 31, 2019, to form a strategic partnership. Under the agreement, OMV acquired a 50% stake in the newly established company SapuraOMV Upstream Sdn. Bhd. for a consideration totaling USD 540 mn subject to customary closing adjustments. The parties agreed on an additional consideration of up to USD 85 mn, mainly linked to the resource volume in Block 30 in Mexico at the time the final investment decision for a potential field development is made. Both parties have also agreed to refinance the existing inter-company debt of USD 350 mn. The new entity SapuraOMV Upstream Sdn. Bhd. and its subsidiaries are fully consolidated in OMV's financial statements. It is a major independent oil and gas company based in

Malaysia with strong growth prospects consisting of sizeable discovered resources and a strong portfolio of exploration prospects. In 2019, SapuraOMV was awarded "APAC Company of the Year" and received the platinum award in the Offshore Self-Regulation (OSR) Excellence Awards 2019.

In addition, the Shell New Zealand assets acquired were successfully integrated with OMV's existing business in that country in 2019. In line with the strategy, OMV is working to redevelop and optimize the Maui and Pohokura assets acquired from Shell. Consequently, OMV completed several well interventions in the Pohokura field during 2019 to safeguard future production. Major infill drilling campaigns on both assets were also developed during 2019, with execution planned to start in 2020.

In November 2019, OMV New Zealand signed an agreement to sell its 69% share of the Maari field in the offshore Taranaki Basin effective January 1, 2019. Closing is subject to regulatory approvals, and operatorship is expected to be transferred in mid-2020. Average production of the asset in 2019 was 5 kboe/d net to OMV (in 2018: 5 kboe/d). With this transaction, OMV New Zealand will become a pure gas/condensate producer, reducing the carbon emissions of the product portfolio by over 280,000 t/a.

Key projects

Neptun (Romania, OMV 50%)
In cooperation with ExxonMobil as the operator, OMV Petrom continued the assessment of the commercial and economic viability of the Neptun Deep project in the Romanian Black Sea. Amendments of the fiscal and regulatory framework were under public debate during 2019, however, by the end of the year, these haven't materialized and the legislative environment did not provide the necessary prerequisites for a multibillion investment decision. OMV Petrom remains keen to see the Black Sea resources developed and will therefore continue the dialogue with the authorities to unlock the way forward. The cumulative production from Neptun Deep is estimated at 125-250 mn boe (net to OMV).

Other major projects (Romania, OMV 100%)
In 2019, around EUR 120 mn were invested in the modernization, extension, and construction of new oil and gas processing facilities and pipelines.

In July 2019, OMV Petrom commissioned the Hurezani gas treatment plant following an investment of approximately EUR 50 mn in 2017. The project includes the construction of a gas treatment facility with a maximum capacity of 37 kboe/d of natural gas, which separates natural gas from condensate. Pipelines were built over a 12 km distance as part of the same investment.

Nawara (Tunisia, OMV 50%)
At the end of 2019, the OMV-operated onshore Nawara gas condensate field development project was 99% complete. Throughout the year, project progress was impacted in an overall challenging operating environment by a combination of several factors: social unrest, project complexity, and contractor performance. The pipeline was completed by April, while both the gas treatment plant in Gabes and the central processing facility are nearly finalized. Gas-in was achieved at the gas treatment plant in October 2019, with commissioning still in progress. The project will unlock South Tunisia's gas resources and supply gas, LPG, and condensate to the Tunisian market. Peak production is expected to reach around 10 kboe/d (OMV share).

Umm Lulu and SARB (UAE, OMV 20%)
Umm Lulu and Satah Al Razboot (SARB) are two offshore oil fields situated in the shallow waters of Abu Dhabi. Pipelines connect both fields to dedicated processing, storage, and loading facilities on Zirku Island. In 2019, work progressed significantly towards the completion of the Umm Lulu bridge-linked offshore platforms, with all modules successfully installed and undergoing commissioning. Full field start-up is expected in 2020, with development drilling to continue until 2023. Production start-up of the Umm Lulu and SARB fields was achieved in September 2018 and reached an average level of 22 kboe/d in 2019. Production from the concession area is expected to increase to 215 kboe/d (43 kboe/d net to OMV) by 2023.

Khor Mor (KRI, OMV 10%)
The Pearl consortium (OMV 10% share) develops, processes, and transports natural gas from Khor Mor, a major gas condensate field located in the Kurdistan Region of Iraq. The consortium plans to increase production by drilling new wells and by expanding the facilities. OMV's final investment

decision for the first 42 kboe/d train and the drilling of five infill wells was made in October 2019. The resulting additional gas production will be introduced into the existing Pearl-operated gas pipeline to support domestic gas demand.

Gullfaks (Norway, OMV 19%)

At the Equinor-operated Gullfaks field, six platform wells were re-drilled and completed in 2019 with the goal of increasing production from mature wells. A rig specially designed to perform efficient drilling operations on subsea developments drilled and completed four wells. The Gullfaks and Snorre oil and gas platforms will be the first in the world to be partially supplied with energy from a floating offshore wind farm, thus reducing CO_2 emissions by more than 200,000 t/a. The Norwegian authorities approved plans to inject water in the producing Shetland/Lista formation in June 2019. Subsequently, drilling of the first horizontal injection/production well pair started in mid-2019.

Gudrun (Norway, OMV 24%)

Production from the existing wells in the Equinor-operated Gudrun field continued at a high level, although the field is experiencing a natural decline. During 2019, the license group approved an improved oil recovery program, which includes three new infill wells and a project to start water injection in the main reservoir called Gudrun Phase 2, which involves five wells. In total, eight new wells have been approved for drilling on Gudrun. Drilling activities commenced with the Rowan Stavanger drilling rig in November 2019. Production from two of the new wells is expected to start during the first half of 2020. Water injection is planned to commence during the first quarter 2021.

Edvard Grieg (Norway, OMV 20%)

The Lundin Petroleum-operated Edvard Grieg offshore oil field produced above expectations due to the extended production plateau and high facility uptime. Further resource maturation is planned via an infill drilling program in 2020, targeting undrained areas of the Edvard Grieg field. In 2019, the Norwegian government approved a project that will allow electrification of the Edvard Grieg platform from the shore, which will reduce CO_2 emissions. In addition, work is also ongoing to tie back two discoveries in nearby licenses (Solveig and Rolvsnes) to Edvard Grieg as the host facility.

Aasta Hansteen (Norway, OMV 15%)

After some successful testing, the Aasta Hansteen platform was able to increase its gross production capacity by around 12% in Q2/19. Production at Snefrid Nord, the first subsea tie-back to Aasta Hansteen which was discovered in 2015, came online in September 2019.

