20,000 reasons why we’re excited about tomorrow.

Annual Report 2019

The energy for a better life. OMV

At a Glance

Five-year summary

		2019	2018	2017	2016	2015
Sales revenues [1]	in EUR mn	23,461	22,930	20,222	19,260	22,527
Operating Result	in EUR mn	3,582	3,524	1,732	(32)	(1,661)
Profit before tax	in EUR mn	3,453	3,298	1,486	(230)	(1,909)
Taxes on income and profit	in EUR mn	(1,306)	(1,305)	(634)	47	654
Net income for the year	in EUR mn	2,147	1,993	853	(183)	(1,255)
Net income attributable to stockholders of the parent	in EUR mn	1,678	1,438	435	(403)	(1,100)
Clean CCS Operating Result [2]	in EUR mn	3,536	3,646	2,958	1,535	1,737
Clean CCS net income [2]	in EUR mn	2,121	2,108	2,035	1,230	1,355
Clean CCS net income attributable to stockholders of the parent [2]	in EUR mn	1,624	1,594	1,624	995	1,148
Balance sheet total	in EUR mn	40,375	36,961	31,576	32,112	32,664
Equity	in EUR mn	16,863	15,342	14,334	13,925	14,298
Net debt	in EUR mn	4,686	2,014	2,005	2,969	4,038
Average capital employed	in EUR mn	19,923	16,850	15,550	17,943	19,972
Cash flow from operating activities	in EUR mn	4,056	4,396	3,448	2,878	2,834
Capital expenditure	in EUR mn	4,916	3,676	3,376	1,878	2,769
Organic capital expenditure [3]	in EUR mn	2,251	1,893	1,636	1,868	2,749
Free cash flow	in EUR mn	(583)	1,043	1,681	1,081	(39)
Free cash flow after dividends	in EUR mn	(1,441)	263	1,013	615	(569)
Net Operating Profit After Tax (NOPAT)	in EUR mn	2,230	2,097	987	(88)	(1,119)
Clean CCS NOPAT [2]	in EUR mn	2,204	2,196	2,169	1,325	1,522
Return On Average Capital Employed (ROACE)	in %	11	12	6	0	(6)
Clean CCS ROACE [2]	in %	11	13	14	7	8
Return On Equity (ROE)	in %	13	14	6	(1)	(9)
Equity ratio	in %	42	42	45	43	44
Gearing ratio	in %	28	13	14	21	28
Earnings Per Share (EPS)	in EUR	5.14	4.40	1.33	(1.24)	(3.37)
Clean CCS EPS [2]	in EUR	4.97	4.88	4.97	3.05	3.52
Cash flow per share [4]	in EUR	12.41	13.45	10.56	8.82	8.68
Dividend Per Share (DPS) [5]	in EUR	2.00	1.75	1.50	1.20	1.00
Payout ratio	in %	39	40	113	n.m.	n.m.
Employees as of December 31		19,845	20,231	20,721	22,544	24,124
Production cost [6]	in USD/boe	6.61	7.01	8.79	10.58	13.24
Production	in kboe/d	487	427	348	311	303
Proved reserves	in mn boe	1,332	1,270	1,146	1,030	1,028
Total refined product sales	in mn t	21	20	24	31	30
Natural gas sales volumes	in TWh	137	114	113	109	110
Lost-Time Injury Rate (LTIR)	in mn hours worked	0.34	0.30	0.34	0.40	0.27

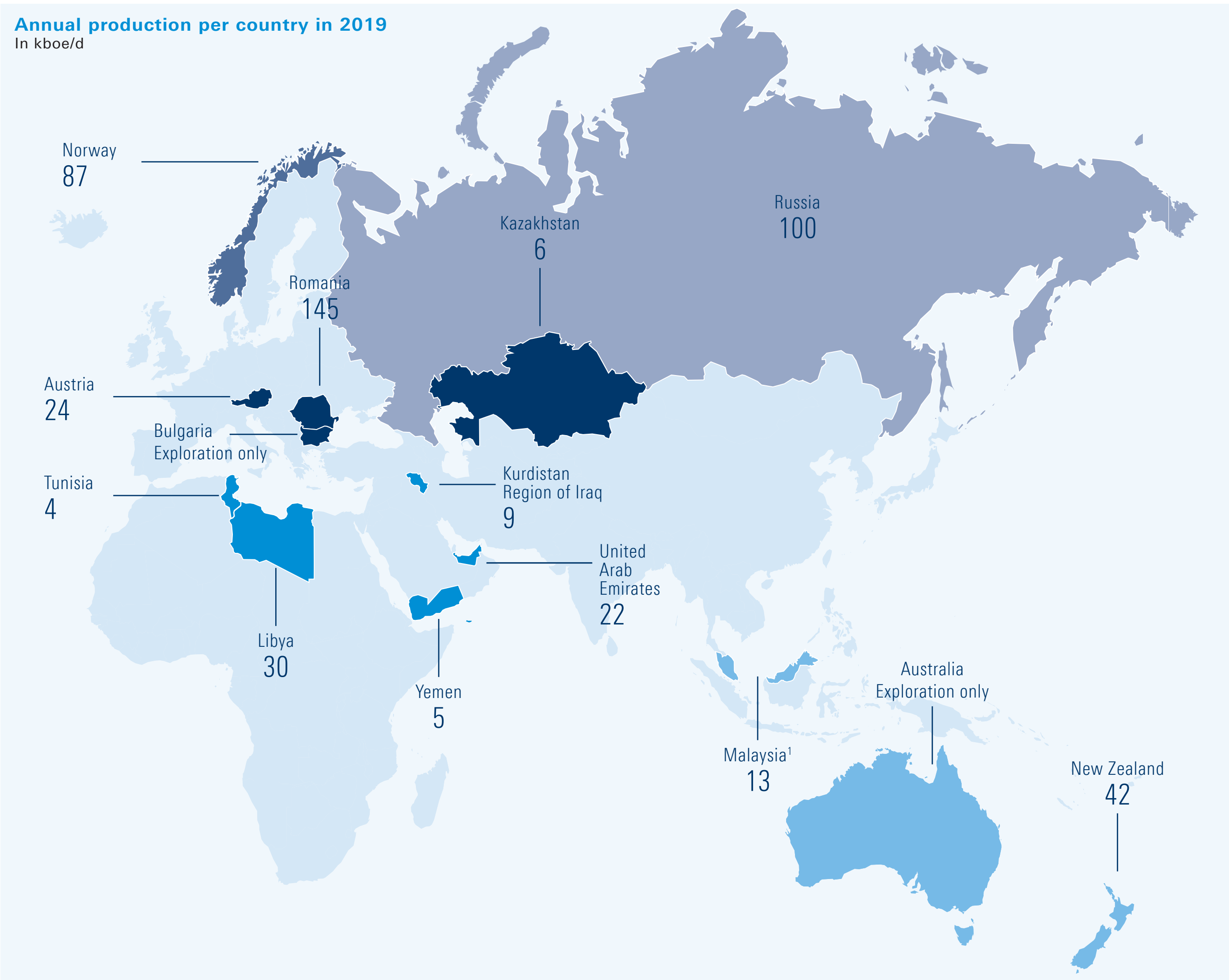
[1] Sales excluding petroleum excise tax
[2] Adjusted for special items. Clean CCS figures exclude inventory holding gains/losses (CCS effects) resulting from the fuels of refineries and OMV Petrol Ofisi.
[3] Organic capital expenditure is defined as capital expenditure including capitalized Exploration and Appraisal expenditure excluding acquisitions and contingent considerations.
[4] Cash flow from operating activities
[5] 2019: as proposed by the Executive Board and confirmed by the Supervisory Board, subject to confirmation by the Annual General Meeting 2020
[6] In 2016, the reported production cost was USD 11.59/boe; effective January 1, 2017, production cost excludes administrative expenses and selling and distribution costs; the 2016 production cost figure of USD 10.58/boe presented in the table has been calculated based on the new definition for future comparability.

Fields of Activity

Upstream

OMV Upstream explores for and produces 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. In 2019, daily production was 487 kboe/d (equal to 177.9 mn boe). While gas output accounted for 57% of total production, oil and NGL flows made up 43%. At year-end 2019, proven reserves amounted to 1.33 bn boe.

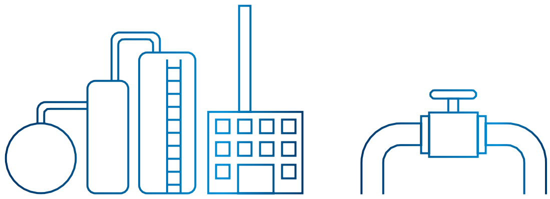
Central and Eastern Europe	Middle East and Africa	North Sea	Russia	Asia-Pacific
Austria	Kurdistan Region of Iraq	Norway		Australia
Bulgaria	Libya			Malaysia[1]
Kazakhstan	Tunisia			New Zealand
Romania	United Arab Emirates			
	Yemen			



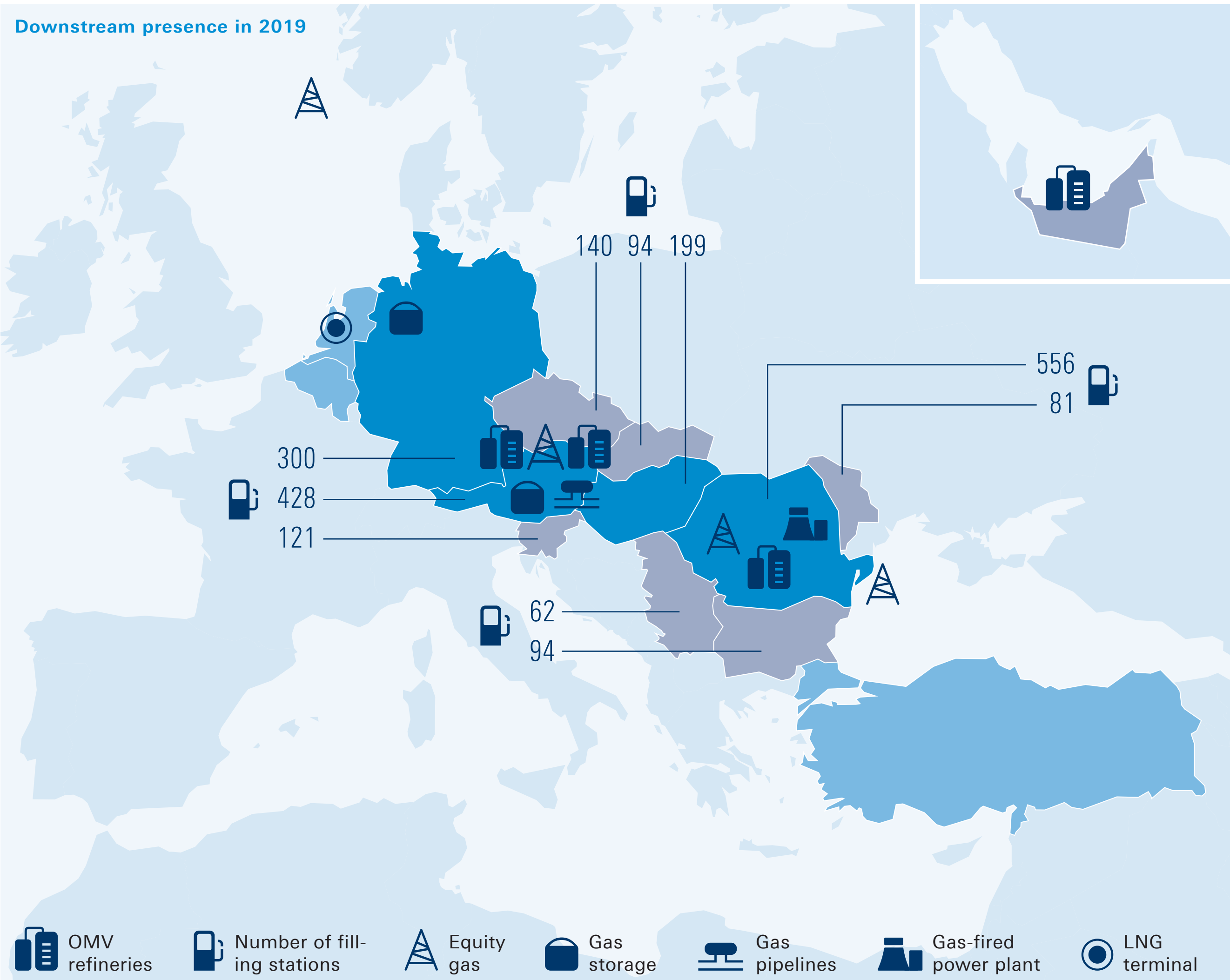
[1] On January 31, 2019, OMV acquired a 50% interest in SapuraOMV Upstream Sdn. Bhd. In addition to the Malaysian footprint, SapuraOMV Upstream has exploration assets in New Zealand, Australia, and Mexico.

Downstream

Downstream Oil (incl. Petrochemicals) operates three refineries in Austria, Germany, and Romania, and holds a 15% share in ADNOC Refining and Trading JV. In 2019, the processing capacity amounted to 24.9 mn t (equaling more than 500 kbbl/d). Furthermore, OMV operates an international multibrand filling station retail network and a high-quality commercial business. Downstream Gas operates across the gas value chain from the wellhead to the burner tip with a fully integrated gas business.[1] It includes the Group's power business activities, with one gas-fired power plant in Romania.



Downstream Oil & Gas market	Downstream Oil market	Downstream Gas market
Austria	Bulgaria	Belgium
Germany	Czech Republic	Netherlands
Hungary	Moldova	Turkey
Romania	Serbia	
	Slovakia	
	Slovenia	
	United Arab Emirates	



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

20,000 reasons why we're excited about tomorrow.

The thing that makes OMV stand out across continents and oceans is best illustrated by the 20,000 people who drove the company's success in 2019. And each and every one of them has a personal reason for being excited about a bright future.

People who work in many corners of the globe, sometimes in the most difficult conditions, to search for precious resources, find, transport and refine them. Whose dedication and ideas maintain our quality of life and freedom of movement, day in, day out. Who work on solutions that will give us the energy to safeguard our future wellbeing at the same time as preserving our planet. People who are proud of delivering the energy for a better life – and being the energy for a better life. We have invited some of them into the spotlight on the following pages. We hope you will join us!

FINANCIAL CALENDAR

April 8, 2020	Trading Update Q1 2020
April 29, 2020	Results January–March 2020
July 8, 2020	Trading Update Q2 2020
July 29, 2020	Results January–June and Q2 2020
October 8, 2020	Trading Update Q3 2020
October 29, 2020	Results January–September and Q3 2020

▷ **This financial calendar represents only an extract of the planned dates in 2020. The complete financial calendar and confirmation of the dates can be found at:**
www.omv.com/financial-calendar

▷ **The HTML version of this annual report can be found here:**
www.reports.omv.com/en/annual-report/2019

▷ **The PDF version of this annual report can be found here:**
www.omv.com/annual-report-2019

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Sara Aldhaheri uses market and competition intelligence to form the basis for OMV's ongoing international growth.

“I’m excited about tomorrow because our energy knows no bounds.”

Overcoming boundaries, enhancing performance: we have laid the framework for success with our commitment in the growth regions of Middle East/Africa, Russia, and Asia Pacific. What‘s more, by going international with our successful Downstream business model, we have secured profitable growth options for the future.

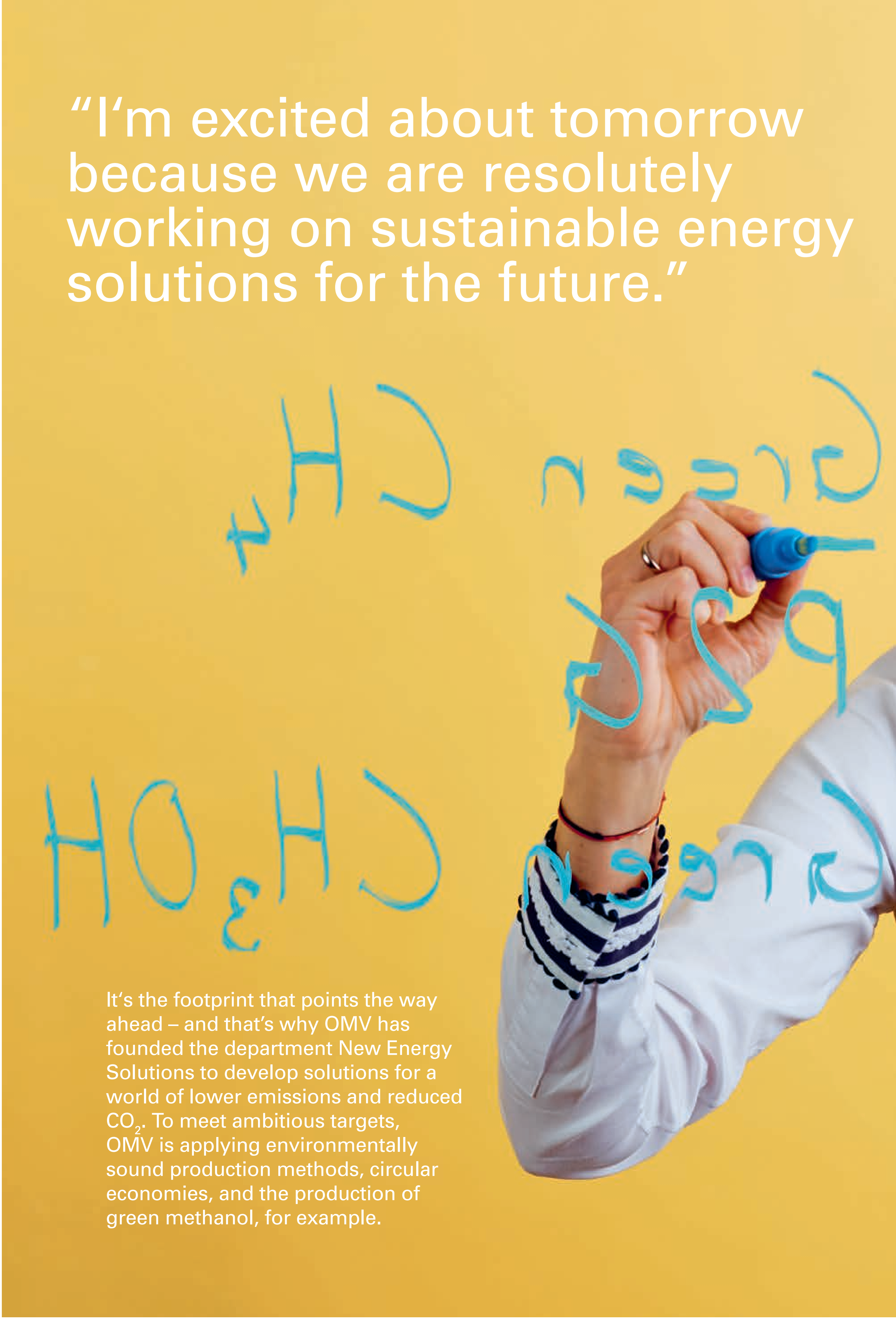
From drilling for gas in icy Siberia to refining crude oil in the deserts of Abu Dhabi – as an oil and gas company that is integrated along the entire value chain, OMV is marching towards a bright future. Our well-balanced portfolio of Upstream and Downstream activities serves as a source of strong cash flow, even in a volatile market environment.

Vladislav Arekhov uses cutting-edge modelling tools to forecast the flows of gas and water towards the wells in the Siberian field of Yuzhno Russkoye.

“We are excited about tomorrow because we‘re safeguarding the energy supply from -50° to +50° Celsius.”