Wisting (Norway, OMV 25%)

The Wisting discoveries are located in the Barents Sea. In June 2019, OMV signed a memorandum of understanding with Equinor on collaboration on the Norwegian continental shelf. OMV handed over operatorship of the development to Equinor in December, resuming operatorship at first oil. The project will be developed by an integrated team staffed by both companies under the lead of Equinor. The recoverable resources in PL537 were estimated at around 440 mn barrels of oil in 2018, compared to 350 mn barrels in 2017.

Yuzhno Russkoye (Russia, OMV 24.99%)

Phase 1 of the drilling campaign to sustain plateau production at the Gazprom-operated Yuzhno Russkoye gas field was concluded in 2019. Twelve additional production wells targeting the field's Turonian layer were brought on stream. Phase 2 started at the end of 2019. In addition, the operator initiated a project to investigate the potential of the field's deeper Lower Cretaceous layers.

SK408 (Malaysia, OMV 40%)

In Malaysia, developing Phase 1 of the SK408 gas license was the main focus in 2019. The GoLaBa fields (Gorek, Larak, and Bakong) will be developed as three separate wellhead platforms tied back to an existing processing facility and to a nearby LNG plant. Production began at Larak in December 2019. Bakong and Gorek will follow in 2020. This will increase production in Malaysia to more than 30 kboe/d in 2020. The development of the Jerun field is planned to be executed as Phase 2 of the SK408 development with production scheduled to start in 2023.

Maui A Crestal Infill (New Zealand, OMV 100%)

The final investment decision to execute a six-well development from the Maui A platform in the Taranaki Basin in New Zealand was made in October 2019. Platform pre-works began in 2019, with rig mobilization planned in the second quarter 2020 and first gas expected in the third quarter 2020. Drilling will continue in 2021.

Exploration and appraisal highlights

In 2019, OMV completed the drilling of 13 exploration and appraisal wells[1] in five different countries, eight of which were successful, including one that has already started production.

In Austria, OMV finalized one exploration well in 2019. The drilling of one additional well was still ongoing at year-end and is expected to be finalized in the first quarter 2020.

In Romania, OMV Petrom finalized three exploration wells, two of which discovered gas. The two deep exploration wells Băicoi (finalized in 2018) and Bărbătești (drilled in 2019) will be tested in the first half of 2020. The Totea South well has already been in production since October 2019.

In Tunisia, OMV drilled and successfully tested the Shalbia 1 exploration well in 2019.

In Norway, seven exploration and appraisal wells were finalized, four of which were successful. One highlight was the OMV operated high-pressure, high-temperature Iris appraisal well in the Norwegian Sea. Another appraisal well in the Hades discovery is planned for 2020.

In New Zealand, OMV started a drilling campaign on November 30, 2019. One exploration well was finalized in 2019. This campaign will continue through 2020 with a further three exploration wells planned in the Taranaki Basin and one in the Great South Basin.

OMV participated in two 3D seismic surveys completed in 2019, one in Austria and one in Mexico. In Austria, OMV completed Phase 2 of the Schönkirchen 3D seismic survey in April. The 1,500 km^2 study area represents the largest-ever seismic survey in onshore Europe. Initial geological interpretation work is already being carried out. In July, SapuraOMV completed a 3D offshore seismic survey covering an area of 450 km^2 offshore Mexico. The consortium plans to drill the first exploration well in 2021. OMV Petrom is currently performing a 3D seismic survey in Romania covering 1,350 km^2.

Exploration and appraisal expenditures increased to EUR 360 mn in 2019 (2018: EUR 300 mn). The increased spend reflects higher activity, an improved success rate, and OMV Petrom's higher equity share in some Romanian projects.

Reserves development

Proved reserves (1P) as of December 31, 2019, increased to 1,332 mn boe (thereof OMV Petrom[2]: 504 mn boe). With a one-year Reserve Replacement Rate (RRR) of 135% (2018: 180%), a value of over 100% has now been achieved four years in a row. The three-year RRR reached 166% (2018: 160%). The increase in proved reserves is mainly attributed to the acquisition of the stake in SapuraOMV in Malaysia. Further significant revisions followed successful drilling and development activities and a positive production performance in Russia, Norway, and New Zealand.

Proved and probable reserves (2P) increased to 2,378 mn boe (thereof OMV Petrom[2]: 786 mn boe) mostly due to the acquisition in Malaysia and successful development activities in the Ghasha concession in the United Arab Emirates.

Innovation and new technologies

OMV's Upstream strategy is to apply state-of-the-art technologies developed in-house to well-maintained assets, to pilot these technologies, and to promote rapid global implementation. The current focus of research and development is on improving recovery rates and the lifetimes of mature fields. This should enable highly efficient exploration for new oil and gas deposits, even in challenging environments.

OMV applies various enhanced oil recovery methods, which are part of the Smart Oil Recovery 3.0 program (SOR 3.0). This enables OMV to increase ultimate oil recovery by up to 15 percentage points in selected fields and thus extend the field life. In 2019, five horizontal wells were drilled by OMV Austria to support this initiative. In total, about 300 kboe of incremental oil was produced by OMV Austria using SOR by the end of 2019. Eight additional horizontal wells are scheduled for 2020/2021. Oil rates could be significantly increased compared to conventionally produced saltwater re-injection. In 2019, further progress was made on rolling out SOR projects in various fields in Austria and Romania.

[1] Six of which were operated by OMV.
[2] OMV Petrom covers Romania and Kazakhstan.

The two Upstream laboratories OMV Tech Center & Lab and OMV Petrom Upstream Laboratories (ICPT) continue to strengthen their partnership for work on the SOR projects in Romania. The exchange aims to use the knowledge and experience gained from the Austrian SOR projects by the Tech Center & Lab in recent years.

OMV has made great strides in developing new technologies and improving the operational performance of produced water treatment processes. In a series of field pilots aiming to produce saltwater that is optimally suited for re-injection, OMV was able to identify innovative flotation and filtration technologies which can also effectively treat challenging emulsions.

Increasingly complex reservoir fluid conditions are resulting in faster degradation of pipelines and processing equipment. To address this, OMV Upstream is growing its expertise in the application of nanotechnology products. Promising Austrian pilots to prevent paraffin deposition in well bores and to reduce wear in sucker rod pumps were extended to fields in Romania.

Significant progress has been made with the construction of the OMV Innovation & Technology Center (ITC) in Austria. The opening is expected to take place as planned in the first quarter 2020.

Adding to existing collaboration with leading international universities, OMV started joint initiatives with the Gubkin Russian State University of Oil and Gas in Moscow.

Digitalization

With DigitUP, an umbrella program that was launched in late 2018 for Upstream digitalization initiatives, OMV targets to become one of the global digital frontrunners in the Upstream industry.

One key area focuses on improving the efficiency of exploration and development projects by simulating the subsurface assets in 3D models ("Digital Twins"). This shortens the project lifecycle from twelve to four months, and it raises the efficiency of laboratory measurement efforts. In another project, a tank inspection drone was successfully piloted and is now ready for deployment. The drone is equipped with ultrasonic measuring tools that generate 3D models and contours of the wall thickness of the tanks. This new method lowers the risk exposure of service personnel and cuts inspection time and costs by 25%. Moreover, the newly integrated well delivery system is now fully functional in two exploration wells in Libya, reducing the time spent on pre-drill planning by 30%. Efficiency improvements were also achieved in the drilling process through an improved real-time drilling data system, which has already been implemented on 21 rigs resulting in 168 interventions that have led to estimated savings of EUR 1.5 mn in 2019.

To fully leverage the potential of these initiatives, OMV Upstream has begun to upgrade the data infrastructure to increase flexibility, security, and performance globally. Thanks to cloud technology, over 400 users are now able to access 1.6 petabyte of geological data and 170 applications online from any device around the world in a highly secure environment. This lays the foundation for high-performance computing, which will reduce the simulation runtime by a factor of 10.

Downstream

OMV's Downstream business consists of Downstream Oil and Downstream Gas. Downstream Oil has three refineries in Central and Eastern Europe, two of which have strong petrochemical integration. In 2019, Downstream expanded in the Middle East with a 15% share in ADNOC Refining and a new Trading JV. OMV operates a retail network of approximately 2,100 filling stations in Europe. Downstream Gas is active along the entire gas value chain. Natural gas sales volumes amounted to 137 TWh.

At a glance

		2019	2018	Δ
Clean CCS Operating Result[1]	in EUR mn	1,677	1,643	2%
thereof Downstream Oil	in EUR mn	1,495	1,439	4%
thereof Downstream Gas	in EUR mn	182	204	(11)%
Special items	in EUR mn	31	(219)	n.m.
CCS effects: inventory holding gains/(losses)[1]	in EUR mn	139	(4)	n.m.
Operating Result	in EUR mn	1,847	1,420	30%
Capital expenditure[2]	in EUR mn	2,774	576	n.m.
Downstream Oil KPIs				
OMV indicator refining margin[3]	in USD/bbl	4.44	5.24	(15)%
Ethylene/propylene net margin[3,4]	in EUR/t	433	448	(3)%
Utilization rate refineries		97%	92%	5
Total refined product sales	in mn t	20.94	20.26	3%
thereof retail sales volumes	in mn t	6.53	6.33	3%
thereof petrochemicals	in mn t	2.34	2.41	(3)%
Downstream Gas KPIs				
Natural gas sales volumes	in TWh	136.71	113.76	20%
Net electrical output	in TWh	3.40	5.06	(33)%

Note: The net result from the equity-accounted investments in ADNOC Refining and Trading JV as well as PARCO is reflected in the Operating Results.

[1] Current Cost of Supply (CCS): clean CCS figures exclude special items and inventory holding gains/losses (CCS effects) resulting from the fuels of refineries.

[2] Capital expenditure including acquisitions, notably the acquisition of a 15% stake in ADNOC Refining and a Trading JV to the amount of USD 2.43 bn in Q3/19.

[3] Actual refining and petrochemical margins realized by OMV may vary from the OMV indicator refining margin, ethylene/propylene net margin, as well as from the market margins due to factors including different crude slate, product yield, operating conditions, or feedstock.

[4] Calculated based on West European Contract Prices (WECP) with naphtha as feedstock

Financial performance

The **clean CCS Operating Result** rose slightly from EUR 1,643 mn to EUR 1,677 mn in 2019 mainly following a higher result in Downstream Oil, partially offset by a lower Downstream Gas result.

The **Downstream Oil clean CCS Operating Result** increased in 2019 by EUR 56 mn to EUR 1,495 mn. The increase was mainly driven by a strong contribution from the commercial and retail businesses, partially offset by lower indicator refining and petrochemical margins. The **OMV indicator refining margin** decreased by 15% from USD 5.2/bbl to USD 4.4/bbl. Decreased naphtha and gasoline margins could not be offset by higher heavy fuel oil margins. Lower feedstock costs, a result of lower crude prices, positively impacted the refining margin. The **utilization rate of the refineries** came in at a very high rate of 97% in 2019. In 2018, the utilization rate was at 92%, reflecting the planned six-week turnaround at the Petrobrazi refinery. At 20.9 mn t, **total refined product sales** increased by 3%. The retail business contribution improved, driven by higher margins and slightly increased sales volumes. In the commercial business, margins and sales volumes also went up compared to 2018. The commercial business benefited in 2019 from a tight supply situation following a refinery outage of a competitor and the Druzhba pipeline crude oil contamination. OMV Petrom contributed EUR 327 mn (2018: EUR 286 mn) to the clean CCS Operating Result of Downstream Oil. In 2019, the contribution from ADNOC Refining and Trading amounted to EUR 8 mn. The result was positively impacted by one-off effects. The Trading JV is currently in the set-up phase.

The clean CCS Operating Result of the petrochemicals business decreased by 12% to EUR 241 mn (2018: EUR 275 mn). While the **ethylene/propylene net margin** softened, the butadiene and benzene net margins went down considerably. Borealis' contribution to the clean Operating Result declined by 13% to EUR 314 mn (2018: EUR 360 mn). A positive impact stemming from a settlement agreement regarding the Finnish tax cases was more than offset by negative inventory valuation effects and weaker integrated polyolefin margins. The performance of the fertilizer business improved due to lower gas prices.

The **Downstream Gas clean CCS Operating Result** declined from EUR 204 mn to EUR 182 mn in 2019, mainly caused by a weaker power result. The contribution from Gas Connect Austria decreased from EUR 102 mn in 2018 to EUR 97 mn. In 2018, the result had benefited from an insurance payment related to the Baumgarten incident and increased contributions from participations that could not be fully offset by higher transportation revenues in 2019. **Natural gas sales volumes** grew by 20% to 136.7 TWh (2018: 113.8 TWh). A successful market offensive raised volumes in Germany and the Netherlands. While volumes also grew in Romania, the quantity sold in Turkey decreased sharply. **Net electrical output** dropped from 5.1 TWh to 3.4 TWh in 2019, following an unfavorable market environment in Romania. In addition, the divestment of the Samsun power plant in Q3/18 negatively impacted net electrical output. OMV Petrom contributed EUR 60 mn (2018: EUR 77 mn) to the clean CCS Operating Result of Downstream Gas.

The 2019 result reflects net **special items** of EUR 31 mn (2018: EUR (219) mn) and were mainly related to unrealized commodity derivatives. In 2018, net special items were mainly related to the divestment of the Samsun power plant and a partial impairment of the Borealis fertilizer business. **CCS effects** of EUR 139 mn were booked due to rising crude prices in 2019. The Downstream **Operating Result** increased significantly from EUR 1,420 mn to EUR 1,847 mn in 2019.