Gabriele Omassi coordinates the OMV Downstream team in Abu Dhabi, supporting ADNOC Refining in Ruwais as it strives for operational improvements and further growth.

“I‘m excited about tomorrow because we are resolutely working on sustainable energy solutions for the future.”



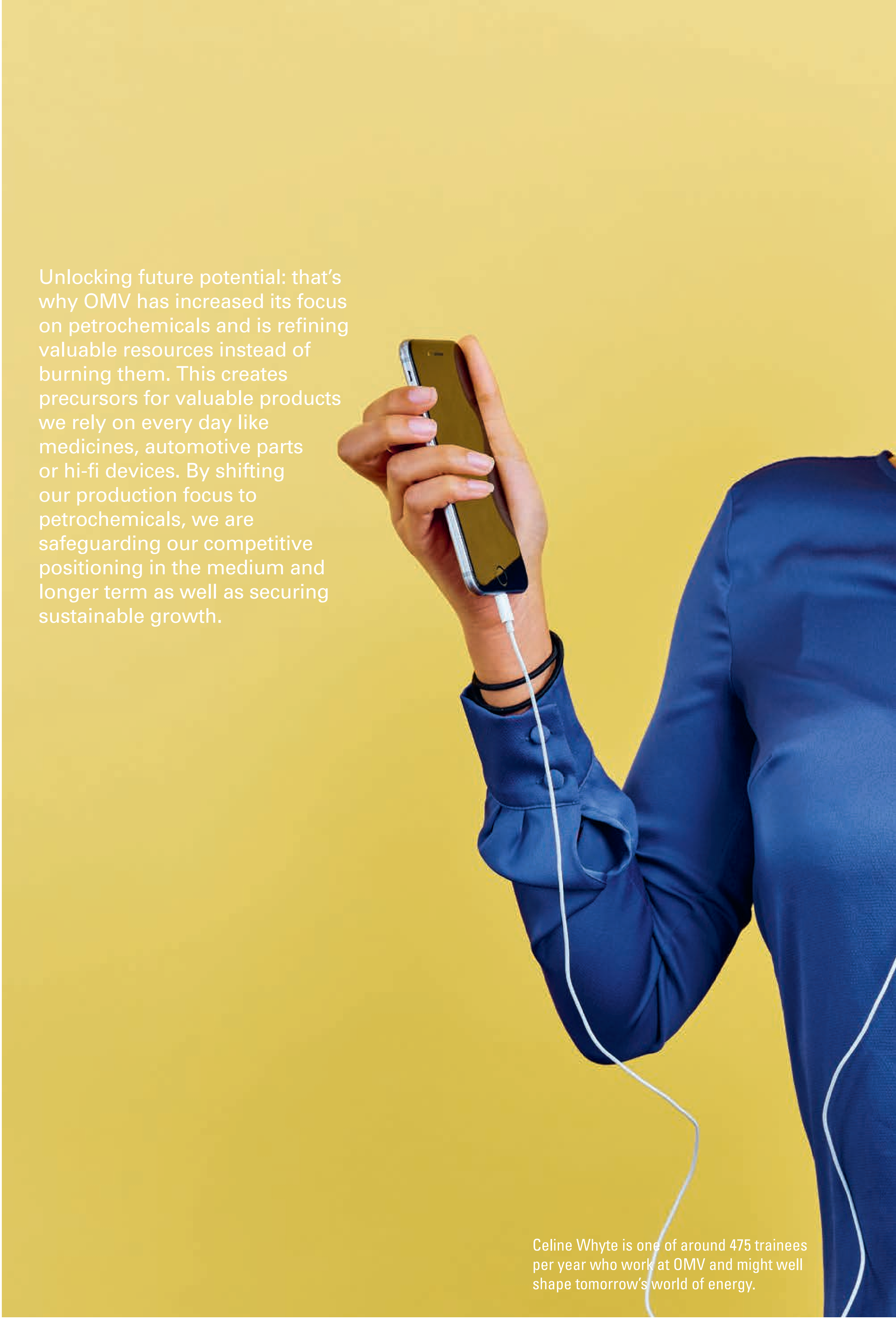
It‘s the footprint that points the way ahead – and that‘s why OMV has founded the department New Energy Solutions to develop solutions for a world of lower emissions and reduced CO_2. To meet ambitious targets, OMV is applying environmentally sound production methods, circular economies, and the production of green methanol, for example.

Angelika Zartl-Klik works with a highly qualified team on strategies, projects and technologies for a low-carbon future at OMV.

"I'm excited about tomorrow because our technology and our know-how about mature fields make us the partner of choice worldwide."

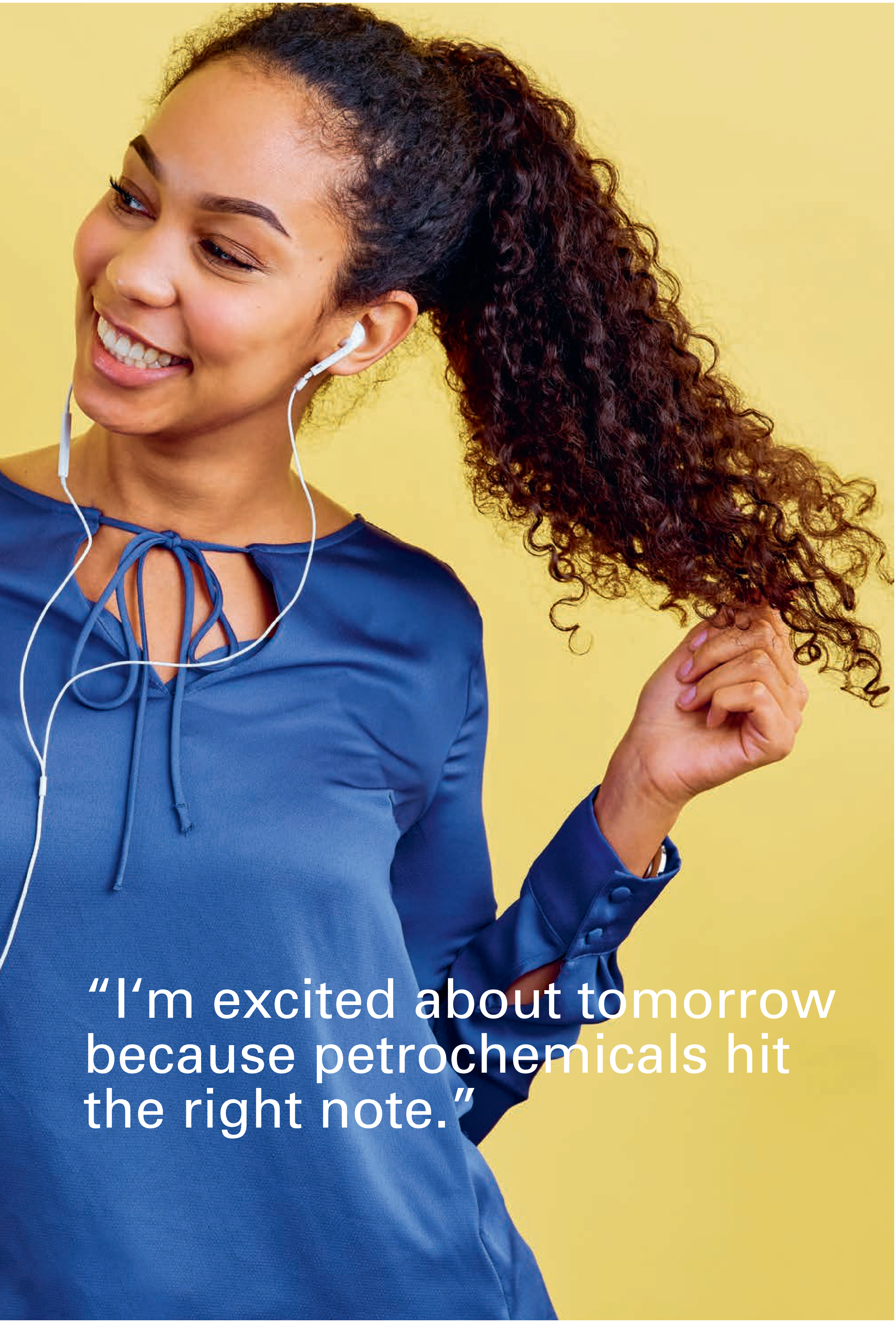
If you want to succeed, you have to dig deep: OMV is among the best in the world when it comes to using resources from mature fields efficiently. For example, in the mature Matzen field in Austria, we managed to increase the production rate of wells to 55 percent by using innovative technologies. This is practically one-and-a-half times the industry average. This know-how in smart oil recovery makes us an attractive partner on the international stage.

Reinhard Kurz has worked at OMV for 47 years and manages the test plants for oil production in Gänserndorf.



Unlocking future potential: that’s why OMV has increased its focus on petrochemicals and is refining valuable resources instead of burning them. This creates precursors for valuable products we rely on every day like medicines, automotive parts or hi-fi devices. By shifting our production focus to petrochemicals, we are safeguarding our competitive positioning in the medium and longer term as well as securing sustainable growth.

Celine Whyte is one of around 475 trainees per year who work at OMV and might well shape tomorrow’s world of energy.


“I‘m excited about tomorrow because petrochemicals hit the right note.”

Fahad Arif, Bansri Raithatha, Leopold Lippert, and Jose Maria Gonzales Rojas work with more than 80 colleagues from over 24 countries on maturing resources into proven reserves. They make use of their expertise in technology, business and economics, geology and petrophysics everyday.

“We are excited about tomorrow because our growth also embraces cultural diversity.”

It’s great when diversity becomes a matter of course – it’s already a given with our teams. Every employee has the chance to explore international career opportunities. And because strong cooperation requires different approaches, OMV promotes personal responsibility, individual development and international collaboration.

“I’m excited about tomorrow because I know that safety is the top priority at OMV.”

Only a safe workplace is a good workplace: OMV applies its HSSE strategy to prioritize the health and safety of its employees. And this has proven successful, with the severity of incidents at work seeing a sharp decline in 2019. And the tasks that safely buckled-up experts have to do up in the air today will be done by drones in the near future.

Isabella Hack upholds the highest safety standards and ensures seamless production processes in her role that includes regular inspections and maintenance at the Schwechat Refinery.

"I'm excited about tomorrow because our filling stations will keep everyone moving in the future."

Michael Sattler coordinates the development of business models and strategic partnerships for new energy and drive train solutions.

If you want to get off on the right foot in the future, you'll need a perfect pitstop. That's why we are turning OMV filling stations into an all-round hub for tomorrow's road users. With a comprehensive range of services and energy for all current and future drive technologies – from highly efficient gasoline and diesel through to CNG, LNG, electricity, and hydrogen.

Secure energy supply for Europe will only be possible now and in the future with gas: as a means of storage, as a partner for renewables in electricity production, and soon also as green methane. Gas will keep the lights on even at night and when the wind is still.

Wan-Yu Sheng is responsible for product development in sales for the OMV Gas business as well advising on renewable gas and managing the project portfolio.


"I'm excited about tomorrow because we are facilitating the energy transition with gas."

“I’m excited about tomorrow because digitalization is making us fit for the future.”

It’s good when digitalization and technological innovation go hand in hand: that’s why we are accelerating OMV’s digital transformation. After all, that’s the only way to tap into every opportunity for optimal results along the entire value chain – from the efficient search for valuable resources through to their production, processing, refining and sale.

Roman Spitzer supports the development and implementation of emerging digital technologies and new ways of working in OMV's Upstream business, making it even more efficient and more secure.

“I’m excited about tomorrow because more female leaders are a sign of strength.”

Tomorrow belongs to diversity: that’s why OMV’s priorities are clear when it comes to building talented and skilled teams for international and integrated growth. Our 2025 goals are correspondingly ambitious: increasing the number of women at management level to 25 percent and maintaining the percentage of managers with international experience at 75 percent.

Amelia Rentzios is in charge of operations and maintenance in Maui, New Zealand. Together with her strong team, she secures the safe and reliable production and supply of gas and condensate to our customers.

1

TO OUR SHAREHOLDERS

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Dear Shareholders,

In the past financial year, OMV again demonstrated its strong profitability, generating the highest net income in its history with a net income for the year of EUR 2.1 bn. And that was in an extremely challenging market environment. The path there was difficult, but the formula is simple: We produced more and sold more – while reducing costs. The foundation for this success is our strategy which we pursue consistently, but above all the commitment and performance of the approximately 20,000 employees who work for OMV around the globe.

Setting the course for the future

Whereas this report looks back, highlighting the events of the past financial year, I would also like to look forward. In view of climate change, a serious challenge we all – politicians, the public, and enterprises – face and for which we need to quickly develop solutions, I would like to directly address two issues. Will the foundations for OMV's business remain the same or will they change? Will we continue to be as successful in the future as we are today? I am sure about the answer to one of these questions and convinced about the other. For one, we can definitely assume that the conditions under which OMV does business will change as a result of the energy transition. Fossil energy sources will play a different role in the future than they do currently. Secondly, I am confident that OMV will actively leverage this changing environment to our benefit. After all, we have already begun to set the stage and can also build on the great innovative capabilities of our company.

Market performance varies

The energy transition will play out differently in various markets and segments, and progress at different speeds. Whereas demand for fossil fuels in Europe is declining, it will increase in the growing markets of Asia, the Middle East, and Africa. We are in an optimal position to benefit from these market opportunities thanks to our production of oil, stakes in refineries and trading joint venture in Abu Dhabi as well as our gas production activities in Malaysia. In addition, freight, shipping, and air traffic even in Europe will not be able to continue without liquid fuels in the short to medium term. For this reason, we will contribute substantially to a lower-carbon future with Co-Processing of biogenic components and the further development of synthetic fuels.

Natural gas – quick solution and long-term complement

In addition to innovations that will be implemented in the medium to long term, we also require effective solutions to roll out quickly during the energy transition. One of these is the increased use of natural gas in transportation as well as in power generation, in particular, which will enable an immediate sharp reduction in carbon emissions. However, gas is not just a short-term replacement for coal, but also the perfect long-term complement to renewable energies. Unavoidable volatility in green energy generation can be balanced out quickly by gas-fired power plants to provide a secure energy supply. I am convinced that natural gas will play a key role in the energy transition. At OMV, we are addressing these issues by further gradually increasing the share of natural gas in our portfolio.

From oil as a commodity to a high-quality product

Regardless of the fact that the importance of oil as a source of energy will decline, crude oil remains a highly valuable raw material. Oil is a cornerstone of the chemical industry and therefore an integral building block of our civilization, our prosperity, and our wellbeing. High-quality products we use every day – from clothing to laptops and smartphones – and light, durable, and safe materials for the automotive and aircraft industries use crude oil as a feedstock, as do lifesaving drugs and many other medical products. OMV's refineries today already feature a high level of petrochemical integration, and we will further extend the value chain to include additional chemical activities in line with our strategy. A specific example of this is the expansion of the petrochemical facilities at our Burghausen refinery in Germany that began last year. An ISO C4 facility is currently being built there. From the fourth quarter of this year, high-purity isobutene, a feedstock for key chemical products like adhesives, lubricants, and even vitamin C, will be produced there.

» We will extend the value chain of oil beyond petrochemical processing to recycling.

RAINER SEELE
Chairman of the Executive Board

Recycling – environmental protection and business model

As with all items we use on a daily basis, the question to ask about plastics is: What should we do with it at the end of its life cycle? OMV has developed a high-quality recycling method called ReOil® in which waste plastics are converted into synthetic crude oil. This in turn can be processed further into fuels or basic petrochemical components. The process involves chemical recycling without a loss of quality which allows plastic to become a valuable raw material instead of turning into waste at the end of the product cycle. This enables us to extend the value chain of oil beyond petrochemical processing to recycling. At the same time, this technology shows that environmental protection and profitability can go hand in hand. It is important evidence of the innovative strength of our industry and OMV as a company. Last year, we made considerable progress on our ReOil® pilot plant at the Schwechat refinery and are optimistic that we can grow it into a fully usable, economically viable, industrial-scale facility by 2025.

Making CO_2 useful

The circular economy plays a key role in OMV's planning – including with regard to CO_2. We should not demonize the CO_2 molecule: we must – and can – work with it. For instance, we are researching technologies for further processing CO_2 into the energy source methane or methanol, an important chemical feedstock, and making it economically viable. Moreover, we are looking into options for storing carbon dioxide underground. The use of these technologies assumes that the legal environment supports them, but this is not yet the case in some countries, including Austria. Nonetheless, the European Commission is sending positive signals with the recent unveiling of its Green Deal. The Commission has acknowledged the usefulness and potential of this technology and wishes to promote it. In our long-term strategy, we are working on various options for using hydrogen – for transportation as well as industrial applications. I am certain that hydrogen will be a key element in the energy mix of the future.

The conditions underlying our business will change. OMV is anticipating this and will unlock the opportunities brought about by such a shift. We will significantly expand our value chain and develop business models that contribute to a lower-carbon future, while at the same time ensuring that our company's business continues to be successful. We are already setting the stage. There are 20,000 reasons to look forward to the future. Thank you for your trust in OMV.

Vienna, March 11, 2020

Rainer Seele m.p.

Rainer Seele
Chairman of the
Executive Board,
Chief Executive Officer and
Chief Marketing Officer

"We're excited about tomorrow because our 20,000 employees are making OMV a global player in line with our Strategy 2025."

Reinhard Florey
Chief Financial Officer

Thomas Gangl
Chief Downstream
Operations Officer

Johann Pleininger
Deputy Chairman of the
Executive Board and
Chief Upstream
Operations Officer

Dear Shareholders,

It is with great satisfaction that I can look back on an extraordinarily successful 2019.

OMV has achieved considerable progress in implementing its Strategy 2025. I wish to choose just two examples, from the large number of activities, that represent key milestones on the path towards growth, further internationalization, integration of business models, and portfolio diversification. With the acquisition of an interest in ADNOC Refining, completed in 2019, OMV not only significantly increased its refinery capacity, but also established a fully integrated business model in Abu Dhabi. Furthermore, a global trading joint venture co-founded by OMV will cover the growing demand in the Middle East, Africa, and above all Asia from Abu Dhabi. In the Upstream Business Segment OMV successfully completed the acquisition of a 50% share in newly established SapuraOMV in Malaysia and started producing gas for the Asian market, thus building a strong bridge to the world's fastest-growing markets.

The successful operative and financial performance during the past year is the basis for the continued implementation of the strategic targets. In spite of an increasingly difficult market environment, OMV has been able to achieve its historically highest net income for the year after tax. OMV's strong financial position is also reflected in the proposed record dividend of EUR 2.00 per share, by means of which you, dear shareholders, partake in OMV's successes.

In the following, I would like to inform you about the Supervisory Board's work during the 2019 financial year:

Composition of the Executive Board and Supervisory Board

A change regarding the composition of the Executive Board team occurred in the middle of last year. Manfred Leitner, who had been in charge of the Downstream Business Segment for eight years, resigned from his board position – which would otherwise have expired at the end of the year – for personal reasons with effect as of July. I wish to thank Manfred Leitner on behalf of the entire Supervisory Board. He has been instrumental in the development of the Downstream Business Segment, increased its efficiency, and led it into Europe's premier league. Following significant growth, this business segment has now reached a size that made it necessary and strategically expedient to split it into the Refining & Petrochemical Operations and Marketing & Trading segments – because the oil and gas industry faces challenges that will have a significant impact on the refinery business. In view of these changes, it is crucial that both the production facilities and the sales and trading business receive the highest levels of attention and are led by top management personnel. With the appointment of Thomas Gangl as member of the Executive Board responsible for Refining & Petrochemical Operations as of July 2019, OMV gained not only a top-class expert in the refining and petrochemicals sector, but also a long-standing expert with profound knowledge of OMV and vital management experience on various levels of the company, which has helped to build his excellent reputation. The Supervisory Board is delighted that we were able to fill this position on the Executive Board from our own ranks, since this further confirms the excellent quality of our Company.