Capital expenditure in Downstream amounted to EUR 2,774 mn (2018: EUR 576 mn) and included capital expenditure related to IFRS 16 to the amount of EUR 66 mn. Capital expenditure in Downstream Oil was EUR 2,687 mn (2018: EUR 506 mn) and included the acquisition of a 15% stake in ADNOC Refining and a Trading joint venture to the amount of USD 2.43 bn. In 2019, organic capital expenditure is predominantly related to investments in the European refineries and the retail business.

Downstream Oil

Downstream Oil operates along the entire oil value chain: In Europe, it processes equity and third-party crude and other feedstock in three highly competitive inland refineries with an annual capacity of 17.8 mn t. These are located in Schwechat (Austria), Burghausen (Germany), and Petrobrazi (Romania). In Austria and Germany, OMV is forward integrated into petrochemicals, with Borealis (OMV stake: 36%) as a key customer. Total annual petrochemical production, including Romania, amounts to a capacity of 2.5 mn t. In 2019, Downstream Oil expanded in the Middle East with a 15% share in ADNOC Refining and a new Trading joint venture, thus establishing a strong integrated position in Abu Dhabi. Furthermore, OMV markets refined products to commercial customers in Europe as well as through its retail network of approximately 2,100 filling stations. Total refined product sales amounted to 20.9 mn t.

Refining including product supply and sales

In 2019, the refining margin weakened compared to the previous year. Refining economics came under pressure in the first half of the year due to very weak light distillate markets suffering from an oversupply situation. A slight rebound was seen in the third quarter as middle distillate markets improved. However, rising crude prices at the end of the year again added pressure and led to lower average refining margins than in 2018. Despite the year-on-year decline, the refining economics were still healthy, supported by strong demand for middle distillates after some logistical issues in Europe in 2018. This kept inland premia at high levels in 2019. In 2019, the overall utilization rate of OMV's European refineries reached an extraordinary level of 97%

(2018: 92%). The high processing flexibility of feedstock, allowing the use of more than 200 different types of crude oil in OMV's western refineries, contributed to a strong Downstream Oil result thanks to optimal feedstock sourcing.

The regional proximity of the three European sites allows OMV to operate them as one integrated refinery system. Intermediate feedstocks are exchanged between the refineries in order to optimize product flows and maximize returns. This system allows OMV to strategically align investments, fully capitalize on the flexibility created by shifting output toward high-value products, and leverage economies of scale.

In the petrochemical business, sales volumes were marginally lower compared to 2018 as the result of a cracker outage in Burghausen early September. Average petrochemical margins were slightly below the 2018 average due to weak Q4/19 margins. This reflected lower global GDP growth rates. Butadiene margins were impacted by declining demand in the automotive industry, as the primary use for butadiene is in the production of Styrene Butadiene Rubber (SBR), which is mainly used in the manufacture of automobile tires. Benzene oversupply and a weak demand environment, which had persisted since Q2/18, continued into Q1/19 and brought margins under heavy pressure. Margins gradually recovered during Q2/19 and Q3/19 as supply tightened amid planned and unplanned European cracker shutdowns and reduced import pressure from other regions.

Annual refining capacities

In mn t

Schwechat (Austria)	9.6
Burghausen (Germany)	3.8
Petrobrazi (Romania)	4.5
ADNOC Refining (United Arab Emirates)	7.1[1]
Total	**24.9**

[1] Equivalent to OMV's 15% share in ADNOC Refining

Retail

The strong performance in the retail business increased further in 2019 and proved once again to be a stable outlet for refinery products and a strong cash generator. Total sales increased by 3% to 6.5 mn t, equivalent to approximately 8 bn liters. The average throughput increased to 3.88 mn liters (+3% vs. 2018) on the back of strong performance in all key markets and a favorable market environment. At the end of the year, the network comprised 2,075 filling stations (2018: 2,064). OMV continues to focus on its successful multi-brand strategy with a planned further expansion in Germany based on an agreement with Aldi Süd. The OMV brand is positioned as a premium brand, with VIVA representing a strong shop, gastronomy, and service offering. The Avanti brand of unmanned filling stations represents the discount segment, while the Petrom brand represents value for money. This strategy has continued to deliver great results, and profitability per site has increased as well. Sales of OMV's premium MaxxMotion-brand fuels have reached an all-time high at approximately 800 mn liters, proving the premium-quality advantage even in a generally higher fuel price environment. The non-fuel business, such as the VIVA convenience stores and car washes, continued to perform very well, contributing 6% more net margin growth than in 2018. The focus on the high-quality products and services in the premium filling station network remains one of OMV's key differentiators. Our new VIVA private-label products such as VIVA iced coffee and snacks contributed to an improved retail result as well.

Borealis

Borealis' contribution to the clean Operating Result declined by 13% to EUR 314 mn (2018: EUR 360 mn). The 2019 result was driven by a weak polyolefins market in Asia, leading to a significantly lower contribution by Borouge to Borealis' financial result. Satisfactory integrated polyolefin margins in Europe and a recovery in the fertilizer market mostly have offset this negative impact.

On June 7, 2019, the Finnish and Austrian tax authorities reached an agreement on two cases regarding the taxation of Borealis Technology Oy and Borealis Polymers Oy. The dispute was resolved through a Mutual Agreement Procedure (MAP) between Finland and Austria. Borealis welcomes the agreement, which finally eliminates double taxation.

Bayport Polymers (Baystar), the 50/50 joint venture between Total and Novealis Holdings (50/50 joint venture between Borealis and NOVA Chemicals), held its official groundbreaking ceremony for the construction of a new 625,000 t per year Borstar® polyethylene unit at its production site in Pasadena, Texas. Start-up is anticipated in 2021.The state-of-the-art Borstar technology, which will be used in North America for the first time, will allow Baystar to produce enhanced polyethylene products for the most demanding applications. Baystar is also building a steam cracker in Port Arthur, Texas, with a capacity of 1 mn t per year. The new cracker will process ethane, which is abundantly available and competitively priced in the United States. It will supply feedstock for its existing 400,000 t per year polyethylene units as well as the new Borstar® polyethylene unit in Pasadena.

In addition, Borealis and NOVA Chemicals announced in January 2020 that they have reached an agreement for Borealis to buy NOVA Chemicals' 50% ownership interest in Novealis Holdings. Completion of the acquisition is subject to customary regulatory approvals and other conditions. It is not subject to any financing conditions. The parties expect the transaction to close in the first half of 2020.

On September 9, Borealis held the groundbreaking ceremony for its new, world-scale propane dehydrogenation (PDH) plant. Located at the existing Borealis production site in Kallo, Belgium, the new facility will have a targeted production capacity of 750,000 t of propylene per year, making it one of the largest and most efficient plants of its kind in the world. With a total of around EUR 1 bn invested in the course of the project, the investment is the largest ever made by Borealis in Europe. It underscores the company's commitment to its operations on the Continent, and to being the supplier of choice to its European customers.

Downstream Gas

Downstream Gas operates a fully integrated gas business across the gas value chain from the wellhead to the burner tip.[1] It includes the Group's power business activities with one gas-fired power plant in Romania.

Supply, marketing and trading

OMV markets and trades natural gas in nine European countries as well as in Turkey. In 2019, natural gas sales volumes amounted to 136.7 TWh (2018: 113.8 TWh), which is an increase of 20%. The foundation for growing gas sales activities is a well-diversified supply portfolio which consists of equity gas and a variety of international suppliers. In addition to mid- and long-term activities, short-term activities at the main international hubs complement OMV's dynamic supply portfolio.

OMV Gas Marketing & Trading GmbH's (OMV Gas) sales activities are focused on the large industry and municipality segments. OMV Gas has a local presence in Austria, Germany, Hungary, the Netherlands, and Belgium. External sales in these countries amounted to 87.3 TWh, an increase of 34% compared with 2018. Italy, Slovenia, and France are covered by origination activities. This is a substantial achievement given the challenging market environment. Margins remained under pressure due to the competitive and increasingly volatile European gas market situation. This situation is expected to also continue in the future. In Germany, OMV Gas plans to achieve a market share of 10% by 2025, a target that is well on track. In 2019, sales had reached 40.1 TWh, an increase of 58% over the previous year and a market share of 4%.

In Romania, OMV Petrom gas and power activities achieved a good operational result, reflecting the optimization of products and customer portfolios, which compensated a weaker power business performance triggered by deteriorated market conditions. In the context of a still volatile regulatory framework as well as declining domestic gas demand, the natural gas sales volumes to third parties reached 47.2 TWh in 2019, representing an increase

[1] OMV's gas business is operated in strict adherence with the applicable gas unbundling rules.

of 21% versus last year and were supported by significant third party supply volumes to complement the lower equity gas production. In Romania, the net electrical output decreased to 3.4 TWh in 2019 (2018: 3.8 TWh), with the Brazi power plant covering approximately 6% of Romania's electricity production (same percentage as in 2018), while also being an important player on the power balancing market.

In 2019, OMV Gas also substantially improved the capacity utilization of the Gate regasification terminal. Besides operating a growing LNG spot business, OMV Gas has entered into important mid-term LNG deals, under which a number of LNG cargoes will be delivered to Europe. These LNG cargoes will provide an additional source of gas to meet OMV's ambitious sales growth targets in Northwest Europe, while further enhancing the security of supply for OMV's geographically diverse supply portfolio. The LNG business supports the strategy of portfolio integration of supply, marketing, and trading business in the West, the East, and Turkey.

Gas logistics
OMV runs gas storage facilities in Austria and Germany with a storage capacity of 30 TWh. Additionally, OMV holds a 65% stake in the Central European Gas Hub (CEGH), an important gas trading hub in Central and Eastern Europe. OMV's subsidiary Gas Connect Austria operates an approximately 900 km long high-pressure natural gas pipeline network in Austria.

At around 575 TWh, actual entry/exit transportation volumes in Eastern Austria (Regelzone Ost) were the highest they have been in the past six years. Particularly the Baumgarten (entry) and Mosonmagyaróvár (exit) interconnection points were utilized at high levels in 2019.

The storage market was characterized by high customer demand and an increased market price level due to higher summer/winter spreads as well as higher volatility. At the European hubs, summer/winter spreads reached levels significantly above previous years. After a relatively high filling level at the end of last winter, Austrian storage facilities were utilized even above design capacity in the fourth quarter due to the high customer demand.

At the Central European Gas Hub, 754 TWh of natural gas were nominated at the Virtual Trading Point (VTP) in 2019, an increase of 14% compared with 2018. This volume corresponds approximately to eight times Austria's annual gas consumption. On the PEGAS CEGH Gas Exchange Market, 163 TWh were traded in Austria in 2019, an increase of 23% versus last year. Both results are all-time highs in the history of CEGH. The PEGAS CEGH Gas Market was integrated into EEX Gas as of January 2020.

OMV is a financing partner of the Nord Stream 2 project. In 2019, OMV provided funds of EUR 113 mn, bringing OMV's total current payments under the financing agreements for Nord Stream 2 to EUR 712 mn.

Innovation and new technologies

OMV actively explores alternative feedstock, technologies, and fuels with the aim of developing a well-diversified, competitive future portfolio. Efforts and resources focus on the production of sustainable biofuels and advanced fuels, future energy for transportation, and innovative solutions to improve the carbon footprint of our products.

OMV is systematically developing new technologies, such as Co-Processing to improve the quality and stability of fuels with biogenic components. Traditionally, the biogenic component is blended into the fuel after production. Co-Processing introduces the biogenic feedstock as early as the production process. This concept enables OMV to produce transportation fuels from various biogenic feedstock, such as domestic rapeseed oil, used cooking oil, or algae oil using existing refinery plants. In 2019, OMV continued its development efforts in the field of Co-Processing of renewable feedstock through additional testing in laboratories and pilot plants. The focus was on fine-tuning the technical concept in terms of product quality, biogenic yields, and utility consumption.

OMV is also active in the production of advanced fuels that are not in direct competition with food. Therefore, OMV is collaborating with Verbund AG on the UpHy project to demonstrate the production of green hydrogen for use in the mobility sector and in the refining process. Within this strategic partnership, options for using green hydrogen to hydrogenate CO_2, for reducing carbon emissions from industrial facilities, and for producing synthetic fuels and chemicals (power-to-X) are also being evaluated. In addition, OMV participates in various funded research projects with external partners, e.g., enzymatic conversion of CO_2 and hydrogen to alcohols and subsequent refining to bio-jet fuel in collaboration with TU Wien (Vienna University of Technology). Others are the liquefaction of biowaste to bio-based crude oil together with Montanuniversität Leoben or the pyrolysis of biowaste to bio-oil as part of a European Research project.

At the beginning of 2018, the European Commission introduced the new Circular Economy Package with the aim of increasing the recycling rates for plastics and minimizing the release of plastics into the environment. Refinery post-consumer and post-industrial plastics are already being recycled into synthetic crude oil in a pyrolysis process in OMV's ReOil® pilot plant at the Schwechat refinery (a proprietary OMV technology). This synthetic crude can be processed into any desired refinery product. Completion of the mechanical aspects of the pilot plant with a capacity of 100 kg/h was reached at the end of 2017. In 2019, OMV operated and further improved the pilot plant to prepare the next scale-up steps to industrial scale.

OMV is actively involved in the development of alternative fuels for major mobility applications in order to stay abreast of market developments relating to reducing emissions.

OMV holds 40% of SMATRICS, Austria's largest e-mobility provider. SMATRICS currently operates 461 charging points at 165 publicly accessible locations. SMATRICS is also an enabler of e-mobility and offers complete B2C and B2B service packages. OMV also works with IONITY – High-Power Charging. This is available at seven OMV locations with more planned in the near future. With the OMV e-mobility card, ROUTEX customers can seamlessly use their fuel of choice.