The Marketing & Trading segment will focus strongly on the changes in the energy market and the diverging dynamics on each continent. Until the final appointment of this newly created Executive Board function, Rainer Seele will take charge of this segment on an interim basis.

With the extension of Rainer Seele's and Johann Pleininger's Executive Board mandates in July respectively September 2019, the Executive Board affirmed the composition of the executive team for the coming years and thus satisfied an important prerequisite for the continuation of the Company's success story.

» The successful operative and financial performance during the past year is the basis for the continued implementation of the strategic targets.

WOLFGANG C. BERNDT
Chairman of the Supervisory Board

The composition of the Supervisory Board was also comprehensively renewed. OMV's Annual General Meeting on May 14, 2019, elected a total of five new members – based on the proposal of ÖBAG – to the Supervisory Board: Thomas Schmid, Stefan Doboczky, Elisabeth Stadler, Christoph Swarovski, and Cathrine Trattner. The candidates were selected in compliance with legal requirements and on the basis of a large variety of criteria which, in addition to personal integrity, independence, and impartiality, included in particular professional qualifications and broad management experience. I, Wolfgang C. Berndt, was elected Chairman of the Supervisory Board at its constituent meeting held in the wake of the Annual General Meeting 2019, while Thomas Schmid was elected my first Deputy Chairperson and Alyazia Ali Al Kuwaiti my second Deputy Chairperson. There were no changes on the part of the employee representatives in 2019 compared with 2018.

Supervisory Board activities

The Supervisory Board carried out its activities during the financial year with great care and in accordance with the law, the Company's Articles of Association, and the Internal Rules. It oversaw the Executive Board's governance of OMV and advised it in decision-making processes on the basis of detailed written and verbal reports as well as constructive discussions between the Supervisory Board and the Executive Board. The Executive Board provided the Supervisory Board with regular, timely, and comprehensive reports on the Company's operations, on the general economic situation in its key markets, and the overall business environment, as well as on the opportunities and risks to OMV's business development.

The Supervisory Board's activities were particularly focused, firstly, on personnel matters relating to the Executive Board, and secondly, on the further implementation of the strategy in line with the sustainability targets. The training program for members of the Supervisory Board in 2018 was followed by another intensive training program in 2019, featuring three events for the entire Supervisory Board as well as several onboarding events, espe-cially for the new Supervisory Board members. Also, the annual self-evaluation by the Supervisory Board was performed, supported by an external advisor. The results will be the basis for activities and further trainings in 2020.

In 2018 and at the beginning of 2019, the Supervisory Board still dealt intensively with the acquisition of the 15% interest in ADNOC Refining and the related global trading joint venture, which was completed in mid-2019.

The Supervisory Board, and especially I as Chairman of the Supervisory Board, attach great importance to an intensive exchange with investors. At this year's Corporate Governance Roadshow I, together with Investor Relations, visited major institutional investors and proxy advisors in Frankfurt, Berlin, London, and Vienna to discuss the governance model, the remuneration of the Executive Board, and OMV's Sustainability Strategy.

At the end of the year, the decision to sell the Maari oil field represented a further step to optimize OMV's portfolio. Upon completion of this transaction OMV will be a pure gas producer in New Zealand. This underlines OMV's strategy to produce significantly more natural gas than oil in the future in order to reduce the carbon intensity of its product portfolio.

Activities of Supervisory Board committees

The **Presidential and Nomination Committee** placed particular focus on the preparation of the decisions regarding the appointment of Thomas Gangl and the extension of Rainer Seele's and Johann Pleininger's Executive Board mandates. In addition, it searched intensively for suitable candidates for the position of a new Executive Board member for Marketing & Trading. Furthermore, it focused on the issue of long-term Executive Board succession planning with special consideration of the diversity goals.

In 2019, the **Remuneration Committee** could build on the comprehensive evaluation of the Executive Board's remuneration system conducted in 2018. In order to meet the new requirements of the Austrian Stock Corporation Act in connection with the implementation of the amendments to the EU Shareholder Rights Directive, a remuneration policy for the Executive Board and the Supervisory Board was drawn up, which will be submitted by the Supervisory Board to the 2020 Annual General Meeting for voting for the first time. In the context of the development of the remuneration policy for the Executive Board, feedback from investors during the aforementioned Corporate Governance Roadshow was specifically considered. Thus, from 2020, the variable remuneration system also incorporates non-financial/ESG targets – concrete carbon reduction and a diversity target.

In 2019, the **Audit Committee** looked at important topics related to accounting processes, the internal audit program, risk management, and the Group's internal control system. The current auditor of the OMV Group, Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H., participated in each of the Audit Committee's meetings, and the Supervisory Board regularly took advantage of the opportunity to discuss matters with the auditor without the presence of the members of the Executive Board. In addition, the Audit Committee initiated a selection procedure relating to the choice of the auditor for the 2021 financial year.

Meetings of the **Portfolio and Project Committee** are held regularly prior to the meetings of the Supervisory Board. The committee used its meetings in 2019 to prepare decisions regarding key investment and M&A projects on the basis of extensive information and intensive discussions. A strategy meeting with the Executive Board was held again in 2019, focusing on petrochemicals and sustainability, in particular carbon reduction and new technologies. Further details regarding the activities of the Supervisory Board and its committees can be found in the (consolidated) Corporate Governance Report.

Annual financial statements and dividends

Following a comprehensive audit and discussions with the auditor during meetings of the Audit Committee and the Supervisory Board, the Supervisory Board has approved the Directors' Report and the Consolidated Annual Report pursuant to section 96(1) of the Austrian Stock Corporation Act as well as the Annual Financial Statements and the 2019 Consolidated Annual Financial Statements pursuant to section 96(4) of the Austrian Stock Corporation Act. Both the Annual Financial Statements and the Consolidated Annual Financial Statements for 2019 received an unqualified opinion from the auditing company Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. The Supervisory Board also approved the (Consolidated) Corporate Governance Report audited by both the Supervisory Board and the Audit Committee as well as the (Consolidated) Report on Payments Made to Governments. The Supervisory Board found no issues during the audits. Following the audit, the Supervisory Board accepted the Executive Board's suggestion to jointly propose in the Annual General Meeting distributing a dividend of EUR 2.00 per share, which corresponds to an increase of EUR 0.25 over the previous year. The remaining amount of the net profit after the distribution will be carried forward to new account. The Supervisory Board will audit the separate consolidated non-financial report (Sustainability Report) individually, and this report will be published separately and after the Annual Report together with the corresponding Supervisory Board report.

Thus, the 2019 financial year was a very successful one in every respect. Regarding the overall portfolio, important positions were adopted, which will shape OMV's future lastingly. On behalf of the entire Supervisory Board, I would like to thank the Executive Board and all employees for their commitment and successful work in the 2019 financial year. I would like to give special thanks to OMV's shareholders for their continued trust as well as to all of OMV's customers and partners.

Vienna, March 11, 2020

For the Supervisory Board

Wolfgang C. Berndt m.p.

OMV on the Capital Markets

European equity markets surged in 2019, mainly backed by loose monetary policy. The US-China trade conflict and the political process leading to UK's exit from the European Union dominated headlines during most of the year, with progress visible for both toward year-end. The OMV stock closed the year at EUR 50.08, a 31% increase compared to year-end 2018.

Financial markets

Bouncing back from a challenging year 2018, European equity markets surged throughout 2019. The reference index STOXX 600 was up 18.9% in dollar terms, slightly underperforming the MSCI World (+23.1%). All major geographical indexes rose, and almost all sectors were up during the year. Looser monetary policy was a significant driver behind equity market performance globally, with the Fed cutting interest rates three times in 2019. The European Central Bank also further cut the base rate into negative territory (–0.5%) and restarted the quantitative easing program, buying EUR 20 bn in bonds per month from November.

Despite the geopolitical tensions, stock markets performed strongly in 2019. The US-China trade talks dominated the headlines. An agreement between the two superpowers was reached, reducing the scope of tariffs, with China promising to increase purchases of US goods and services. Some new tariffs were imposed, however. In Europe, the UK-focused FTSE 250 was among the top-performing indexes in dollar terms. Its performance was supported by optimism around a trade deal between the European Union and the United Kingdom, as the terms of the UK's exit became clearer, and uncertainty waned significantly.

The 2019 price performance of stocks in the oil & gas sector was depressed by the expectation that crude oil prices would weaken through 2020. This was due to a slowdown in global demand and growing non-OPEC production (largely from the United States). Environmental, social, and governance (ESG) issues were also a major topic impacting the sector, most notably with the world's largest sovereign fund, Norges, set to reduce its dependency on the oil sector by selling circa USD 6 bn worth of equity holdings in crude producers.

At a glance

		2019	2018	2017	2016	2015
Number of outstanding shares[1]	in mn	326.9	326.7	326.5	326.4	326.4
Market capitalization[1]	in EUR bn	16.4	12.5	17.3	11.0	8.5
Volume traded on the Vienna Stock Exchange	in EUR bn	8.2	9.1	8.8	6.0	7.1
Year's high	in EUR	54.54	56.24	54.14	34.78	30.46
Year's low	in EUR	39.32	37.65	32.37	21.45	20.70
Year end	in EUR	50.08	38.25	52.83	33.56	26.13
Earnings Per Share (EPS)	in EUR	5.14	4.40	1.33	(1.24)	(3.37)
Book value per share[1]	in EUR	39.80	36.44	34.35	33.44	35.76
Cash flow per share[2]	in EUR	12.41	13.45	10.56	8.82	8.68
Dividend Per Share (DPS)[3]	in EUR	2.00	1.75	1.50	1.20	1.00
Payout ratio	in %	39	40	113	n.m.	n.m.
Dividend yield[1]	in %	4.0	4.6	2.8	3.6	3.8
Total Shareholder Return (TSR)[4]	in %	36	(25)	61	34	24

[1] As of December 31
[2] Cash flow from operating activities
[3] 2019: as proposed by the Executive Board and confirmed by the Supervisory Board; subject to confirmation by the Annual General Meeting 2020
[4] Assuming reinvestment of the dividend

OMV share price performance and volume

OMV's share price closed the year 31% higher compared to the previous year's close. Assuming dividend reinvestment, the total shareholder return was 36%. OMV's share price started the year at EUR 38.25 and breached the EUR 50 threshold by late April. After that, the price declined and troughed at around EUR 42 in mid-June. In the second half of the year, OMV's stock recovered impressively, hitting the year's high of over EUR 54 in early November. The last two months of the year were dominated by a slight decline, and the stock closed at EUR 50.08 at the end of December. The daily trading volume of OMV shares in 2019 averaged 350,172 (2018: 385,176). At the end of 2019, OMV's total market capitalization was EUR 16.4 bn compared to EUR 12.5 bn at the end of 2018.

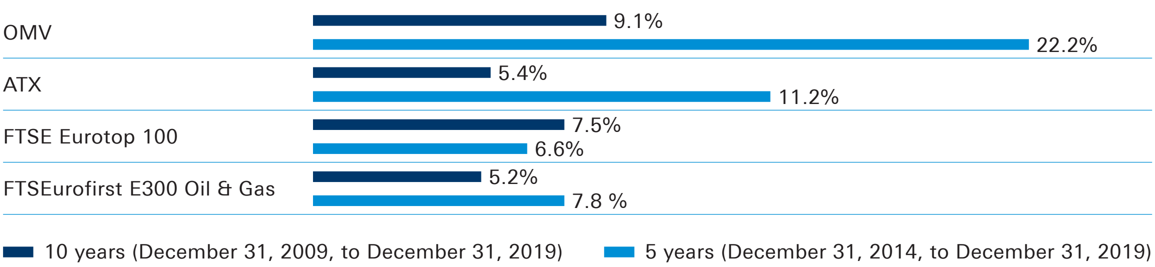
OMV share price performance 2019

in EUR

OMV shares outperformed benchmark indexes and peers markedly in a recovering market environment, after having underperformed the market in 2018. In 2019, the Austrian ATX gained 16%. Over the same period, the FTSE Eurotop 100 global industry benchmark grew by 22%, while the FTSEurofirst E300 Oil & Gas index only increased by 5%. Measured over a five-year period, the return generated by OMV shares outperformed index returns. An investor who acquired OMV stock worth EUR 100 at the end of 2014 and reinvested the dividends in additional shares saw the value of the investment increase to EUR 270 at the end of 2019, with an average annual return of 22%.

OMV shares: long-term performance compared with indexes

Average annual increase with dividends reinvested[1]



[1] Based on the Total Return Index (RI) from Datastream; compound annual growth rate method used to calculate the average annual increase with dividends reinvested

Proposed dividend of EUR 2.00 per share for 2019

On May 14, 2019, OMV's Annual General Meeting approved a dividend of EUR 1.75 per share for 2018 as well as all other agenda items including the Supervisory Board elections, the Long-Term Incentive Plan 2018, and the Matching Share Plan 2019. The Executive Board will propose a dividend of EUR 2.00 per share for 2019 at the next ordinary Annual General Meeting on May 19, 2020, an increase of 14% over the previous year. The dividend yield, based on the closing price on the last trading day of 2019, amounts to 4.0%.

Dividend policy

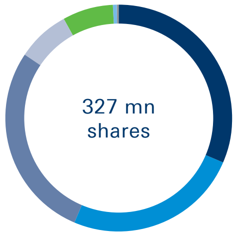
OMV is committed to delivering an attractive and predictable shareholder return through the business cycle. According to its dividend policy, OMV aims to increase dividends every year or at least to maintain the level of the respective previous year.

OMV shareholder structure

OMV's shareholder structure remained relatively unchanged in 2019 and was as follows at year-end: 43.0% free float, 31.5% Österreichische Beteiligungs AG (ÖBAG, representing the Austrian government)[1], 24.9% Mubadala Petroleum and Petrochemicals Holding Company (MPPH), 0.4% employee share programs, and 0.2% treasury shares.

Shareholder structure

In %



ÖBAG	31.5
MPPH/Abu Dhabi	24.9
Institutional investors	29.5
Unidentified free float	6.1
Identified retail ownership/brokerage & trading accounts	7.4
Employee share program	0.4
Own shares	0.2

An analysis of our shareholder structure carried out at the end of 2019 showed that institutional investors held 29.5% of OMV's shares. At 30%, investors from the United States made up the largest regional group of institutional investors. The proportion of investors from the United Kingdom amounted to 25%, while shareholders from France held 10%. Norwegian, German, and Austrian investors held 5% each.

Geographical distribution of institutional investors

In %

United States	30.2
United Kingdom	24.8
France	10.0
Norway	5.2
Germany	4.9
Austria	4.6
Rest of Europe	13.6
Rest of World	6.5

[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.

OMV Aktiengesellschaft's capital stock amounts to EUR 327,272,727 and consists of 327,272,727 no-par-value bearer shares. At year-end 2019, OMV held a total of 542,151 treasury shares. The capital stock consists entirely of common shares. Due to OMV's adherence to the one-share, one-vote principle, there are no classes of shares that bear special rights. A consortium agreement between the two major shareholders, ÖBAG and MPPH, contains arrangements for coordinated action and restrictions on the transfer of shareholdings.

Environmental, Social, and Governance (ESG) performance

OMV places great importance on working with ESG rating agencies. OMV is committed to acting responsibly towards the environment and society. Our accomplishments in this regard are reflected in further improvement of our already robust ESG performance in 2019. Most notably, RobecoSAM recognized OMV as an Industry Mover in its Yearbook 2019. OMV demonstrated the largest proportional improvement in sustainability performance compared to the previous year out of the top 15% of companies in the industry. Also, OMV received the highest "AAA" score in the MSCI ESG Ratings assessment for the seventh year in a row. This places OMV among the best 10% of oil and gas companies. OMV also maintained its Prime Status in the ISS ESG rating with a score of B–. This positions us among the 5% best oil and gas companies in terms of ESG performance. OMV was also recognized by CDP with a score of A– (Leadership) in the Climate Change category, earning us a place among the 14 best oil and gas companies in this ranking. We were also assigned the highest Level 4 rating for carbon management quality by the Transition Pathway Initiative.

Besides these outstanding achievements, OMV has maintained its inclusion in several ESG indexes. Most notably, OMV was included in the Dow Jones Sustainability Index (DJSI World) for the second year in a row as the only Austrian company in the index. This sets OMV among the top 10% oil and gas companies in terms of ESG ratings. OMV received the highest "AAA" score from the MSCI Global Sustainability Index for the sixth year in a row, and was reconfirmed as a constituent of two MSCI indexes: the ACWI ESG Leaders Index and the ACWI SRI Index. Furthermore, OMV was affirmed as a member of the FTSE4Good Index Series, which is used by a wide variety of market participants to create and assess responsible investment funds. OMV also maintained its inclusion in the STOXX® Global ESG Leaders index, based on OMV's assessment by Sustainalytics, and in the ECPI® indexes. After being reappraised by EcoVadis – a platform analyzing the ESG performance of suppliers – OMV maintained its Silver supplier status.

Good credit ratings

The OMV Group is evaluated by rating agencies Moody's and Fitch. On June 28 2019, Moody's confirmed OMV's A3 issuer rating with a stable outlook. On December 19 2019, Fitch confirmed OMV's rating of A– with a stable outlook. The rating affirmations reflect OMV's growing oil and gas output and an improving production growth outlook following the recent acquisitions, as well as a strong balance sheet and a prudent fiscal policy.

Analyst coverage

At the end of 2019, OMV was covered by 22 sell-side financial analysts who regularly publish research reports on OMV. This ensures OMV good visibility in the financial community. At the end of 2018, 80% of these analysts had issued a "buy" recommendation, with the remainder advising "hold." As 2019 came to a close, almost 60% of the analysts still recommended their clients to buy OMV stock after a price gain of 31% over the year. About one-third of analysts issued a "hold" recommendation, while only two analysts suggested selling OMV shares. The average target price receded marginally from EUR 57 per share last year to EUR 56 at the end of 2019.

Investor Relations activities

Ensuring active, candid dialogue with the capital market is a top priority at OMV. The Investor Relations department's mission is to provide comprehensive insight into OMV's strategy and business operations to all capital market participants, thereby guaranteeing equal treatment of all stakeholders. Throughout 2019, OMV was in constant dialogue with investors and analysts in the interest of presenting OMV's progress towards completing its 2025 strategy. In addition, OMV organized two international investor group visits in Vienna to provide insight into Upstream and Downstream activities, a group lunch for Austrian investors, as well as a sell-side analyst lunch in London with the participation of 20 sell-side analysts. OMV organized three governance roadshows with the Chairman of the Supervisory Board in London, Frankfurt, and Vienna. This established a dialogue with the governance experts of some of the major shareholders. Finally, the Executive Board and the Investor Relations department strengthened and deepened relationships with analysts and investors through numerous road shows and conferences across Europe, North America, and Asia.

2

DIRECTORS' REPORT

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About OMV

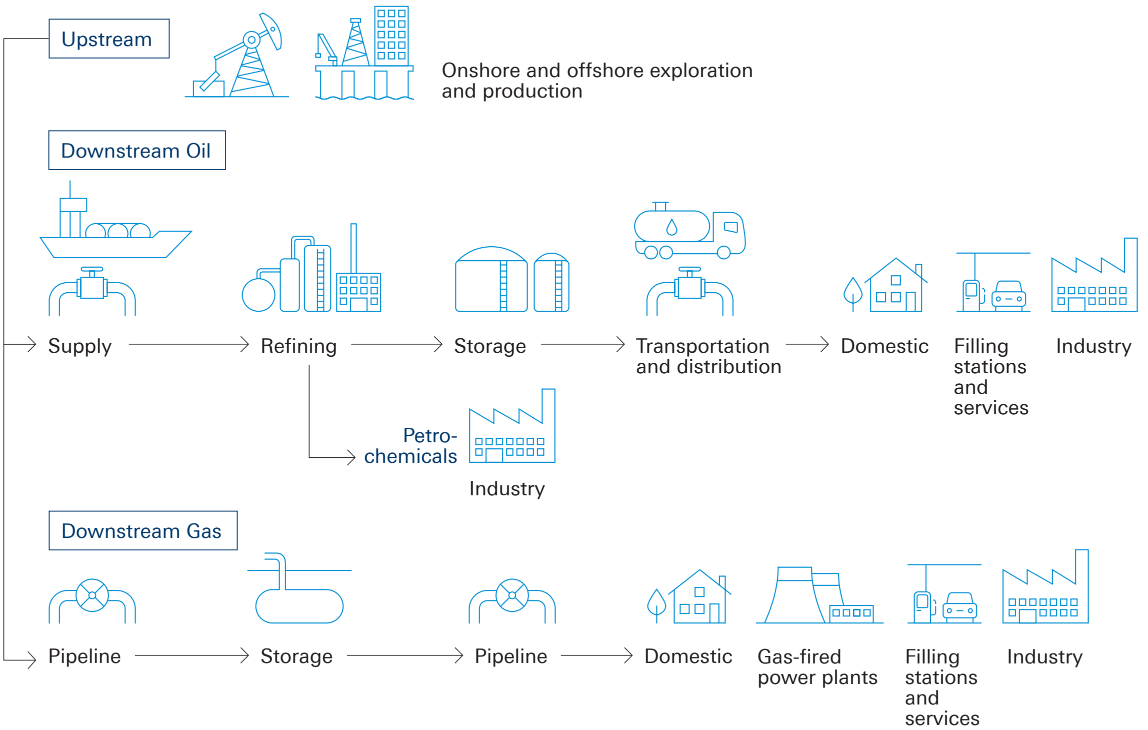
OMV produces and markets oil and gas, innovative energy, and high-end petrochemical solutions – in a responsible way. OMV has a balanced international Upstream portfolio, while its Downstream businesses feature European and Middle Eastern footprints. In 2019, Group sales amounted to EUR 23 bn. With a 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

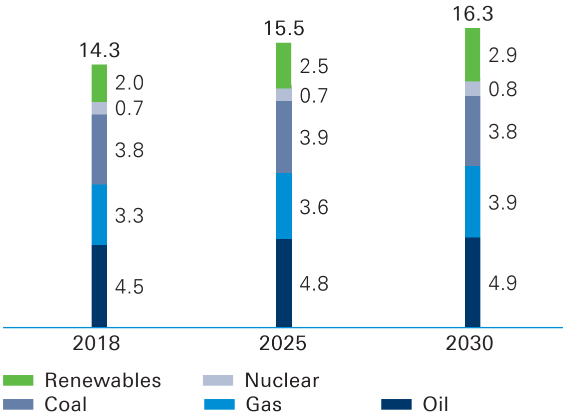
The OMV Strategy 2025 builds on the proven concept of integration. Based on a balanced growth strategy in Upstream and Downstream, the size and geographical reach of OMV will be expanded considerably to participate in attractive growth opportunities outside of Europe. OMV strives to substantially increase 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

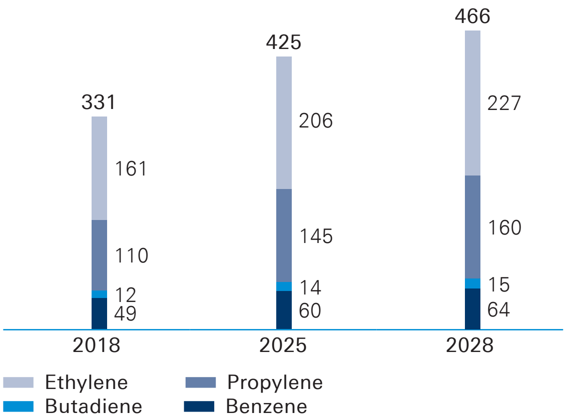
Global energy demand will continue to increase and is expected to rise 14% by 2030, driven by GDP and population growth. Oil and gas demand continues to grow and will account for about 54% of global energy demand for an additional increase of 1 bn toe.

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

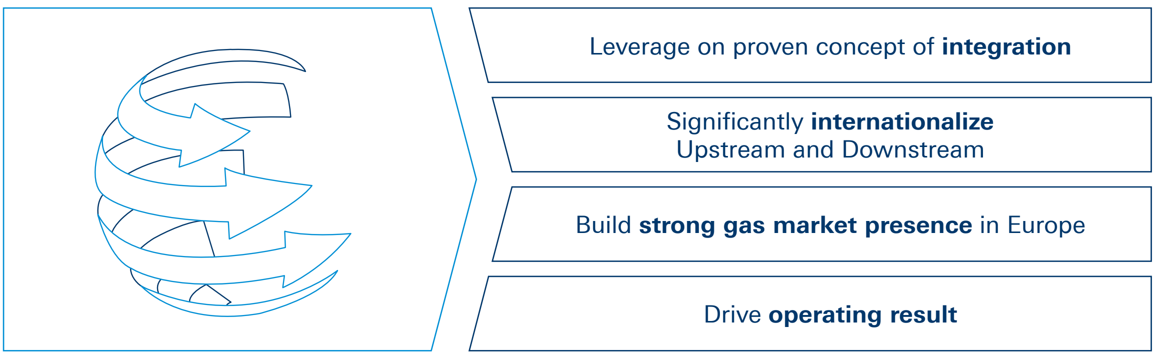
The OMV Strategy 2025 builds on the proven concept of integration, which ensures strong cash flows and resilience. OMV aims to grow both the Upstream and the Downstream businesses. In Upstream, our target is production and reserves growth in defined core regions. In Downstream, OMV will expand processing 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.

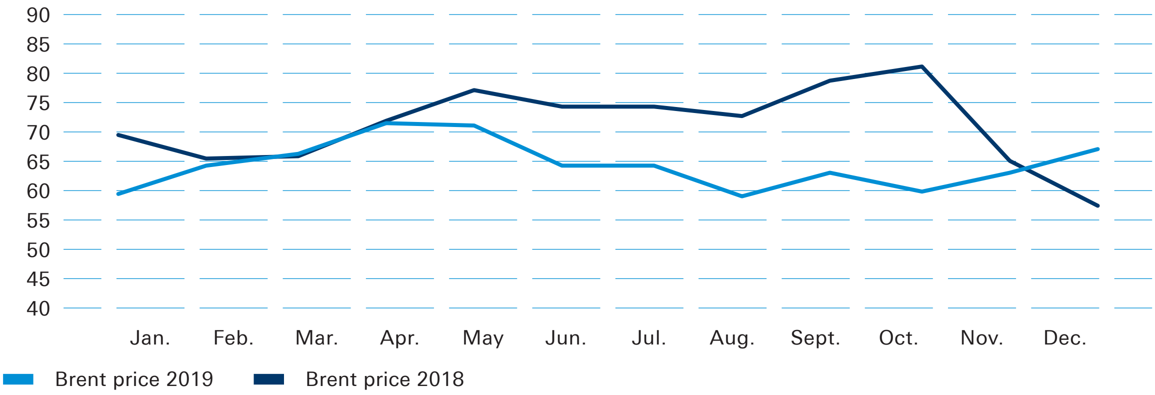
In 2019, the **price of Brent crude** stood at an average of USD 64.30/bbl, nearly 10% below the prior-year level. The price displayed volatility of around 50% over the course of the year. The EUR/USD exchange rate fluctuated between 1.15 and 1.09. Using the annual average of 1.12, the appreciation of 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

3

CONSOLIDATED CORPORATE GOVERNANCE REPORT

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Consolidated Corporate Governance Report

OMV, as a publicly listed company with its headquarters in Austria, is dedicated to the principles of sound corporate governance and has always sought to comply with best practice in corporate governance to ensure responsible management and control of the OMV Group, a high level of transparency for every stakeholder and, ultimately, the sustainable and long-term creation of value.

Austrian law, the Articles of Association, the Internal Rules for the corporate bodies and the Austrian Code of Corporate Governance (ACCG) provide the core legal framework for OMV's corporate governance. OMV adheres to the ACCG issued by the Austrian Working Group for Corporate Governance. The code is publicly accessible at www.corporate-governance.at. OMV's compliance with the ACCG was last evaluated externally by independent advisors in 2018. The report on the evaluation is available at www.omv.com and confirms that OMV conformed to all of the compulsory "comply or explain" rules (the "C-rules") and also all of the recommended rules (the "R-rules"). As for C-rules 27 and 28, explanations concerning the variable remuneration plans are provided in the remuneration report as last year. The next external evaluation is scheduled to be carried out for the 2020 financial year.

For OMV Petrom S.A., a company consolidated in the OMV Group and the shares of which are publicly listed on the Bucharest Stock Exchange as well as on the London Stock Exchange, the relevant Corporate Governance Report can be found at www.omvpetrom.com/en/about-us/corporate-governance-aboutus.

In accordance with the recommendation in the AFRAC opinion on the Corporate Governance Report, the Corporate Governance Report of the parent company and the consolidated Corporate Governance Report are combined in one report.

Executive Board

Rainer Seele, *1960

Date of initial appointment: July 1, 2015
End of the current period of tenure: June 30, 2022
Chairman of the Executive Board, Chief Executive Officer and Chief Marketing Officer

Responsible for the overall management and coordination of the Group as well as Marketing & Trading

Rainer Seele received his PhD in chemistry at the University of Göttingen and subsequently had senior appointments at the BASF Group where in 2000 he first became a member of the executive board and then later chairman of the executive board at WINGas GmbH. From 2009 until 2015, he was chairman of the board of directors of Wintershall Holding GmbH.

Functions in major subsidiaries of the OMV Group

Company	Function
OMV Petrom S.A.	President of the Supervisory Board
Borealis AG	Deputy Chairman of the Supervisory Board
OMV Refining & Marketing GmbH	Managing Director (since July 1, 2019)
OMV Gas & Power GmbH	Managing Director (since July 1, 2019)

Johann Pleininger, *1962

Date of initial appointment: September 1, 2015
End of the current period of tenure: August 31, 2023
Deputy Chairman of the Executive Board and responsible for the Business Segment Upstream

Chief Upstream Operations Officer

Johann Pleininger started his professional career at OMV in 1977 and later studied mechanical and economic engineering. During his time at OMV, he held various senior positions. From 2007 to 2013, he was an Executive Board member of OMV Petrom in Bucharest, responsible for Exploration & Production. Prior to his appointment as Executive Board member of OMV, he was the Senior Vice President responsible for the core Upstream countries Romania and Austria as well as for the development of the Black Sea region.

Member of the Supervisory Board of FK Austria Wien AG

Functions in major subsidiaries of the OMV Group

Company	Function
OMV Petrom S.A.	Member of the Supervisory Board (since August 10, 2019)
OJSC Severneftegazprom	Member of the Board of Directors
Sapura OMV Upstream Sdn. Bhd.	Deputy Chairman (since January 31, 2019)
OMV Exploration & Production GmbH	Managing Director
OMV Austria Exploration & Production GmbH	Chairman of the Supervisory Board

Reinhard Florey, *1965

Date of initial appointment: July 1, 2016
End of the current period of tenure: June 30, 2021
Chief Financial Officer

Responsible for Finance

Reinhard Florey graduated with a degree in mechanical engineering and economics from the Graz University of Technology while also completing his music studies at the University of Fine Arts. He started his career in corporate consulting and strategy consulting. From 2002 to 2012, he worked in different positions worldwide for Thyssen Krupp AG. Until June 2016, he was CFO and Deputy CEO of Outokumpu Oyj.

Member of the Supervisory Boards of Wiener Börse AG and CEESEG Aktiengesellschaft

Functions in major subsidiaries of the OMV Group

Company	Function
OMV Petrom S.A.	Member of the Supervisory Board
OMV Petrom Global Solutions SRL	President of the Supervision Body
Central European Gas Hub AG	Deputy Chairman of the Supervisory Board (until June 12, 2019)

Thomas Gangl, *1971

Date of initial appointment: July 1, 2019
End of the current period of tenure: June 30, 2022
Executive Board member responsible
for Refining & Petrochemical Operations

Chief Downstream Operations Officer

Thomas Gangl began his OMV career in 1998 as a process engineer at the Schwechat refinery after studying process engineering at the Vienna University of Technology and mechanical engineering at the University of Salford (Manchester). In 2011, he became General Manager of OMV Deutschland GmbH and Site Manager in Burghausen. He was appointed Site Manager in Schwechat in 2014 and took over the role of Senior Vice President of the Refining & Petrochemicals Business Unit with responsibility for all three OMV refineries in 2016. On July 1, 2019, Thomas Gangl became the Executive Board member responsible for Refining & Petrochemical Operations.

Functions in major subsidiaries of the OMV Group

Company	Function
OMV Petrom S.A.	Member of the Supervisory Board (since July 1, 2019)
Borealis AG	Member of the Supervisory Board (since July 3, 2019)
OMV Refining & Marketing GmbH	Managing Director (since July 1, 2019)

Manfred Leitner, *1960

Date of initial appointment: April 1, 2011
As of June 30, 2019, Manfred Leitner resigned as Executive Board member responsible for the Business Segment Downstream.

After receiving a degree in commerce from the Vienna University of Economics and Business Administration, Manfred Leitner joined OMV in 1985. After working for two years in the Finance Department of the Exploration & Production business unit, he became Head of Finance at OMV's branch in Tripoli, Libya. Following his return to Austria, he was in charge of the Controlling Department within Exploration & Production until 1997. He then moved to the Refining & Marketing Business Segment, where he led the Planning and Controlling Department until 2002. He was Senior Vice President for Downstream Optimization & Supply from 2003 until 2011.

Functions in major subsidiaries of the OMV Group

Company	Function
OMV Petrom S.A.	Member of the Supervisory Board (until June 30, 2019)
Borealis AG	Member of the Supervisory Board (until July 3, 2019)
OMV Supply & Trading Limited	Chairman of the Supervisory Board (until June 30, 2019)
OMV Gas & Power GmbH	Managing Director (until June 30, 2019)
OMV Refining & Marketing GmbH	Managing Director (until June 30, 2019)
Central European Gas Hub AG	Chairman of the Supervisory Board (until June 12, 2019)
GAS CONNECT AUSTRIA GmbH	Chairman of the Supervisory Board (until June 30, 2019)
OMV Gas Storage GmbH	Chairman of the Supervisory Board (until March 25, 2019)
OMV Gaz İletim A.Ş.	Chairman of the Board of Directors (until June 28, 2019)
OMV Enerji Ticaret A.Ş.	Chairman of the Board of Directors (until June 28, 2019)

Working practices of the Executive Board

The approval requirements, responsibilities of individual Executive Board members, decision-making procedures and the approach to conflicts of interest are governed by the Internal Rules of the Executive Board. The Executive Board holds meetings at least every two weeks to exchange information and issue decisions on all matters requiring plenary approval.

Remuneration report

The remuneration report gives an overview of the overall remuneration packages provided to Executive Board members and explains the remuneration guidelines. OMV differentiates between fixed and variable compensation elements but also between monetary and non-monetary components.

Executive Board remuneration guidelines 2019

Compensation Element	Description	Purpose & Link to Strategy	Shareholder Alignment
Base Salary	Salary levels take into account the responsibilities and performance of each member of the Executive Board, the situation of OMV, and common levels of remuneration at European Oil & Gas companies of comparable size as well as comparable Austrian companies. Compensation is set at a competitive level.	Provide a fixed level of earnings reflecting the scale and complexity of the business and the roles and responsibilities of each Executive Board member, ensuring competitiveness with the market.	Competitive compensation to attract, retain and motivate the most qualified managers in the Oil & Gas industry to lead the Company in the best interests of shareholders.
Annual Bonus (Cash Bonus and Equity Deferral)	Performance is measured based on annual criteria. The award is defined as a Target Annual Bonus in euros, in the Executive Board service contracts and is capped at 180% (150% +/– 20% Sustainability Multiplier). 2/3 of the Annual Bonus is paid in cash and 1/3 is allocated in shares (Equity Deferral) that are required to be held for three years after vesting.	Provide variable compensation based on annual financial and non-financial performance criteria that are relevant to OMV's strategy and the Oil & Gas industry. Performance is measured against financial targets and sustainability criteria, including indicators pertaining to health, safety, security and environment.	Performance criteria are closely linked to OMV's strategy, ensure pay for performance and foster an equity culture. The Equity Deferral serves – in addition to LTIP – as a long-term compensation instrument for the members of the Executive Board, promoting retention and alignment with shareholder interests at OMV. Payouts are subject to clawback provisions.
Long-Term Incentive Plan	A Performance Share Plan is employed. The number of shares that vest depends on the achievement of financial performance criteria as well as the relative Total Shareholder Return. The number of shares awarded is capped at 200% of the Target Long-Term Incentive in euros, as stated in the Executive Board service contracts. The Supervisory Board has the discretion to adjust the overall target achievement through a HSSE malus (HSSE = Health, Safety, Security, and Environment)..	Promote medium- and long-term value creation at OMV. Performance is measured against key criteria linked to OMV's strategy and shareholder return. The plan also seeks to prevent inappropriate risk-taking as well as long-term retention and ownership of Executive Board members.	Align interests of Executive Board and shareholders, ensure pay for performance and foster an equity culture by granting OMV shares subject to performance criteria focusing on financial and operational performance and increase in value compared to other European Oil & Gas companies. Details on the criteria are reported in the Annual Report. Grants are subject to malus and clawback provisions.
Benefits	Executive Board members receive a company car and are eligible for accident insurance. No additional health coverage aside from the Austrian public health system.	Provide benefits in line with common market practice to attract and retain Executive Board members.	Part of a competitive compensation package to attract and retain the most qualified Executive Board members.
Retirement Benefits	Defined contribution pension schemes are granted using a pension fund. Available capital in the pension fund determines the pension level. Retirement age is the Austrian statutory retirement age.	The rules governing defined contribution retirement benefits are systematically in line with those offered to OMV employees, ensuring that compensation packages are aligned with common market practice in Austria.	A pension fund is used to limit the risks borne by OMV. Pension benefits depend solely on the available capital in the pension fund. Annuitization into a life-long pension is in accordance with the pension fund's approved business plan.

Executive Board remuneration guidelines 2019

Compensation Element	Description	Purpose & Link to Strategy	Shareholder Alignment
Shareholding requirement	Shares equal to 200% of the Base Salary for the CEO, 175% for the Deputy CEO and 150% for other Executive Board members, which must be accumulated within five years after the respective initial appointment as Executive Board member.	Provide long-term alignment of interests by putting Executive Board members' personal assets at stake.	Align interests of Executive Board and shareholders by promoting the sustainable and long-term development of the Company and preventing inappropriate risk-taking.
Payout cap	In addition to the caps defined for the Annual Bonus and the Long-Term Incentive Plan, a cap on total annual compensation is applied for each Executive Board member.	Absolute caps to avoid unintended remuneration levels and ensure social acceptance of Executive remuneration payouts and limits the risk borne by OMV.	Align interests of Executive Board and shareholders by promoting the sustainable and long-term development of the Company and preventing inappropriate risk-taking.