Compressed natural gas (CNG) and liquefied natural gas (LNG) can reduce CO_2 and particulate emissions from vehicles by 20% and 90%, respectively. To exploit this potential, OMV is conducting a strategic evaluation on LNG as an alternative fuel for heavy-duty vehicles. Initial activities with industrial partners to increase utilization of the existing CNG network in Austria have commenced.

As a pioneer in hydrogen mobility, OMV currently operates five hydrogen filling stations in Austria and is a joint venture partner of H2 MOBILITY, whose goal is to operate a Germany-wide hydrogen filling station network by the end of 2023. Several initiatives for the production and use of hydrogen are being promoted by OMV across a number of sectors. These are aimed at unlocking the potential of the fuel and positioning OMV accordingly.

Outlook

Market environment

For 2020, OMV expects the average Brent oil price to amount to USD 60/bbl (2019: USD 64/bbl). The average realized gas price is anticipated to be lower in 2020 compared to the previous year (2019: EUR 11.9/MWh).

Group

In 2020, organic CAPEX (including capitalized exploration and appraisal expenditure and excluding acquisitions) is projected to come in at EUR 2.4 bn (2019: EUR 2.3 bn).

Upstream

OMV expects total production to be around 500 kboe/d in 2020 (2019: 487 kboe/d), depending on the security situation in Libya. Organic CAPEX for Upstream (including capitalized exploration and appraisal expenditure and excluding acquisitions) is anticipated to come in at around EUR 1.6 bn in 2020 (2019: EUR 1.6 bn). In 2020, the exploration and appraisal expenditure is expected to total EUR 350 mn (2019: EUR 360 mn).

Downstream

In 2020, the refining indicator margin is expected to be above USD 5/bbl (2019: USD 4.4/bbl). The petrochemical margins are anticipated to come in slightly below EUR 400/t (2019: EUR 433/t). Total refined product sales are forecasted to be on a similar level to 2019 in 2020 (2019: 20.9 mn t). In OMV's markets, retail and commercial margins are predicted to be slightly lower in 2020 than those in 2019. There is no major turnaround planned for our refineries in Europe in 2020. Therefore, the utilization rate of the European refineries is expected to be around 95% (2019: 97%).

Natural gas sales volumes in 2020 are projected to be above 2019 levels (2019: 137 TWh). Natural gas sales margins will likely at least reach the prior-year level.

The outbreak of coronavirus (COVID-19) and the efforts to contain it are expected to affect the global economy and, as a result, to have an impact on prices and demand of oil products and crude oil; however, as it is not possible to quantify it at this moment, such impact is not included in the outlook above.

For information about the longer-term outlook, see Strategy (page 43).

Risk Management

Like the oil and gas industry as a whole, OMV is exposed to a variety of risks – including market and financial risks, operational risks, and strategic risks. The Group's risk management processes focus on identification, assessment, and evaluation of such risks and their impact on the Group's financial stability and profitability. The objective of these activities is to actively manage risks in the context of the Group's risk appetite and defined risk tolerance levels.

It is OMV's view that the Group's overall risk is significantly lower than the sum of the individual risks due to its integrated nature and the fact that various risks partially offset each other. The balancing effects of industry risks, however, can often lag or weaken. OMV's risk management activities therefore focus on the net risk exposure of the Group's existing and future portfolio. The interdependencies and correlations between different risks are also reflected in the Company's consolidated risk profile. Risk management and insurance activities are centrally coordinated at the corporate level by the Treasury and Risk Management department. This department ensures that well-defined and consistent risk management processes, tools, and techniques are applied across the entire organization. Risk ownership is assigned to the managers who are best suited to oversee and manage the respective risk.

The overall objective of the risk policy is to safeguard the cash flows required by the Group and to maintain a strong, investment-grade credit rating in line with the Group's risk appetite.

Enterprise Wide Risk Management

Non-financial and financial risks are regularly identified, assessed, and reported through the Group-wide Enterprise Wide Risk Management (EWRM) process.

The main purpose of the OMV Group's EWRM process is to deliver value through risk-based management and decision-making. The assessment of financial, operational, and strategic risks helps the Group leverage business opportunities in a systematic manner. This ensures that OMV's value grows sustainably. Since 2003, the EWRM system has helped enhance risk awareness and improve risk management skills across the entire organization, including subsidiaries in more than 20 countries. The OMV Group is constantly enhancing the EWRM process based on internal and external requirements.

A cross-functional committee chaired by the OMV Group CFO with senior management members of the OMV Group – the Risk Committee – ensures that the EWRM process effectively captures and manages material risks across the OMV Group.

The process is facilitated by a Group-wide IT system supporting the established individual process steps: risk identification, risk analysis, risk evaluation, risk treatment, reporting, and risk review through continuous monitoring of changes to the risk profile. The overall risk resulting from the bottom-up risk management process is computed using Monte Carlo simulations and compared against planning data. This is further combined with a top-down approach from the senior management view to capture the risks coherent with the strategy. The process also includes companies that are not fully consolidated. Twice a year, the results from this process are consolidated and presented to the Executive Board and the Audit Committee. In compliance with the Austrian Code of Corporate Governance, the effectiveness of the EWRM system is evaluated by the external auditor on an annual basis. The key non-financial and financial risks identified with respect to OMV's medium-term plan are:

- Financial risks including market price risks and foreign exchange risks
- Operational risks, including all risks related to physical assets, production risks, project risks, personnel risks, IT risks, HSSE and regulatory/compliance risks
- Strategic risks arising, for example, from changes in technology, climate change, risks to reputation, or political uncertainties, including sanctions

Financial Risk Management

Market price and financial risks arise from volatility in the prices of commodities including the market price risks from European Emission Allowances, foreign exchange (FX) rates, and interest rates. Also of importance are credit risks, which arise from the inability of a counterparty to meet a payment or delivery commitment. As an oil and gas company, OMV has a significant exposure to oil and gas prices. Substantial FX exposures include the USD, RON, NOK, NZD, and RUB. The Group has a net USD long position, mainly resulting from oil production sales. The comparatively less significant short positions in RON, NOK, NZD, and RUB originate from expenses in local currencies in the respective countries.

Management of market price risk, FX risk, European Emission Allowances

Analysis and management of financial risks arising from foreign currencies, interest rates, commodity prices, European Emission Allowances, counterparties, liquidity, and insurable risks are consolidated at the corporate level. Market price risk is monitored and analyzed centrally in respect of its potential cash flow impact using a specific risk analysis model that considers portfolio effects. The impact of financial risks (e.g., market prices, currencies) on the OMV Group's cash flow and liquidity are reviewed quarterly by the Risk Committee, which is chaired by the CFO and comprises the senior management of the business segments and corporate functions.

In the context of market price risk and FX risk, the OMV Executive Board decides on hedging strategies to mitigate such risks whenever deemed necessary. OMV uses financial instruments for hedging purposes to protect the Group's cash flow from the potential negative impact of falling oil and gas prices in the Upstream business.