The Executive Board members of OMV are employed under local Austrian terms and conditions, and salaries are therefore expressed in euros (gross). Their employment contracts are concluded with OMV Aktiengesellschaft and governed by Austrian law.

The remuneration of OMV's Executive Board members is aimed to be at competitive levels and includes a strong performance-related component. Competitive pay levels are ensured through regular external benchmarking against peer groups, such as European Oil & Gas companies and relevant Austrian industrial companies.

Long-term shareholder and stakeholder interests are reflected in performance-related remuneration, which includes both short- and long-term elements. The Executive Board's performance is assessed against financial and non-financial criteria. Specific projects related to the implementation of OMV's strategy are also taken into account.

Pursuant to C-rules 27 and 28 of the ACCG, measurable performance criteria are defined in advance for the variable remuneration components. Given the industry-inherent volatility of commodity prices and market conditions, political country risks as well as increased safety exposure, the variable remuneration plans give the Supervisory Board and the Remuneration Committee, certain room for adjustments in line with the general practice in the Oil & Gas industry to amend the threshold, target and maximum levels in case of significant changes in major external factors (e.g. oil price) as well as to determine the achievement of certain criteria. Any adjustments are always in line with relevant factors and within disclosed maximum limits.

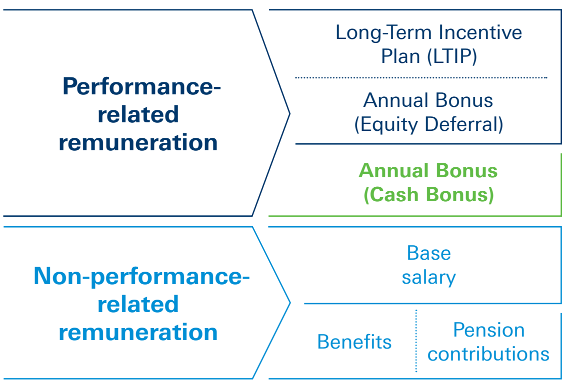
Structure of Executive Board Remuneration

The Executive Board remuneration consists of fixed and variable compensation elements as well as benefits. Each Executive Board member receives a remuneration package comprising a Base Salary, an Annual Bonus (a portion of which is paid out in OMV shares and required to be held for three years), a Long-Term Incentive Plan (LTIP), pension contributions and non-cash benefits.

The majority of Executive Board members' target compensation is granted in the form of variable compensation elements. For the financial year 2019, variable elements comprised between 65% and 73% of Executive Board members' target compensation (variance is due to higher target LTIP level for the Chairman). In line with Austrian law and requirements set forth by the ACCG, a majority of variable compensation is based on multiyear performance. For the financial year 2019, between 35% to 49% of the target compensation is oriented towards long-term performance, either through the LTIP or the deferred portion of the Annual Bonus (Equity Deferral) which required to be held for three years.

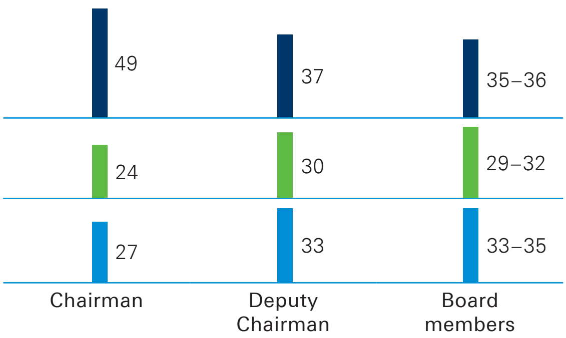
Overview of the Executive Board's compensation

Remuneration Component



Share of Total Target Remuneration

In %



Non-performance-related remuneration

Base salary

The fixed base remuneration of Executive Board members is paid monthly as a salary. The employment contracts stipulate payment of the fixed remuneration in 14 payments per year.

Benefits

Executive Board members receive a company car and are eligible for an accident insurance. Health coverage for Executive Board members is provided under the Austrian public social insurance system.

Pension contributions

All members of the Executive Board are entitled to defined contribution pension payments, thus limiting the risks borne by OMV. The Company pays the contributions into a pension fund (APK-Pensionskasse AG). The actual amount of the company pension depends on the amount of available capital in the pension fund. Annuitization is in accordance with the pension fund's approved business plan. The retirement age for all Executive Board members is the Austrian statutory retirement age.

Performance-related remuneration

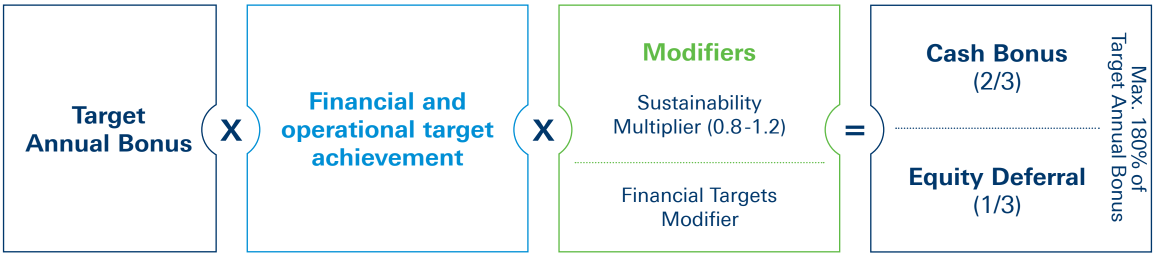
Annual bonus

The Annual Bonus rewards financial performance, operational excellence and sustainable corporate development at OMV. For each financial year, the Supervisory Board defines a set of performance criteria. At maximum, the payout can amount to 180% (150% +/–20% Sustainability Multiplier) of the Target Annual Bonus defined in the Executive Board service contracts.

The actual amount depends on the achievement of financial and operational targets. Additionally, the Sustainability Multiplier can be applied to the overall performance at the Supervisory Board's discretion based on a predefined set of criteria. In case of major changes in external factors (e.g. oil price) the Supervisory Board can adjust the target levels of the performance criteria. The performance criteria applied in the financial year 2019 are described in detail below.

The payout of the Annual Bonus is split between a Cash Bonus (2/3), which is paid in the following financial year, and an Equity Deferral (1/3), which is awarded in OMV shares to be held for a period of three years (holding period). The shares are awarded net of taxes in the following financial year and are to be transferred to a trustee deposit managed by OMV, for the duration of the holding period. The Equity Deferral serves – in addition to LTIP – as a long-term compensation instrument for the members of the Executive Board, promoting retention and alignment with shareholder interests at OMV.

Annual Bonus 2019



Performance criteria are agreed at the outset of the performance year and then assessed after the close of that year. The performance criteria for the financial year 2019 comprise the areas and adjustments set out in the table below.

Performance criteria – 2019 Annual Bonus (Cash Bonus and Equity Deferral)

Area	Criteria	Weighting
Financial	Reported Net Income	40%
	Clean CCS ROACE 3-year average (2017-2019)	40%
Operational target	NPV assessment of ongoing large investments including acquisitions based on annual change	20%
Sustainability Multiplier	Sustainability Multiplier with a value between 0.8 and 1.2 (corresponds to +/–20%) applicable to overall target achievement	+/–20% multiplier/ discretionary
Adjustment of financial targets	In case of major changes in external factors (e.g., oil price), the OMV Supervisory Board has the discretion to adjust the target levels of the performance criteria.	discretionary

The actual payout depends on the **level of actual achievement** of each performance criterion, which is determined by comparing achieved results against defined targets and expressed as a percentage. The actual achievements are validated by Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. Payout occurs on a straight-line basis between the performance levels.

Level of vesting

Criteria	Performance	Vesting
All criteria	Maximum	150%
	Target	100%
	Threshold	50%
	Below threshold	0%

The Target Annual Bonus amount for each Executive Board member is defined as follows assuming target achievement of 100%:

Target variable remuneration – Annual Bonus 2019

In EUR

	Seele	Pleininger	Florey	Gangl[1]
Cash Bonus	1,000,000	700,000	675,000	245,000
Equity Deferral	500,000	350,000	337,500	122,500

[1] Pro-rated Target Annual Bonus 2019 as Mr. Gangl joined the Executive Board effective July 1, 2019

The actual target **achievements in 2019** resulted in a Total Actual Annual Bonus of 165.5%. The Cash Bonus component, 2/3 of the total, is to be paid in 2020. Under the Equity Deferral, the remaining 1/3 is to be awarded in the form of OMV shares and required to be held for a period of three years.

Performance scorecard – 2019 Annual Bonus (Cash Bonus and Equity Deferral)

Criteria		Threshold	Target	Maximum	Actual	Weighting	Vesting (% of target Value)
Reported Net Income, adjusted for mark-to-market valuation of unrealized hedges, excluding M&A activities	in EUR mn	1,770	2,080	2,390	2,146	40%	44.2%
Clean CCS ROACE 3-year average	in %	11.8%	12.3%	12.8%	12.5%	40%	47.5%
Operational target	in EUR mn	Decrease of non-market NPV by EUR (65) mn from baseline	No change in non-market NPV from base-line	Increase in non-market NPV by EUR +65 mn over baseline	262	20%	30%
Target achievement before financial targets modifier and Sustainability Multiplier							121.7%
Target achievement after financial targets modifier							142.7%
Sustainability Multiplier		0.8	1	1.2			1.16
Total vesting percentage							165.5%

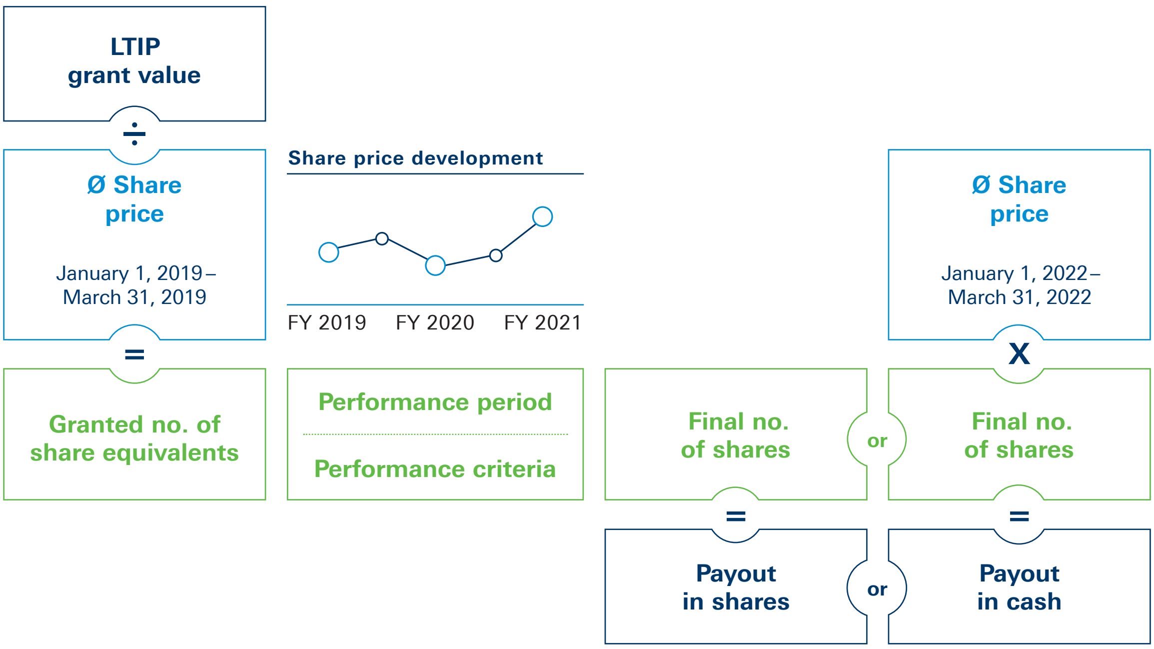
The targets for Reported Net Income and three-year average Clean CCS ROACE were achieved in the financial year 2019. The operational target, the NPV assessment of selected large investment projects, was achieved at maximum level. Taking into account substantial deterioration in the market environment as compared to the assumptions on which the Annual Bonus was based, the Supervisory Board made use of its discretionary power and lowered the target levels of the financial criteria, thereby adjusting the target achievement from 121.7% to 142.7%. A predefined set of criteria was used by the Supervisory Board in making its discretionary decision with respect to the Sustainability Multiplier. In particular, improvements in environment, safety and sustainability and the fact that there were no fatalities in 2019 were taken into consideration in amending the target achievement related to the Sustainability Multiplier by 1.16.

Long-Term Incentive Plan

The Long-Term Incentive Plan (LTIP) is a long-term compensation instrument for members of the Executive Board that promotes medium- and long-term value creation at OMV. The plan seeks to align the interests of management and shareholders by granting performance-based remuneration to management in the form of OMV shares, subject to performance against key performance criteria linked to the medium-term strategy and shareholder return. The plan also seeks to prevent inappropriate risk-taking. The grant is defined as a Target Long-Term Incentive, as stated in the Executive Board service contracts.

Executive Board members have received an annual grant since the plan's introduction in 2009. The LTIP 2019 was approved by the Annual General Meeting 2019.

Long-Term Incentive Plan (LTIP) 2019



Performance criteria are agreed at the beginning of the three-year performance period and assessed after the close of this period. Weightings for the respective criteria are also established at the outset of the performance period. For the LTIP 2019 (performance period: January 1, 2019, to December 31, 2021), the following performance criteria apply:

Performance criteria – LTIP 2019

Criteria	Weighting
Relative Total Shareholder Return (TSR)	50%
Free cash flow before dividends and excl. divestments and acquisitions 3-year average	50%

The actual LTIP amount depends on the **level of vesting** of each performance criterion, which is determined by comparing achieved results against defined targets and expressed as a percentage. The actual achievements are validated by Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. Payments will vest on a straight-line basis between the performance levels/quartiles.

A HSSE malus (HSSE = Health, Safety, Security, and Environment) may be applied to overall target achievement. In situations where a severe health, safety and security or environmental breach has occurred, the Supervisory Board can re-examine the level of the LTIP payout and, depending on the extent of the infraction, reduce it at its discretion, if necessary to zero.

The LTIP 2019 vests on March 31, 2022. The vesting levels for each of the performance criteria are shown in the table below.

Relative TSR is measured against a well-balanced Upstream/Downstream peer group of twelve Oil & Gas companies (Shell, BP, Total, Eni, Equinor, Lundin Petroleum, Repsol, Galp Energia, MOL, Tupras, Neste Oil and PKN Orlen).

Level of vesting

Criteria	Performance	Vesting
Free cash flow before dividends and excl. divestments and acquisitions 3-year average	Maximum	200%
	Target	100%
	Threshold	50%
	Below threshold	0%
Relative TSR	Maximum: at or above 3rd quartile (≥75th percentile)	200%
	Target: at median (=50th percentile)	100%
	Threshold: at or below 1st quartile (≤25th percentile)	0%

The Target Long-Term Incentive amounts for each Executive Board member is defined as follows assuming vesting levels of 100%:

Target variable remuneration – LTIP 2019

In EUR

	Seele	Pleininger	Florey	Gangl[1]
LTIP 2019	1,500,000	500,000	387,500	177,500

[1] Pro-rated LTIP 2019 as Mr. Gangl joined the Executive Board effective July 1, 2019

The total vesting percentage for the LTIP 2017 is 96.6% of the maximum grant, and the corresponding transfer of shares or cash payment will be made in 2020. The actual achievements are reviewed by an independent expert.

Note 32 provides additional information on the Long-Term Incentive Plan and the Equity Deferral (MSP).

Performance scorecard – LTIP 2017

Criteria		Threshold	Target	Stretch	Actual	Weighting	Vesting (% of max. grant value)
Relative TSR vs. peers		at or below 1st quartile (≤25th percentile)	at median (=50th percentile)	at or above 3rd quartile (≥75th percentile)	at or above 3rd quartile	60%	60%
Free Cash Flow before dividends excl. divestments and acquisitions (3-year average)	in EUR mn	1,025	1,285	1,545	2,038	10%	10%
3-year average Lost Time Injury Rate		0.40	0.36	0.27	0.33	10%	8.1%
3-year average Reserve Replacement Rate (calculated on 1P reserves)		100%	125%	150%	166%	10%	10%
Performance of divestments & acquisitions		Based on pre-defined criteria			8.5%	10%	8.5%
Total vesting percentage						**100%**	**96.6%**

Shareholding requirements for members of the Executive Board

Executive Board members are required to accumulate an appropriate shareholding in OMV and hold these shares until retirement or departure from the Company. The shareholding requirement is defined as a percentage of the annual gross base salary: 200% for the Chairman of the Executive Board, 175% for the Deputy Chairman of the Executive Board and 150% for other Executive Board members. The shareholding must be accumulated and achieved within five years after the respective initial appointment as Executive Board member. All Executive Board members have already fulfilled at least a part of their shareholding requirement.

To the extent the shareholding requirement is not fulfilled, payments from the LTIP will be automatically made in the form of shares (net after tax deduction). If the shareholding requirement is already fulfilled, the payout can be made either in cash or shares. The base for the calculation of the LTIP 2019 shareholding requirement is the average closing price of the OMV share on the Vienna Stock Exchange over the three-month period from January 1, 2019, to March 31, 2019 (EUR 44.64).

Shareholding requirement and fulfillment for LTIP 2017

	Shareholding requirement		Fulfillment	
	In shares	As % salary	In shares [1]	As % requirement
Seele	62,876	200	91,974	146.28
Pleininger	32,153 [2]	175	45,032	140.06
Florey	30,009	150	24,351	81.15
Gangl	3,966 [3]	150	10,730	270.55

[1] On Company trustee deposits
[2] The stated shareholding requirement in number of shares results from the LTIP 2017 when Mr. Pleininger still had an obligation of 150% of his gross annual salary; since his appointment as Deputy CEO, a shareholding requirement of 175% applies
[3] The stated shareholding requirement in number of shares results from the Senior Management LTIP 2017, when Mr. Gangl had an obligation of 75% of his grant level; since his appointment as Executive Board member, a shareholding requirement of 150% applies

Clawback

Both the Equity Deferral and the LTIP are subject to clawback regulations that, under certain circumstances, allow for an adjustment of outstanding compensation and/or reclaiming of compensation already paid out. In case of a clawback event, cash or company shares granted under Equity Deferral or LTIP will be reduced or may be clawed back upon request by the Supervisory Board. The following reasons are considered clawback events: correction of audited financial statements due to a mistake, material failure of risk management that leads to significant losses, and serious misconduct by individual Executive Board members that violates Austrian law. Furthermore, in the event any payout in cash or transfer of shares is based on an incorrect bonus calculation, Executive Board members are required to return or repay the compensation received on account such calculation errors.

Remuneration levels in 2019

Executive Board remuneration [1]

In EUR

Remuneration 2019	Seele	Pleininger	Florey	Gangl (since July 1, 2019)	Leitner (until June 30, 2019	Total
Fixed (base salary)	1,100,000	750,000	700,000	287,838	349,589	**3,187,427**
Fixed (functional allowance)	1,002,000 [2]	0	0	0	0	**1,002,000**
Variable (Cash Bonus 2018) [3]	1,246,000	872,200	841,050	0	841,050	**3,800,300**
Benefits in kind (company car, accident insurance and reimbursed expenses)	12,816	13,001	44,613 [4]	6,590	6,382	**83,403**
Total	**3,360,816**	**1,635,201**	**1,585,663**	**294,428**	**1,197,021**	**8,073,130**
Variable (Equity Deferral 2018; in shares)	14,431	10,101	9,741	0	9,741	**44,014**
Fixed/variable ratio [5]	19/81 [6]	23/77	27/73	100/0	11/89	**21/79**
LTIP 2016 (cash) [7]	0	1,264,963	0	0 [8]	1,609,984	**2,874,947**
LTIP 2016 (in shares) [7]	60,971	0	14,595	0	0	**75,566**

[1] There are discrepancies between individual items and totals due to rounding differences.
[2] Rainer Seele received a payment for the interim responsibility for "Marketing and Trading" since July 1, 2019.
[3] The variable components relate to target achievement in 2018, for which variable compensation was paid in 2019.
[4] Including schooling costs and related taxes
[5] Split of total compensation. Fixed includes base salary and benefits in kind; variable includes Cash Bonus, Equity Deferral ("share part of the Annual Bonus") and LTIP 2016
[6] If payment for the interim role included, the fixed/variable ratio is 30/70
[7] LTIP payout in cash or shares depending on fulfillment of the shareholding requirement
[8] Thomas Gangl received a cash payment amounting to EUR 0.23 mn based on his Senior Manager LTIP 2016

As in the past, salaries are not subject to automatic consumer price inflation increases but instead will be reviewed on an annual basis together with the performance of the Executive Board members.

Pension fund contributions

In EUR

Seele	275,000
Pleininger	187,500
Florey	175,000
Gangl[1]	71,875
Leitner[2]	87,500
Total	**796,875**

[1] Pro-rated pension fund contribution; Mr. Gangl joined the Executive Board effective July 1, 2019.
[2] Pro-rated pension fund contribution; Mr. Leitner resigned as member of the Executive Board effective June 30, 2019.

Termination-related benefits

Manfred Leitner resigned as member of the Executive Board effective June 30, 2019, while his contract continued for six months beyond that date. He continued to receive payments (including benefits in kind) under his employment contract during this period.

Based on their former employment contracts as Executive Board members, Gerhard Roiss, David C. Davies, Jaap Huijskes, and Manfred Leitner received payments in 2019. David C. Davies, Jaap Huijskes and Gerhard Roiss received LTIP payments in 2019.

Payments to former Executive Board members

In EUR

	Davies	Huijskes	Roiss	Leitner[3] (since July 1, 2019
Remuneration entitlements for 2019 (bonus and LTIP)[1]	247,340	415,365	3,128,947	0
Payments for contractual obligations[2]	0	0	0	665,511
Total	**247,340**	**415,365**	**3,128,947**	**665,511**

[1] LTIP related to target achievement in 2016–2018
[2] Base salary, annual leave compensation payments, benefits in kind and pension fund contributions
[3] LTIP 2016 payments (in 2019) are reported in the table of Remuneration levels in 2019

In accordance with C-rule 27a of the ACCG, the employment contracts with members of the Executive Board provide that settlement payments in the event of premature termination of such contracts without a material breach shall not exceed the amount set forth in the ACCG (maximum of two years annual pay). For contracts concluded after July 2015, settlement payments in the event of termination within the contract period have been reduced to 18 months' pay and have been limited to fixed salary only. No settlement payment is made if the Executive Board member terminates the contract prematurely.

Directors' and Officers' (D&O) insurance

OMV has obtained a Directors' and Officers' liability insurance (D&O insurance) on a Group-wide basis. The expenses are borne by the Company. This insurance covers Executive Board members, Supervisory Board members and other OMV employees (officers). Coverage is provided for the statutory liability of insured persons for financial losses resulting from wrongful acts committed while acting within the scope of their function. For the current insurance period, the yearly premium (including taxes) for the entire OMV Group's D&O insurance amounts to approximately EUR 600,000.

Indemnity

The Executive Board and officers of direct and indirect subsidiaries of OMV Aktiengesellschaft, to the extent legally possible, are also indemnified against claims by third parties with respect to their actions exercised within the scope of their duties, except in cases of willful intent or gross negligence.

Remuneration principles within the OMV Group

In order to promote and support OMV's strategy optimally, OMV aims to ensure competitive compensation and benefits packages. OMV continuously monitors market trends and international best practices in order to attract, motivate and retain the best-qualified talent from around the world. OMV strives for long-lasting employment relationships. The base salaries are set in accordance with internationally accepted methods for determining market levels of remuneration and comply with the relevant legal regulations and collective agreements.

The principles applicable to Executive Board remuneration are applied to all employees in adapted form. In general, OMV's remuneration is designed to be highly competitive within relevant labor markets in the Oil & Gas business. This is ensured by conducting yearly salary reviews. Furthermore, the packages include a balanced and transparent mix of fixed and variable, monetary and non-monetary components. The base salaries are market oriented, fair and based on the position and expertise of the employee. In addition, OMV uses a variety of compensation elements to strengthen its position as an attractive employer in the Oil & Gas business, for example:

- Performance bonuses
- Long-Term Incentive Plans
- Company cars and car allowances

Beyond that, the benefits portfolio is customized for each of the countries in which OMV operates to meet the needs of the local employees. As an example, depending on local circumstances additional incentives may include the following:

- Retirement plans
- Subsidized canteen
- Health centers
- Kindergarten
- Summer Kids Camp
- Anniversary payments
- Recognition program – "thx!" ("Thank you for doing great!")

Selected employees at senior management levels of the Group (91 individuals) are eligible for the Long-Term Incentive Plan. This employee group is also eligible for bonus programs, as outlined below. In addition, the Executive Board grants a Transformation Bonus to selected employees at senior management level of the Group, which is dependent on the fulfillment of predefined KPIs. The successful target achievement led to a payout in 2018, another will potentially follow in 2021.

In 2019, approximately 4,300 managers and experts participated in a Management by Objectives (MbO) program that entitles the participants to a bonus if targets are reached. OMV also provides bonus schemes for other employee groups, which vary from country to country. Employee representatives are involved in designing these incentive schemes. In all these systems, bonus payments are dependent upon the achievement of financial and non-financial corporate targets, as well as individual targets agreed with each employee.

Supervisory Board

OMV's Supervisory Board consists of ten members elected by the General Meeting (shareholders' representatives) and five members delegated by the Group works council. One of the current shareholders' representatives was elected at the 2015 Annual General Meeting (AGM) and nine were elected at the 2019 AGM. The members of OMV's Supervisory Board in 2019 and their appointments to supervisory boards of other domestic or foreign listed companies as well as any management functions held are shown below.

Peter Löscher, *1957
Chairman (until May 14, 2019)
Seats: Sulzer AG (Chairman), Telefonica, S. A.

Wolfgang C. Berndt, *1942
Chairman (since May 14, 2019)
Seats: no seats in domestic or foreign listed companies

Thomas Schmid, *1975
Deputy Chairman (since May 14, 2019)
Seats: Verbund AG, Telekom Austria AG

Alyazia Ali Al Kuwaiti, *1979
Deputy Chairwoman
(Executive Director Upstream & Integrated, Mubadala Investment Company PJSC)
Seats: no seats in domestic or foreign listed companies

Mansour Mohamed Al Mulla, *1979
(Platform CFO Petroleum & Petrochemicals, Mubadala Investment Company PJSC)
Seats: Aldar Properties PJSC

Elif Bilgi Zapparoli, *1967
(until May 14, 2019)
(Global Co-Head Capital Markets & Co-Head of APAC Global Corporate and Investment Banking, Bank of America Merrill Lynch)
Seats: no seats in domestic or foreign listed companies

Stefan Doboczky, *1967
(since May 14, 2019)
(Chief Executive Officer Lenzing AG)
Seats: no seats in domestic or foreign listed companies

Helmut Draxler, *1950
(until May 14, 2019)
Seats: no seats in domestic or foreign listed companies

Marc H. Hall, *1958
(until May 14, 2019)
(Managing Director, R&EM – Restructuring & Energy Management e.U.)
Seats: no seats in domestic or foreign listed companies

Karl Rose, *1961
(Strategy Advisor, Abu Dhabi National Oil Company)
Seats: no seats in domestic or foreign listed companies

Elisabeth Stadler, *1961
(since May 14, 2019)
(Chief Executive Officer VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe)
Seats: voestalpine AG

Christoph Swarovski, *1970
(since May 14, 2019)
(Chief Executive Officer, Tyrolit AG)
Seats: no seats in domestic or foreign listed companies

Cathrine Trattner, *1976
(since May 14, 2019)
Seats: no seats in domestic or foreign listed companies

Gertrude Tumpel-Gugerell, *1952
Seats: Commerzbank AG, VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe, AT&S Austria Technologie & Systemtechnik AG

Herbert Werner, *1948
(until May 14, 2019)
(Managing Director, HCW Verkehrsbetriebe GmbH; Managing Director, HCW Vermögensverwaltungs GmbH)
Seats: Ottakringer Getränke AG (Deputy Chairman)

Delegated by the Group works council (employee representatives)

Christine Asperger, *1964
Herbert Lindner, *1961
Alfred Redlich, *1966
Gerhard Singer, *1960
Angela Schorna, *1980

More detailed information about all members of OMV's Supervisory Board, including their professional careers, can be obtained from OMV's website at www.omv.com > About us > Supervisory Board.

Diversity

The main considerations in selecting the members of the Supervisory Board are relevant knowledge, personal integrity and experience in executive positions. Furthermore, aspects of diversity of the Supervisory Board with respect to the internationality of the members, the representation of both genders, and the age structure are taken into account. The Supervisory Board includes six women and two non-Austrian nationals. The members of the Supervisory Board are aged between 39 and 77.

Independence

The Supervisory Board has defined the criteria that constitute independence (resolutions dated March 21, 2006, and March 25, 2009). In addition to the guidelines set out in Annex 1 of the ACCG, the Supervisory Board has established the following criteria with regard to its members elected by the General Meeting:

- A Supervisory Board member shall not serve on the Executive Board of an OMV Group company.
- A Supervisory Board member shall not hold stock options issued by the Company or any affiliated company, or receive any other performance-related remuneration from an OMV Group company.
- A Supervisory Board member shall not be a shareholder with a controlling interest in the meaning of EU Directive 83/349/EEC (i.e. an interest of more than 50% of the voting rights or a dominant influence, e.g. through the right to appoint Board members) or represent such a shareholder.

All members elected by the General Meeting except Helmut Draxler and Herbert Werner, with regard to the duration of their terms, have declared their independence from the Company and its Executive Board during the 2019 financial year and up to the time of making such declarations (C-rule 53 of the ACCG). Under C-rule 54 of the ACCG, Peter Löscher, Wolfgang C. Berndt, Elif Bilgi Zapparoli, Stefan Doboczky, Helmut Draxler, Marc H. Hall, Karl Rose, Elisabeth Stadler, Christoph Swarovski, Cathrine Trattner, Gertrude Tumpel-Gugerell and Herbert Werner have made declarations to the effect that they were not shareholders with a stake of more than 10% or represented such shareholders' interests during the financial year 2019 and up to the time of making such declarations. Peter Löscher, Marc H. Hall and Gertrude Tumpel-Gugerell were nominated for election as Supervisory Board members by the nomination committee of Österreichische Bundes- und Industriebeteiligungen GmbH ("ÖBIB")[1] and, subsequently (after being so proposed by the Presidential and Nomination Committee and the Supervisory Board), they were elected as Supervisory Board members. Wolfgang C. Berndt, Thomas Schmid, Stefan Doboczky, Karl Rose, Elisabeth Stadler, Christoph Swarovski and Cathrine Trattner were nominated for the election as Supervisory Board members by Österreichische Beteiligungs AG[1], which must comply with the strict independence and incompatibility criteria of the Austrian Corporate Governance Code when nominating or appointing persons as members of the Supervisory Boards of its affiliated companies and ensure that they exercise their activities on the Supervisory Boards of the affiliated companies independently of their own interests or those of legal entities closely associated with them.

Position and committee memberships in 2019[1]

Name	Supervisory Board and Committees 2019[1]					Remuneration for 2018[2]	for 2019[3]	Term of office
	SB	PNC	PPC	AC	RC	in EUR	in EUR	
Peter Löscher	C	C	DC	M	C	80,000	36,712	May 18, 2016, to May 14, 2019
Wolfgang C. Berndt	C	C	M	M	C	44,000	65,517	May 26, 2010, to 2020 AGM
Thomas Schmid[4]	DC	DC	DC	M	DC	–	44,934	May 14, 2019, to 2024 AGM
Alyazia Ali Al Kuwaiti	DC	DC	DC	DC	DC	44,600	91,250	May 22, 2018, to 2024 AGM
Mansour Mohamed Al Mulla	M	M	M	–	–	24,438	50,000	May 22, 2018, to 2014 AGM
Elif Bilgi Zapparoli	M	–	–	–	–	20,000	9,178	May 13, 2009, to May 14, 2019
Stefan Doboczky	M	–	–	–	–	–	12,657	May 14, 2019, to 2022 AGM
Helmut Draxler	M	–	–	M	M	40,000	14,684	October 16, 1990, to May 14, 2019
Marc H. Hall	M	–	M	–	–	30,000	11,013	May 18, 2016, to May 14, 2019
Karl Rose	M	–	C	–	–	34,000	34,000	May 18, 2016, to 2024 AGM
Elisabeth Stadler	M	–	–	DC	–	–	20,252	May 14, 2019, to 2022 AGM
Christoph Swarovski	M	–	–	–	M	–	18,986	May 14, 2019, to 2022 AGM
Cathrine Trattner	M	–	–	M	–	–	23,732	May 14, 2019, to 2022 AGM
Gertrude Tumpel-Gugerell	M	–	–	C	M	67,110	53,912	May 19, 2015, to 2020 AGM
Herbert Werner	M	–	–	M	–	30,000	11,013	June 4, 1996, to May 14, 2019
Christine Asperger	M	M	–	–	–	–[5]	–[5]	Since January 1, 2013[6]
Herbert Lindner	M	–	M	M	–	–[5]	–[5]	Since June 1, 2013[6]
Alfred Redlich	M	M	M	–	–	–[5]	–[5]	Since June 1, 2013[6]
Angela Schorna	M	–	–	M	–	–[5]	–[5]	Since March 23, 2018[6]
Gerhard Singer	M	–	M	M	–	–[5]	–[5]	Since September 26, 2016[6]

[1] Abbreviations: SB = Supervisory Board, PNC = Presidential and Nomination Committee, PPC = Portfolio and Project Committee, AC = Audit Committee, RC = Remuneration Committee. C = Chairman/Chairwoman; DC = Deputy Chairman/Chairwoman; M = Member; AGM = Annual General Meeting; Members of the Supervisory Board whose term ended in the business year 2018 are not listed herein.
[2] Meeting fees in the amount of EUR 400/meeting, as well as any applicable reimbursement of withholding tax, are not included therein.
[3] Based on remuneration as adopted by the 2019 AGM; subject to approval by the 2020 AGM
[4] In accordance with the employment contract as CEO of ÖBAG, Thomas Schmid transferred his remuneration to ÖBAG.
[5] Members delegated to the Supervisory Board by the Group works coun cil do not receive remuneration but just attendance expenses.
[6] Delegation by the Group works council is for an indefinite period of time; however, the employee representatives may be recalled at any time by the delegating body.

1 With effect from February 20, 2019 Österreichische Bundes- und Industriebeteiligungen GmbH was transformed into a joint-stock company (Aktiengesellschaft) and renamed Österreichische Beteiligungs AG.

Working practices of the Supervisory Board

The Supervisory Board fulfills its duties – in particular supervising the Executive Board and advising it on strategy – by discussing the Company's situation and objectives during board meetings. Decisions are also taken at these meetings, except in urgent cases where resolutions can be taken by circular vote. Four committees ensures that best possible use is made of the Supervisory Board members' expertise. Brief descriptions of these committees are given below (see also the Report of the Supervisory Board for an overview of the individual committees' main activities in 2019). In 2019, eight meetings of the Supervisory Board and 24 Committee meetings were held. In several of these meetings, the Executive Board and the Supervisory Board discussed OMV strategy. With exception of Elif Bilgi Zapparoli, no member of the Supervisory Board attended fewer than half of the meetings.

Attendance of Supervisory Board and Committee meetings in 2019 was as follows:

Attendance of Supervisory Board and Committee Meetings in 2019[1]

Name	SB	PNC	PPC	AC	RC
Peter Löscher[2]	3/3	3/3	2/2	3/3	2/2
Wolfgang C. Berndt	8/8	5/5	1/1	7/7	6/6
Thomas Schmid[3]	5/5	5/5	1/1	4/4	4/4
Alyazia Ali Al Kuwaiti	5/8	6/8	2/3	7/7	5/6
Mansour Mohamed Al Mulla	7/8	7/8	3/3		
Elif Bilgi Zapparoli	1/3				
Stefan Doboczky[3]	4/5				
Helmut Draxler[2]	2/3			3/3	2/2
Marc H. Hall[2]	3/3		2/2		
Karl Rose	7/8		2/3		
Elisabeth Stadler[3]	4/5			2/4	
Christoph Swarovski[3]	4/5				3/4
Cathrine Trattner[3]	5/5			4/4	
Gertrude Tumpel-Gugerell	7/8	3/3	2/2	7/7	6/6
Herbert Werner[2]	3/3			3/3	
Christine Asperger	8/8	8/8			
Herbert Lindner	5/8		3/3	5/7	
Alfred Redlich	8/8	8/8	3/3		
Angela Schorna	8/8			7/7	
Gerhard Singer	8/8		2/3	7/7	

[1] Abbreviations: SB = Supervisory Board, PNC = Presidential and Nomination Committee, PPC = Portfolio and Project Committee, AC = Audit Committee, RC = Remuneration Committee
[2] Until May 14, 2019
[3] Since May 14, 2019

Pursuant to C-rule 36, the Supervisory Board shall discuss the efficiency of its activities annually, in particular its organization and work procedures (self-evaluation). In the 2019 financial year, the Supervisory Board initiated a thorough self-evaluation of its activities with external support, the results of which will be extensively discussed within the Supervisory Board in the first half of 2020.

Presidential and Nomination Committee

This committee is empowered to take decisions on matters of urgency. The Supervisory Board may transfer other duties and powers of approval to the Presidential and Nomination Committee on an ad hoc or permanent basis. In its capacity as the Nomination Committee, this body makes proposals to the Supervisory Board for the appointment or replacement of Executive Board members and deals with succession planning. It also makes recommendations to the General Meeting for appointments to the Supervisory Board. There were eight meetings of the Presidential and Nomination Committee in 2019, in which discussions focused on Executive and Supervisory Board matters.

Audit Committee

This committee performs the duties established by section 92 (4a) Stock Corporation Act. The committee held seven meetings during the year. It predominantly dealt with preparations for the audit of the annual financial statements, a review of the auditors' activities, internal audit, the internal control and risk management systems, as well as the presentation of the annual financial statements. Gertrude Tumpel-Gugerell is the financial expert on the Audit Committee in the meaning of section 92 (4a) (1) Stock Corporation Act.

Auditors

The Supervisory Board monitors the auditors' independence and reviews a breakdown of the audit fees and fees for additional services besides auditing activities. In 2019, the auditors Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. (including their network in the meaning of section 271b Code of Commerce) received EUR 3.15 mn for the annual audit, EUR 0.71 mn for other assurance services, EUR 0.09 mn for tax advisory services and EUR 0.29 mn for other engagements.

Portfolio and Project Committee

This committee supports the Executive Board in preparing complex decisions on key issues where necessary and reports on these decisions and any recommendations to the Supervisory Board. In 2019, three meetings of the Portfolio and Project Committee were held.