In the Downstream business, OMV is especially exposed to volatile refining margins and inventory risks. Corresponding hedging activities are undertaken in order to mitigate those risks. Those include margin hedges as well as stock hedges. In addition, Emission Compliance Management ensures a balanced position of emission allowances by selling the surplus or covering the gap.

Management of interest rate risk

To balance the Group's interest rate portfolio, loans can be converted from fixed to floating rates and vice versa according to predefined rules. OMV regularly analyzes the impact of interest rate changes on interest income and expense from floating rate deposits and borrowings. Currently the effects of changes in interest rates are not considered to be a material risk.

Management of credit risk

Significant counterparty credit risks are assessed, monitored, and controlled at the Group and segment level using predetermined credit limits for all counterparties, banks, and security providers. The procedures are governed by guidelines at the OMV Group and OMV Petrom level.

Operational risks

The nature of OMV's business operations exposes the Group to various health, safety, security, and environment (HSSE) risks. Such risks include the potential impact from natural catastrophes as well as process safety and personal security events. Other operational risks comprise risks related to the delivery of capital projects or legal/regulatory non-compliance. All operational risks are identified, analyzed, monitored, and mitigated following the Group's defined risk management process.

Control and mitigation of assessed risks takes place at all organizational levels using clearly defined risk policies and responsibilities. The key Group risks are governed centrally to ensure the Group's ability to meet planning objectives through corporate directives, including those relating to health, safety, security, environment, legal matters, compliance, human resources, and sustainability.

OMV puts a special focus on five Sustainability Strategy areas: HSSE, Carbon Efficiency, Innovation, Employees, Business Principles, and Social Responsibility. OMV Executive Board members regularly (at least quarterly) discuss present and upcoming environmental, climate, and energy-related policies and regulations; related developments in the fuels and gas market; the financial implications of CO_2 emissions-trading obligations; the status of innovation project implementation; and progress on achieving sustainability-related targets. OMV focuses on assessing the potential vulnerabilities of the company to climate change (e.g., water deficiency, droughts, floods, landslide), the impact of the company on the environment, and the mitigation actions that will ensure a successful transition to a low carbon environment (e.g., carbon emission reduction, compliance with new regulatory requirements).

As OMV's activities rely on information technology systems, the Group may experience disruption due to major cyber events. Security controls are therefore implemented across the Group to protect information and cyber assets that store and process information. IT-related risks are assessed, monitored regularly, and managed actively with dedicated information and security programs across the organization.

Through systematic staff succession and development planning, Corporate Human Resources targets suitable managerial staff to meet future growth requirements in order to mitigate personnel risks.

Strategic risks

OMV operates and has financial investments in countries that are subject to political uncertainties, in particular Libya, Kazakhstan, Yemen, Russia, Malaysia, and Tunisia. Possible political changes may lead to disruptions and limitations in production or an increased tax burden, restrictions on foreign ownership, or even nationalization of property. However, OMV has extensive experience in managing the political environment in emerging economies. Political developments in all markets where OMV operates are observed continually. Country-specific risks are assessed before entering new countries. In addition, the potential impact of the Brexit scenario on OMV Group companies was undertaken, which showed that there is no significant impact expected.

OMV also evaluates the risk of potential US or EU sanctions and their impact on planned or existing operations. The aim here is to stay in full compliance with all applicable sanctions. In particular, risks due to US sanctions on the Nord Stream 2 project and on OMV's activities in Russia are regularly assessed and monitored. The financing agreements for the pipeline project Nord Stream 2 are not affected by the US sanctions.

OMV regularly evaluates the Group's exposure to climate-change-related risks in addition to the market price risk from European Emission Allowances. Such risks comprise the potential impact from acute or chronic events like more frequent extreme weather events or systemic changes to our business model due to a changing legal framework or substitution of OMV's products due to changing consumer behavior. OMV recognizes climate change as a key global challenge. We thus integrate the related risks and opportunities into the development of the Company's business strategy. Measures that we implement to manage or mitigate such risks are set out in the relevant sections of this report, particularly in Sustainability and Strategy.

For further details on risk management and the use of financial instruments, please refer to Note 28 of the Consolidated Financial Statements.

For further details on climate-change-related risks and their management, see the OMV Sustainability Report 2019.

For further details on health, safety, security, and environmental risks, please refer to the chapter Health, Safety, Security, and Environment in the Directors' Report (page 52).

Other Information

Information required by section 243a of the Unternehmensgesetzbuch (Austrian Commercial Code)

1. The capital stock amounts to EUR 327,272,727 and is divided into 327,272,727 bearer shares of no par value. There is only one class of shares.

2. There is a consortium agreement in place between the two core shareholders, Österreichische Beteiligungs AG (ÖBAG)[1] and Mubadala Petroleum and Petrochemicals Holding Company L.L.C (MPPH)[2], which provides for coordinated behavior and certain limitations on transfers of shareholdings.

3. ÖBAG holds 31.5% and MPPH holds 24.9% of the capital stock.

4. All shares have the same control rights.

5. Employees who are shareholders directly exercise their voting rights at the Annual General Meeting.

6. The Company's Executive Board must consist of two to six members. The Company's Supervisory Board must consist of at least six members elected by the Annual General Meeting and of the members nominated under section 110 (1) of the Arbeitsverfassungsgesetz (Austrian Labor Constitution Act). Resolutions concerning the dismissal of members of the Supervisory Board pursuant to section 87 (8) of the Aktiengesetz (Austrian Stock Corporation Act) require a simple majority of the votes cast. To approve capital increases pursuant to section 149 of the Austrian Stock Corporation Act and alterations of the Articles of Association (except those concerning the Company's objects), simple majorities of the votes and capital represented in adopting the resolution are sufficient.

7. a) As the authorized capital granted by the Annual General Meeting on May 13, 2009 expired on May 13, 2014, the Annual General Meeting decided upon a new authorized capital on May 14, 2014. Specifically, it authorized the Executive Board until May 14, 2019 to increase the share capital of OMV with the consent of the Supervisory Board – at once or in several tranches – by an amount of up to EUR 32,727,272 by issuing up to 32,727,272 new no-par value common voting shares in bearer form in return for contributions in cash. The capital increase can also be implemented by way of indirect offer for subscription after taking over by one or several credit institutions according to Section 153 Paragraph 6 Stock Corporation Act. The issue price and the conditions of issuance can be determined by the Executive Board with the consent of the Supervisory Board. The Annual General Meeting also authorized the Executive Board, subject to the approval of the Supervisory Board, to exclude the subscription right of the shareholders if the capital increase serves to

   (i) adjust fractional amounts or

   (ii) satisfy stock options or long term incentive plans (including matching share plans for employees, senior employees and members of the Executive Board/management boards of the Company or one of its affiliates), or other employees' stock ownership plans.