Remuneration Committee

This committee deals with all aspects of the remuneration of Executive Board members and with their employment contracts. The committee's membership does not include employee representatives. The committee is empowered to conclude, amend and terminate Executive Board members' employment contracts and to take decisions on the awarding of bonuses (variable remuneration components) and other such benefits to them. The Remuneration Committee met six times during 2019. Executive Board members were invited to attend parts of some of the meetings of the Remuneration Committee.

hkp/// group was appointed by the Remuneration Committee and provided remuneration advice to the Committee, which included the development of remuneration benchmarks with comparable companies, advice on the appropriate structure and level of Executive Board compensation in line with regulatory requirements and market practice as well as support for the development of the remuneration policy.

In 2019 hkp/// group was also appointed by OMV and by OMV Petrom. They provided advice to OMV, in relation to governance processes between OMV and OMV Petrom, and to OMV Petrom, in relation to remuneration issues of Executive and Supervisory Board members of OMV Petrom. hkp/// group did not advise the OMV Executive Board in matters relating to remuneration, ensuring independence with respect to the Austrian Code of Corporate Governance.

Conflicts of interest and dealings by members of the Supervisory Board requiring approval

There were no transactions requiring approval in accordance with section 95 (5) (12) Stock Corporation Act. The Internal Rules of the Supervisory Board contain detailed procedures for the treatment of conflicts of interest on the part of Supervisory Board members.

Remuneration

In accordance with the Articles of Association, the AGM resolves the remuneration of the Supervisory Board members elected by the General Meeting for the previous financial year. The 2019 AGM adopted the remuneration scale for the 2018 financial year as shown in the table below.

Remuneration for Supervisory Board members

In EUR[1]

Chairman/Chairwoman	30,000
Deputy Chairman/Chairwoman	25,000
Ordinary member	20,000
Committee Chairman/Chairwoman	14,000
Committee Deputy Chairman/Chairwoman	12,000
Ordinary Committee member	10,000

[1] Meeting fees in the amount of EUR 400/meeting, as well as any applicable reimbursement of withholding tax, are not included therein.

The amounts for the 2018 financial year were disbursed to the Supervisory Board members concerned in 2019; these were exclusive of expenses (travel and attendance expenses).

In 2019, the Supervisory Board members' remuneration (for the 2018 financial year and including reimbursement for withholding tax as applicable) amounted to EUR 0.51 mn, attendance expenses for EUR 0.10 mn and travel expenses for EUR 0.14 mn.

Employee participation

The Group works council holds regular meetings with the Executive Board in order to exchange information on developments affecting employees. Furthermore, the Group works council has made use of its right to delegate members to the Supervisory Board (one employee representative for every two members elected by the General Meeting). Therefore, out of the 15 Supervisory Board members, five members are employee representatives.

Rights of minority shareholders

- General Meeting: An Extraordinary General Meeting must be convened at the request of shareholders holding not less than 5% of the shares.
- Agenda items must be included at the request of shareholders holding not less than 5% of the shares.
- Shareholders holding not less than 1% of the shares may submit resolution proposals on all agenda items. Such resolution proposals must be posted on the website upon request of the respective shareholders.
- Shareholders holding not less than 10% of the shares may require an extraordinary audit in the event of grounds for suspicion of irregularities, or gross violations of the law or the Articles of Association.

- All shareholders having duly provided evidence of their shareholding are entitled to attend General Meetings, ask questions and vote.
- Election of the Supervisory Board: If elections for two or more positions to the Supervisory Board are held at the same General Meeting, separate votes must be held for each position. If elections for three or more seats on the Supervisory Board are held at the same General Meeting, and if prior to the vote on the last position to be assigned it is found that at least one-third of all the votes have been cast in favor of the same person but he or she has not been elected, then this person must be declared as Supervisory Board member.

Women's Advancement and Diversity Concept

Diversity is an enormous strength that OMV actively builds on now, and in the future. Consequently OMV strives to continuously develop new initiatives and measures that promote diversity and equal opportunities. OMV is committed to its Group diversity strategy focusing on gender and internationality. As a company active in an industry with a strong technical focus, it is particularly challenging for OMV to achieve a satisfactory gender balance in all fields of business activity. OMV is committed to supporting women's advancement to managerial positions. The strategic objective is to achieve the best diversity mix at the senior management level. The aim is to increase the proportion of women in Senior Leadership roles, from 19.6% currently to 25% by 2025 through a number of initiatives such as mentoring, succession planning, specific trainings as well as initiatives to promote a healthy work/life balance.

The proportion of women in the Group as a whole has risen to 26% (2018: 25%), 19.6% of whom are in management and executive positions. OMV reached a notable share of 47% of female participants in our new Leadership Refresher program for managers who have been with the Group for several years. In OMV's Upstream integrated graduate development program for technical skill pools, the proportion of women was 27% in 2019 (2018: 25%). The topic of diversity has been incorporated into all Leadership Development programs and embedded into the OMV People Strategy.

OMV promotes talents from different backgrounds, thus ensuring the best mix in diverse teams. OMV especially supports the recruitment and development of women in technical positions.

By using gender-neutral language in OMV's job advertisements and publishing all job advertisements internally, together with the constant monitoring of equality with regard to gender, age, employee background, seniority as well as salaries, OMV is ensuring fair treatment and contributing to equal opportunities among men and women at all career stages.

Female employees initiated a Diversity Network to raise awareness of diversity topics and to boost the careers of women in technical fields through a collaboration site and joint activities.

OMV's Head Office in Vienna has two company kindergartens attended by children of OMV employees. In order to spark girls' interest in technical careers early on, OMV again participated in Vienna's Girls' Day.

The Executive Board and Supervisory Board consider the described measures and programs to foster the diversity of the workforce as a key factor in strengthening the diversity of the internal pool of Executive Board succession candidates. The Presidential and Nomination Committee concerns itself at least once a year with the identification and development of high-potential employees. In addition to internal succession planning, the Supervisory Board also makes use of external recruitments in order to best fill open Executive Board positions. When selecting Executive Board members – be it internally or externally – special attention is given to balance gender, age, and international experience in addition to professional skills.

Currently, there is no women on the Executive Board of OMV. The Executive Board members of OMV Aktiengesellschaft are between 48 and 59 years old, are from two different nationalities, and have acquired extensive international management experience.

Since 2019, ÖBAG has had a legal mandate to propose candidates for the Supervisory Boards of its shareholdings. The ÖBAG management proposal is subject to approval by the ÖBAG presidium, before – after submission of the proposal by the supervisory board of OMV Aktiengesellschaft – the election by the Annual General Meeting of OMV AG takes place. The selection of candidates is based on various criteria, particularly the candidates' professional skills, personal integrity, independence, and impartiality. In addition, diversity aspects such as the representation of both genders, a balanced age distribution, and internationality of members is taken into consideration.

At present, the Supervisory Board of OMV includes six women, corresponding to a share of 40%. Particular focus will be given to a further strengthening of industry-specific expertise and the internationality of Super-visory Board members in line with the company's strategic orientation. With members aged between 39 and 77 years, the Supervisory Board's age structure is balanceded.

External evaluation of Corporate Governance

An external evaluation of OMV's compliance with the provisions of the ACCG is performed biennially. For 2018, OMV engaged Mathias Ettel of the law firm Berger Ettel Rechtsanwälte. The official questionnaire of the Austrian Working Group for Corporate Governance was used for the evaluation, and the result was that OMV is in full compliance with the Austrian Corporate Governance Code including all non-compulsory recommendations. The report of the evaluation is available for download on OMV's website (www. omv.com).

Vienna, March 11, 2020

The Executive Board

Rainer Seele m.p. Johann Pleininger m.p. Reinhard Florey m.p. Thomas Gangl m.p.

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CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

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Auditor's Report[1]

Report on the Consolidated Financial Statements

Audit Opinion

We have audited the consolidated financial statements of

OMV Aktiengesellschaft, Vienna,

and of its subsidiaries (the Group) comprising the consolidated statement of financial position as of December 31, 2019, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the fiscal year then ended and the notes to the consolidated financial statements except for "Oil and Gas Reserve Estimation and Disclosures (unaudited)".

Based on our audit the accompanying consolidated financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Group as of December 31, 2019 and its financial performance for the year then ended in accordance with the International Financial Reporting Standards (IFRSs) as adopted by EU, and the additional requirements under Section 245a Austrian Company Code (UGB).

Basis for Opinion

We conducted our audit in accordance with the regulation (EU) no. 537/2014 (in the following "EU regulation") and in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISA). Our responsibilities under those regulations and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the Austrian General Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the fiscal year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We considered the following matters as key audit matters for our audit:

1. Purchase Price Allocation acquisition of SapuraOMV Upstream Sdn. Bhd. and a stake in Abu Dhabi Oil Refining Company

2. Recoverability of intangible exploration and evaluation (E&E) assets

3. Estimation of oil and gas reserves

4. Recoverability of receivables from Romanian State

5. Estimation of provision for decommissioning and restoration obligations

[1] This report is a translation of the original report in German, which is solely valid. Publication or sharing with third parties of the consolidated financial statements together with our auditor's opinion is only allowed if the consolidated financial statements and the directors' report for the Group are identical with the German audited version. This audit opinion is only applicable to the German and complete consolidated financial statements with the directors' report for the Group. Section 281 paragraph 2 UGB (Austrian Company Code) applies to alternated versions.

Key Audit Matter

Purchase Price Allocation for acquisition of

- **SapuraOMV Upstream Sdn. Bhd. and a**
- **stake in Abu Dhabi Oil Refining Company**

On January 31, 2019, OMV completed the acquisition of 50% of SapuraOMV Upstream Sdn. Bhd. in Malaysia. The net assets acquired at January 31, 2019 amounted to EUR 287 mn and are fully consolidated in OMV's Group financial statements.

On July 31, 2019, OMV completed the acquisition of 15% shares of Abu Dhabi Oil Refining Company (ADNOC Refining). The total acquisition cost of EUR 2,150 mn for the 15% stake is accounted pursuant to IAS 28 and IFRS 3 using the equity method.

Under IFRS, an entity is required to allocate the purchase price in recognizing assets acquired and liabilities assumed at the acquisition date at fair values.

The valuation of assets acquired and liabilities assumed is judgmental and complex, requiring significant judgement in applying forecasts and assumptions made by management.

The principal risk relates to the initial estimates of the fair values of the identifiable assets and decommissioning and restoration obligations assumed together with the deferred taxes on acquisition in preparing the purchase price allocation.

Given the extent of the judgment in valuing these assets and obligations, we believe that the fair value calculation carries significant risk of material misstatement.

OMV management engaged an independent expert to provide valuation support with respect to the determination of the fair values of the assets acquired and liabilities assumed under IAS 28 and IFRS 3.

OMV Group's disclosures about the acquisition of SapuraOMV Upstream and shares in Abu Dhabi Oil Refining Company are included in Note 3 (Changes in group structure).

How our audit addressed the key audit matter

We assessed management's purchase price allocation. Specifically our work included, but was not limited to, the following procedures:

- Read the purchase agreement to gain an understanding of the key terms and conditions and to assess the adequacy of the accounting treatment;
- Assess the competence of external specialists and the objectivity and independence of external specialists, to consider whether they were appropriately qualified to carry out the valuation;
- Engage our internal valuation specialist to assist us in the audit of the purchase price allocation and discount rates used;
- Assess the valuation model, the cash flow forecasts, cost approaches and the key assumptions used in the calculation of the assets' and decommissioning and restoration obligations' fair value; and
- Assess the adequacy of the Group's disclosures in the financial statements.

Key Audit Matter

Recoverability of intangible exploration and evaluation (E&E) assets

The carrying value of intangible E&E assets amounted to EUR 2,500 mn at December 31, 2019, after a write off (impairment) of EUR 92 mn in 2019.

Under IFRS 6, Exploration for and Evaluation of Mineral Resources, exploration and evaluation assets shall be assessed for impairment when facts and circumstances suggest that the carrying value of an exploration and evaluation asset may exceed its recoverable amount.

The assessment of the carrying value requires management to apply judgement and estimates in assessing whether any impairment has arisen at year end, and in quantifying any such impairment.

The principal risks relate to management's intention to proceed with a future work program for a prospect or licence, the likelihood of licence renewal, and the success of drilling and geological analysis to date.

OMV Group's disclosures about intangible E&E assets and related impairment testing are included in Note 2 (Accounting policies, judgements and estimates), Note 7 (Depreciation, amortization and impairment charges) and Note 14 (Intangible assets).

How our audit addressed the key audit matter

We evaluated management's assessment of the carrying value of intangible E&E assets performed with reference to the criteria of IFRS 6 and the Group's accounting policy. Specifically, our work included, but was not limited to, the following procedures:

- Inquire whether management has the intention to carry out exploration and evaluation activity in the relevant exploration area which included the review of management's budget and discussions with senior management as to the intentions and strategy of the Group;
- Read Executive Board minutes of meetings and consider whether there were negative indicators that certain projects might be unsuccessful;
- Discuss with management about the status of the largest exploration projects;
- Assess whether the Group has the ability to finance any planned future exploration and evaluation activity;
- Identify the existence of any fields where the Group's right to explore is either at, or close to, expiry and review management's assessment whether there are any risks related to renewal of the licence;
- Review of supporting evidence where an E&E asset has been impaired; and
- Assess the adequacy of the Group's disclosures in the financial statements.

Key Audit Matter

Estimation of oil and gas reserves

Oil and gas reserves are an indicator of the future potential of the group's performance. Furthermore, they have an impact on the financial statements as they are the basis for

- production profiles in future cash flow estimates
- depreciation, amortization and impairment charges and
- the valuation of the financial asset related to the reserves redetermination right out of the acquisition of an interest in the Yuzhno Russkoye field in 2017.

The estimation of oil and gas reserves requires judgement and assumptions made by management and engineers due to the technical uncertainty in assessing quantities.

The principal risk of the oil and gas reserves estimate is the impact on the group's financial statements through impairment testing, depreciation & amortization, decommissioning provision estimate and the valuation of the financial asset related to the reserves redetermination right.

OMV Group's disclosures about oil and gas reserves and related impairment testing are included in Note 2 (Accounting policies, judgements and estimates), Note 7 (Depreciation, amortization and impairment charges), Note 18 (Financial assets) and Note 23 (Provisions).

How our audit addressed the key audit matter

Our procedures have focused on management's estimation process in the determination of oil and gas reserves. Specifically our work included, but was not limited to, the following procedures:

- Walkthrough and understand the Group's process and controls associated with the oil and gas reserves estimation process;
- Test controls of the oil and gas reserves review process;
- Analysis of the internal certification process for technical and commercial specialists who are responsible for oil and gas reserves estimation;
- Assess the competence of both internal and external specialists and the objectivity and independence of external specialists, to consider whether they were appropriately qualified to carry out the estimation of oil and gas reserves;
- Analyse the bi-annual report of DeGolyer and MacNaughton (D&M) on their review of Group's estimated oil and gas reserves (latest report as at July 1, 2018) and analyze the report of the additional external specialist engaged by OMV for one case dated February 11, 2019;
- Test whether significant additions or reductions in oil and gas reserves were made in the period in which the new information became available and in compliance with Group's Reserves and Resources Guidelines;
- Test that the updated oil and gas reserve estimates were included appropriately in the Group's consideration of impairment, in accounting for depreciation & amortization and the valuation of the financial asset related to the reserves redetermination right; and
- Assess the adequacy of the Group's disclosures in the financial statements.

Key Audit Matter

Recoverability of receivables from Romanian State

As part of the privatization agreement regarding OMV Petrom SA, the Group is entitled to the reimbursement by the Romanian State of part of wells abandonment (decommissioning) and environmental costs incurred to restore and clean up areas pertaining to activities prior to privatization in 2004. Consequently, the Group has recorded receivables from the Romanian State amounting to EUR 410 mn at December 31, 2019.

The assessment of the recoverability of the receivables from the Romanian State, requires management to make judgements and estimates to assess the uncertainty regarding the expenditure recoverable from Romanian State. The assessment process considers inter alia history of amounts claimed, documentation process and requirements, potential arbitration proceedings.

OMV Group's disclosures about Environmental and Decommissioning State Receivables are included in Note 2 (Accounting policies, judgements and estimates) and Note 18 (Financial assets).

How our audit addressed the key audit matter

We assessed management's estimate regarding recoverability of the receivables from the Romanian State. Our work included, but was not limited to, the following procedures:

- Read the stipulations of the Annex P of the privatization agreement dated July 23, 2004, related to the acquisition by OMV Aktiengesellschaft of shares in the National Petroleum Company Petrom SA, as approved by Law no. 555/2004. Annex P includes stipulations related to the obligation of the seller (i.e. Ministry of Economy and Commerce) to reimburse the Company for historical environmental losses and abandonment costs, provided certain conditions are met;
- Review management's assessment of the recoverability of the receivables from the Romanian State, including the history of amounts claimed vs. amounts accepted and reimbursed, and discuss with management about the status of the notices of claims submitted by the Group and of the arbitration process;
- Obtained and read the independent lawyers' assessment of the status of the Arbitration, that was considered by the Company for the measurement of the State Receivable;
- Trace the receivables for which notices of claim have been submitted to the respective notices of claims;
- Trace the receivables for which decommissioning was performed but the notices of claim have not yet been submitted to the respective decommissioning costs;
- Trace the receivables for which decommissioning has not yet been performed against the respective decommissioning provisions;
- Discuss with management the estimates of timing of collection;
- Involve our valuation specialists to assist us in the analysis of discount rates and inflation rates;
- Test the mathematical accuracy of the calculation of the net present value of the receivables recorded; and
- Assess the adequacy of the Group's disclosures in the financial statements.

Key Audit Matter	How our audit addressed the key audit matter
Estimation of provision for decommissioning and restoration obligations The total provision for decommissioning and restoration obligations amounted to EUR 3,959 mn at December 31, 2019. Group's core activities regularly lead to obligations related to dismantling and removal, asset retirement and soil remediation activities. The principal risk relates to management's estimates of future costs, discount rates and inflation rates, which are used to project the provision for decommissioning and restoration obligations. OMV Group's disclosures about the provision for decommissioning and restoration obligations are included in Note 2 (Accounting policies, judgements and estimates) and Note 23 (Provisions).	We assessed management's annual estimation of the provision for decommissioning and restoration obligations. Specifically, our work included, but was not limited to, the following procedures: ▶ Assess the design and implementation of the controls over the decommissioning and restoration obligations estimation process; ▶ Compare current estimates of costs with actual decommissioning and restoration costs previously incurred. Where no previous data was available, we reconciled cost estimates to third party support or the Group's engineers' estimates; ▶ Inspection of supporting evidence for any material revisions in cost estimates during the year; ▶ Confirm whether the decommissioning dates are consistent with the Group's budget and business plans; ▶ Involve our valuation specialists to assist us in the analysis of discount rates and inflation rates; and ▶ Test the mathematical accuracy of the decommissioning and restoration obligation calculation; and ▶ Assess the adequacy of the Group's disclosures in the financial statements.

Responsibilities of Management and of the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements in accordance with IFRS as adopted by the EU, and the additional requirements under Section 245a Austrian Company Code (UGB) for them to present a true and fair view of the assets, the financial position and the financial performance of the Group and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISA, always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISA, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Comments on the Director's Report for the Group

Pursuant to Austrian Generally Accepted Accounting Principles, the directors' report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the directors' report for the Group was prepared in accordance with the applicable legal regulations.

Management is responsible for the preparation of the directors' report for the Group in accordance with Austrian Generally Accepted Accounting Principles.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the directors' report for the Group.

Opinion

In our opinion, the directors' report for the Group was prepared in accordance with the valid legal requirements, comprising the details in accordance with Section 243a Austrian Company Code (UGB), and is consistent with the consolidated financial statements.