   In addition, the Supervisory Board was authorized to adopt amendments to the Articles of Association resulting from the issuance of shares according to the authorized capital.

   b) On May 18, 2016, the Annual General Meeting authorized the Executive Board for a period of five years from the adoption of the resolution, therefore, until (and including) May 17, 2021, upon approval of the Supervisory Board, to dispose of or utilize stock repurchased or already held by the Company to grant treasury shares to employees, senior employees and/or members of the Executive Board/management boards of the Company or one of its affiliates, including for purposes of share transfer programs – in particular, long-term incentive plans including matching share plans or other stock ownership plans – under exclusion of the general purchasing possibility of shareholders (exclusion of subscription rights). The authorization can be exercised as a whole or in parts or even in several tranches by the Company, by a subsidiary (section 189a, number 7, of the Austrian Commercial Code) or by third parties for the account of the Company.

[1] With effect as of February 20, 2019 Österreichische Bundes- und Industriebeteiligungen GmbH was transformed into a joint-stock company and renamed as Österreichische Beteiligungs AG.
[2] With effect as of February 13, 2019 all shares in OMV previously held by International Petroleum Investment Company were transferred to Mubadala Petroleum and Petrochemicals Holding Company L.L.C.

c) On May 14, 2019 the Annual General Meeting authorized the Executive Board to repurchase bearer shares of no par value of the Company up to a maximum of 5% of the Company's nominal capital in accordance with section 65 (1) (8) Austrian Stock Corporation Act, over a period of 15 months from the date of adoption of the resolution by the General Meeting, for a minimum consideration per share being at the utmost 30% lower than the average, unweighted stock exchange closing price over the preceding ten trading days and a maximum consideration per share being at the utmost 20% higher than the average, unweighted stock exchange closing price over the preceding ten trading days, whereby any repurchases have to be exercised in such a way that the Company does not hold more than 1,300,000 treasury shares at any time. Such repurchases may take place via the stock exchange or a public offering or by other legal means and for the purpose of share transfer programs, in particular Long Term Incentive Plans including Matching Share Plans, Equity Deferrals or other stock ownership plans. The Executive Board was further authorized to cancel stock repurchased or already held by the Company without further resolution of the General Meeting and the Supervisory Board was authorized to adopt amendments to the Articles of Association resulting from the cancellation of shares. The authorization can be exercised as a whole or in parts and also in several tranches by the Company, by a subsidiary (Section 189a Number 7 Commercial Code) or by third parties for the account of the Company and shall be exercised always in such a manner that it is to the benefit and in the best interest of the Company.

8. OMV has issued perpetual hybrid notes in the amount of EUR 2,000 mn which are subordinated to all other creditors. According to IFRS, the net proceeds of the hybrid notes in the amount of EUR 1,987 mn are fully treated as equity because the repayment of the principal and the payments of interest are solely at the discretion of OMV.

   On December 7, 2015, OMV issued hybrid notes with an aggregate size of EUR 1,500 mn, in two tranches of EUR 750 mn each with the following interest payable:

   (i) The hybrid notes of tranche 1 bear a fixed interest rate of 5.250% until, but excluding, December 9, 2021, which is the first call date of tranche 1. From December 9, 2021, until, but excluding, December 9, 2025, hybrid notes of tranche 1 will bear interest according to a reset interest rate to be determined according to the relevant five-year swap rate and an additional margin of 4.942% and, from December 9, 2025, with an additional step-up of 1% per annum.

   (ii) The hybrid notes of tranche 2 bear a fixed interest rate of 6.250% until, but excluding, December 9, 2025, which is the first call date of tranche 2. From December 9, 2025, tranche 2 will bear interest according to a reset interest rate to be determined according to the relevant five-year swap rate and an additional margin of 5.409%, with an additional step-up of 1% per annum.

   Interest is due and payable annually in arrears on December 9 of each year, unless OMV elects to defer the relevant interest payments. The outstanding deferred interest must be paid under certain circumstances, in particular, if the General Meeting of OMV resolves upon a dividend payment on OMV shares.

   On June 19, 2018 OMV issued a hybrid bond with a size of EUR 500 mn. The hybrid bears a fixed interest rate of 2.875% until, but excluding, June 19, 2024. From June 19, 2024 until, but excluding, June 19, 2028 the hybrid notes will bear interest at a rate according to the relevant five-year swap rate and an additional margin of 2.335% per annum and, from June 19, 2028, with an additional step-up of 1% per annum. Interest is due and payable annually in arrears on June 19 of each year, unless OMV elects to defer the relevant interest payments. The outstanding deferred interest must be paid under certain circumstances, in particular, if the General Meeting of OMV resolves upon a dividend payment on OMV shares.

   The hybrid notes outstanding as of December 31, 2019 do not have a scheduled maturity date and they may be redeemed at the option of OMV under certain circumstances. OMV has, in particular, the right to repay the hybrid notes at certain call dates. Any accrued unpaid interest becomes payable when the bond is redeemed. In the case of a change of control, OMV may call the hybrid notes for redemption or else the applicable interest rate will be subject to an increase according to the terms and conditions of the hybrid notes.

9. The material financing agreements to which OMV is a party and bonds issued by OMV contain typical change of control clauses.

10. There are no agreements between the Company and members of the Executive Board and Supervisory Board or employees regarding the payment of compensation in the event of a public takeover bid.

11. The most important elements of the internal control and risk management system regarding the accounting process are the following: Governance for the internal control system is defined by internal corporate regulations (ICS Directive and its Annexes). Corporate Internal Audit controls the compliance with these principles and requirements through regular audits, based on the annual audit plan approved by the Audit Committee of the Supervisory Board, or through ad hoc audits. The results of those audits are presented to the Audit Committee of the Supervisory Board. For the main "end-to-end" processes (e.g. purchase-to-pay, order-to-cash), Group-wide Minimum Control Requirements are defined. Based on a defined time plan, the implementation and the effectiveness are being monitored. The establishment of Group-wide standards for the preparation of annual and interim financial statements by means of the corporate IFRS Accounting Manual is also regulated by an internal corporate regulation. The Group uses a comprehensive risk management system. The essential processes of the financial reporting system have been identified and analyzed. In addition, the effectiveness of the risk management system is regularly evaluated by external auditors. The results of the evaluation are reported to the Audit Committee of the Supervisory Board.

12. In accordance with section 267a (6) of the Commercial Code, a separate consolidated non-financial report will be issued.

Subsequent events

Please refer to Note 37 in the Consolidated Financial Statements.

Vienna, March 11, 2020

The Executive Board

Rainer Seele m.p.	**Johann Pleininger m.p.**	**Reinhard Florey m.p.**	**Thomas Gangl m.p.**
Chairman of the Executive Board, Chief Executive Officer and Chief Marketing Officer	Deputy Chairman of the Executive Board and Chief Upstream Operations Officer	Chief Financial Officer	Chief Downstream Operations Officer