Statement

Based on the findings during the audit of the consolidated financial statements and due to the thus obtained understanding concerning the Group and its circumstances no material misstatements in the directors' report for the Group came to our attention.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report and the annual financial report (but does not include the consolidated financial statements, the directors' report for the Group and the auditor's report thereon). From the other information we received the "Consolidated Corporate Governance Report" and the "Consolidated Report on the Payments Made to Government" prior to the date of this auditor's report. The annual report and the annual financial report including the remaining other information therein is estimated to be provided to us after the date of the auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, as soon as it is available, and, in doing so, to consider whether – based on our knowledge obtained in the audit – the other information is materially inconsistent with the consolidated financial statements or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Additional information in accordance with article 10 EU regulation

We were elected as auditor by the ordinary general meeting at May 14, 2019. We were appointed by the Supervisory Board on June 24, 2019. We are auditors without cease since 2011.

We confirm that the audit opinion in the Section "Report on the consolidated financial statements" is consistent with the additional report to the audit committee referred to in article 11 of the EU regulation.

We declare that no prohibited non-audit services (article 5 par. 1 of the EU regulation) were provided by us and that we remained independent of the audited company in conducting the audit.

Responsible Austrian Certified Public Accountant

The engagement partner on the audit resulting in this independent auditor's report is Mr. Gerhard Schwartz, Certified Public Accountant.

Vienna, March 11, 2020

Ernst & Young
Wirtschaftsprüfungsgesellschaft m. b. H.

Gerhard Schwartz m.p.
Wirtschaftsprüfer/Certified Public Accountant

Alexander Wlasto m.p.
Wirtschaftsprüfer/Certified Public Accountant

Consolidated Income Statement for 2019

Consolidated income statement

In EUR mn

	Note	2019	2018
Sales revenues	4, 5	**23,461**	**22,930**
Other operating income	6	315	517
Net income from equity-accounted investments	6, 16	386	391
Total revenues and other income		**24,162**	**23,839**
Purchases (net of inventory variation)	17	(13,608)	(14,094)
Production and operating expenses		(1,695)	(1,594)
Production and similar taxes		(496)	(392)
Depreciation, amortization and impairment charges	7	(2,337)	(1,827)
Selling, distribution and administrative expenses		(1,892)	(1,749)
Exploration expenses	7, 8	(229)	(175)
Other operating expenses	9	(322)	(485)
Operating Result		**3,582**	**3,524**
Dividend income	31	5	20
Interest income	11, 31	169	117
Interest expenses	11, 31	(304)	(290)
Other financial income and expenses	11, 31	1	(72)
Net financial result		**(129)**	**(226)**
Profit before tax		**3,453**	**3,298**
Taxes on income and profit	12	(1,306)	(1,305)
Net income for the year		**2,147**	**1,993**
thereof attributable to stockholders of the parent		1,678	1,438
thereof attributable to hybrid capital owners		75	78
thereof attributable to non-controlling interests		393	477
Basic Earnings Per Share in EUR	13	**5.14**	**4.40**
Diluted Earnings Per Share in EUR	13	**5.13**	**4.40**

Consolidated Statement of Comprehensive Income for 2019

Consolidated statement of comprehensive income

In EUR mn

	Note	2019	2018
Net income for the year		**2,147**	**1,993**
Exchange differences from translation of foreign operations		**39**	**28**
Gains/(losses) arising during the year, before income taxes		39	(87)
Reclassification of (gains)/losses to net income	3, 6, 9	—	115
Gains/(losses) on hedges	28	**(45)**	**195**
Gains/(losses) arising during the year, before income taxes		(11)	43
Reclassification of (gains)/losses to net income		(34)	152
Share of other comprehensive income of equity-accounted investments	16	**(1)**	**59**
Total of items that may be reclassified ("recycled") subsequently to the income statement		**(7)**	**282**
Remeasurement gains/(losses) on defined benefit plans	23	**(90)**	**(114)**
Gains/(losses) on equity investments	18	**1**	**26**
Gains/(losses) on hedges that are subsequently transferred to the carrying amount of the hedged item	28	**95**	**9**
Share of other comprehensive income of equity-accounted investments	16	**(6)**	**(3)**
Total of items that will not be reclassified ("recycled") subsequently to the income statement		**0**	**(82)**
Income taxes relating to items that may be reclassified ("recycled") subsequently to the income statement		10	(52)
Income taxes relating to items that will not be reclassified ("recycled") subsequently to the income statement		(7)	(3)
Total income taxes relating to components of other comprehensive income	21	**4**	**(55)**
Other comprehensive income for the year, net of tax	21	**(3)**	**144**
Total comprehensive income for the year		**2,144**	**2,137**
thereof attributable to stockholders of the parent		1,752	1,587
thereof attributable to hybrid capital owners		75	78
thereof attributable to non-controlling interests		316	472

Consolidated Statement of Financial Position as of December 31, 2019

Assets

In EUR mn

	Note	2019	2018
Intangible assets	14	4,163	3,317
Property, plant and equipment	15	16,479	15,115
Equity-accounted investments	16	5,151	3,011
Other financial assets	18	2,414	2,659
Other assets	19	56	36
Deferred taxes	25	686	759
Non-current assets		**28,950**	**24,896**
Inventories	17	1,845	1,571
Trade receivables	18	3,042	3,420
Other financial assets	18	3,121	2,727
Income tax receivables		11	9
Other assets	19	297	264
Cash and cash equivalents	26	2,931	4,026
Current assets		**11,248**	**12,017**
Assets held for sale	20	177	47
Total assets		**40,375**	**36,961**

Equity and liabilities

In EUR mn

	Note	2019	2018
Share capital		327	327
Hybrid capital		1,987	1,987
Reserves		10,698	9,591
OMV equity of the parent		**13,012**	**11,905**
Non-controlling interests	22	3,851	3,436
Total equity	21	**16,863**	**15,342**
Provisions for pensions and similar obligations	23	1,111	1,096
Bonds	24	5,262	4,468
Lease liabilities	24	934	—
Other interest-bearing debts	24	620	441
Provisions for decommissioning and restoration obligations	23	3,872	3,673
Other provisions	23	572	446
Other financial liabilities	24	301	924
Other liabilities	24	157	138
Deferred taxes	25	1,132	731
Non-current liabilities		**13,961**	**11,917**
Trade payables	24	4,155	4,401
Bonds	24	540	539
Lease liabilities	24	120	—
Other interest-bearing debts	24	148	304
Income tax liabilities		332	349
Provisions for decommissioning and restoration obligations	23	87	63
Other provisions	23	293	355
Other financial liabilities	24	2,818	2,806
Other liabilities	24	903	863
Current liabilities		**9,395**	**9,680**
Liabilities associated with assets held for sale	20	156	22
Total equity and liabilities		**40,375**	**36,961**

Consolidated Statement of Changes in Equity for 2019

Consolidated statement of changes in equity in 2019 [1]

In EUR mn

	Share capital	Capital reserves	Hybrid capital	Revenue reserves	Translation of foreign operations
January 1, 2019	**327**	**1,511**	**1,987**	**8,830**	**(809)**
Net income for the year	—	—	—	1,753	—
Other comprehensive income for the year	—	—	—	(79)	115
Total comprehensive income for the year	**—**	**—**	**—**	**1,674**	**115**
Dividend distribution and hybrid coupon	—	—	—	(673)	—
Disposal of treasury shares	—	3	—	—	—
Share-based payments	—	(8)	—	—	—
Increase/(decrease) in non-controlling interest	—	—	—	—	—
Reclassification of cash flow hedges to balance sheet	—	—	—	—	—
December 31, 2019	**327**	**1,506**	**1,987**	**9,832**	**(694)**

Consolidated statement of changes in equity in 2018 [1]

In EUR mn

	Share capital	Capital reserves	Hybrid capital	Revenue reserves	Translation of foreign operations
January 1, 2018	**327**	**1,517**	**2,231**	**8,006**	**(838)**
Adjustments on initial application of IFRS 9 and IFRS 15	—	—	—	39	—
Adjusted balance January 1, 2018	**327**	**1,517**	**2,231**	**8,045**	**(838)**
Net income for the year	—	—	—	1,516	—
Other comprehensive income for the year	—	—	—	(87)	29
Total comprehensive income for the year	**—**	**—**	**—**	**1,429**	**29**
Capital increase	—	—	496	—	—
Dividend distribution and hybrid coupon	—	—	—	(576)	—
Changes in hybrid capital	—	—	(741)	(60)	—
Disposal of treasury shares	—	4	—	—	—
Share-based payments	—	(11)	—	0	—
Increase/(decrease) in non-controlling interests	—	—	—	(8)	(0)
Reclassification of cash flow hedges to balance sheet [2]	—	—	—	—	—
December 31, 2018	**327**	**1,511**	**1,987**	**8,830**	**(809)**

[1] See Note 21 – OMV equity of the parent

[2] The amount was mainly related to inventories that were already consumed as of December 31, 2018 and consequently recognized in the income statement.

Hedges	Share of other compr. income of equity-accounted investments	Treasury shares	OMV equity of the parent	Non-controlling interests	**Total equity**
39	**26**	**(6)**	**11,905**	**3,436**	**15,342**
—	—	—	1,753	393	**2,147**
46	(8)	—	74	(77)	**(3)**
46	**(8)**	**—**	**1,827**	**316**	**2,144**
—	—	—	(673)	(188)	**(861)**
—	—	2	5	—	**5**
—	—	—	(8)	—	**(8)**
—	—	—	—	287	**287**
(43)	(1)	—	(44)	(0)	**(44)**
41	**18**	**(4)**	**13,012**	**3,851**	**16,863**

Hedges	Share of other compr. income of equity-accounted investments	Treasury shares	OMV equity of the parent	Non-controlling interests	**Total equity**
8	**(27)**	**(8)**	**11,216**	**3,118**	**14,334**
—	3	—	42	0	**42**
8	**(24)**	**(8)**	**11,259**	**3,118**	**14,377**
—	—	—	1,516	477	**1,993**
152	55	—	149	(5)	**144**
152	**55**	**—**	**1,665**	**472**	**2,137**
—	—	—	496	—	**496**
—	—	—	(576)	(161)	**(737)**
—	—	—	(800)	—	**(800)**
—	—	3	7	—	**7**
—	—	—	(10)	—	**(10)**
—	—	—	(9)	7	**(2)**
(122)	(5)	—	(126)	0	**(126)**
39	**26**	**(6)**	**11,905**	**3,436**	**15,342**

Consolidated Statement of Cash Flows for 2019

Consolidated statement of cash flows

In EUR mn

	Note	2019	2018
Net income for the year		**2,147**	**1,993**
Depreciation, amortization and impairments	7	2,430	1,886
Write-up of non-current assets	6	(35)	(106)
Deferred taxes	12	100	298
Current taxes	12	1,207	1,007
Income taxes paid		(1,263)	(831)
Tax refunds		5	2
Losses/(gains) from disposal of non-current assets and businesses	6, 9	(7)	(2)
Income from equity-accounted investments and other dividend income	6, 18, 31	(391)	(411)
Dividends received from equity-accounted investments and other companies		354	437
Interest expense	11, 31	170	131
Interest paid		(160)	(149)
Interest income	11, 31	(145)	(108)
Interest received		63	44
Increase/(decrease) in personnel provisions	23	(59)	(54)
Increase/(decrease) in provisions	23	35	(8)
Other changes	26	(187)	93
Sources of funds		**4,264**	**4,223**
Decrease/(increase) in inventories	17	(260)	(73)
Decrease/(increase) in receivables	18, 19	372	(1,041)
Increase/(decrease) in liabilities	24	(320)	1,287
Changes in net working capital components		**(208)**	**173**
Cash flow from operating activities		**4,056**	**4,396**
Investments			
Intangible assets and property, plant and equipment	3, 14, 15	(2,158)	(3,193)
Investments, loans and other financial assets	3, 18	(2,265)	(305)
Acquisitions of subsidiaries and businesses net of cash acquired	3	(460)	(357)
Disposals			
Proceeds in relation to non-current assets		209	60
Proceeds from the sale of subsidiaries and businesses, net of cash disposed	3	36	442
Cash flow from investing activities		**(4,638)**	**(3,353)**
Increase in long-term borrowings	26	1,376	1,011
Repayments of long-term borrowings	26	(980)	(1,805)
Increase/(decrease) in short-term borrowings	26	(22)	102
Dividends paid to OMV equity holders	21	(673)	(621)
Dividends paid to non-controlling interests	22	(186)	(158)
Increase hybrid bond	21	—	496
Cash flow from financing activities		**(484)**	**(975)**
Effect of foreign exchange rate changes on cash and cash equivalents		(22)	(22)
Net increase/(decrease) in cash and cash equivalents		**(1,088)**	**45**
Cash and cash equivalents at beginning of year	26	4,026	3,981
Cash and cash equivalents at end of year	26	2,938	4,026
Thereof cash disclosed within Assets held for sale		7	—
Cash and cash equivalents presented in the consolidated statement of financial position	26	**2,931**	**4,026**

Notes to the Consolidated Financial Statements

Basis of Preparation and Accounting Policies

1 Basis of preparation

OMV Aktiengesellschaft (registered in the Austrian Register of Companies with its office based at Trabrennstraße 6–8, 1020 Vienna, Austria), is an integrated, international oil and gas company with activities in Upstream and Downstream.

These financial statements have been prepared and are in **compliance with International Financial Reporting Standards (IFRSs) as adopted by the EU and in accordance with the supplementary accounting regulations pursuant to Sec. 245a, Para. 1 of the Austrian Commercial Code (UGB).** The financial year corresponds to the calendar year.

The consolidated financial statements are in general based on the historical cost principle, except for certain items that have been measured at fair value as described in Note 2 – Accounting policies, judgements and estimates.

The consolidated financial statements for 2019 have been prepared in million EUR (EUR mn, EUR 1,000,000). Accordingly, there may be rounding differences.

The consolidated financial statements comprise the financial statements of OMV Aktiengesellschaft and the entities it controls (its subsidiaries) as at December 31, 2019. The financial statements of all consolidated companies are prepared in accordance with uniform group-wide accounting policies. A list of subsidiaries, equity-accounted investments and other investments is included under Note 38 – Direct and indirect investments of OMV Aktiengesellschaft – including consolidation method, business segment, place of business and interest held by OMV.

The consolidated financial statements for 2019 were approved and released for publication by the Supervisory Board on March 11, 2020.

2 Accounting policies, judgements and estimates

1) First-time adoption of new or amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the changes as described below.

The Group has initially adopted IFRS 16 Leases starting with January 1, 2019. The effects of this standard are described in the following chapter.

Additionally, the Group has adopted the following amended standards and interpretations with a date of initial application of January 1, 2019:

- Amendments to IFRS 9 Prepayment Features with Negative Compensation
- Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures
- Annual Improvements to IFRS Standards 2015-2017 Cycle (amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23)
- Amendments to IAS 19 Plan Amendment, Curtailment or Settlement
- IFRIC 23 Uncertainty over Income Tax Treatments

These amendments did not have a material impact on the consolidated financial statements of the Group.

2) IFRS 16 Leases

This standard replaces IAS 17 and sets out new rules for lease accounting. For the lessee's accounting, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as was required by IAS 17 and, instead, introduces a single lessee accounting model. Applying that model, a lessee is required to recognize right-of-use assets and liabilities for leases in the scope of IFRS 16 and depreciation of the right-of-use assets separately from interest on lease liabilities in the income statement. The right-of-use assets are depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. Interest expense is charged to profit or loss over the lease period on the remaining balance of the lease liability for each period. For lessors, there are minor changes compared to IAS 17.

On transition to IFRS 16, OMV applied the practical expedient to grandfather the assessment of which transactions are leases. This means it applied

IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under the previous standard were not reassessed for whether they are leases. Additionally, OMV did not recognize any right-of-use assets and lease liabilities for contracts that expire in 2019 because they are treated as short-term leases.

Leases to explore for and use oil and natural gas, which comprise mainly land leases used for such activities, are not in the scope of IAS 17 and IFRS 16. In addition, some commitments are covered by the exceptions for short-term and low value leases. Consequently, right-of-use assets and lease liabilities were not recognized for these contracts. Moreover, non-lease components are separated from the lease components for measurement of right-of-use assets and lease liabilities.

OMV initially applied IFRS 16 on January 1, 2019, using the modified retrospective approach for transition, thus not restating comparative amounts for the comparative period presented. The right-of-use assets for previous operating leases were measured at the date of initial application at the amount of the lease liability, adjusted by prepaid or accrued lease payments as well as existing onerous contract provisions for operating leases. The lease liabilities were measured at the present value of the lease payments over the remaining lease term, discounted using the incremental borrowing rate as of January 1, 2019. The weighted average lessee's incremental borrowing rate applied to these lease liabilities on January 1, 2019, was 0.94%.

The first-time application of IFRS 16 resulted in recognizing EUR 688 mn as right-of-use assets and EUR 706 mn as lease liabilities for previous operating leases. For leases previously classified as finance leases the Group recognized the carrying amount of the lease asset and lease liability before transition as the carrying amount of the right-of-use asset and lease liability at the date of initial application. In the consolidated statement of financial position, the right-of-use assets are presented within property, plant and equipment and lease liabilities as a separate position.

Reconciliation of future operating lease commitments as at December 31, 2018 to lease liability as at January 1, 2019

In EUR mn

	January 1, 2019
Future minimum lease payments under non-cancellable operating leases as at December 31, 2018	**480**
less minimum lease payments for short-term leases	(27)
less minimum lease payments for low value leases	(2)
plus minimum lease payments under reasonably certain prolongation or termination options	314
Gross lease liability for previously unrecognized operating lease commitments as at January 1, 2019	**765**
less discounting effect as at January 1, 2019	(60)
Lease liability for previously unrecognized operating lease commitments as at January 1, 2019	**706**
Finance lease liability recognized as at 31 December, 2018	**288**
Lease liability recognized as at January 1, 2019	**994**

3) Amendment to IAS 12 Income taxes

The Annual Improvements to IFRS Standards 2015–2017 Cycle included a change in IAS 12 Income taxes, which requires that the income tax consequences of dividends shall be recognized in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events, which form the basis for the dividend payments.

The hybrid capital in OMV represents equity under IFRS and accordingly the interest payments to the hybrid capital owners are treated as dividends. As the profits distributed to hybrid capital owners are tax deductible, the tax consequences according to the new provision need to be recognized in profit or loss, whilst in the past the tax effects of such dividend payments were recognized directly in equity.

Because of the tax loss situation of the Austrian tax group (see Note 12 – Taxes on income and profit and Note 25 – Deferred tax) the hybrid capital interests did not lead to current tax savings but increased the tax loss carry forwards. According to the tax planning no deferred tax assets had been created for tax losses carryforward for 2018 and the years before.

4) New and revised standards not yet mandatory

OMV has not applied the following new or revised IFRSs that have been issued but are not yet effective. They are not expected to have any material effects on the Group's financial statements.
EU endorsement is still pending in some cases.

Standards and amendments	IASB effective date
Amendment to IFRS 3 Business Combinations	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform	January 1, 2020
Amendments to IAS 1 and IAS 8 Definition of Material	January 1, 2020
Amendments to References to the Conceptual Framework in IFRS Standards	January 1, 2020
IFRS 17 Insurance Contracts	January 1, 2021
Amendments to IAS 1 Classification of Liabilities as Current and Non-Current	January 1, 2022

5) Significant accounting policies, judgements and assumptions

Use of estimates and judgements

Preparation of the consolidated financial statements requires management to make estimates and judgements that affect the amounts reported for assets, liabilities, income and expenses, as well as the amounts disclosed in the notes. These estimates and assumptions are based on historical experience and other factors that are deemed reasonable at the date of preparation of these financial statements. Actual outcomes could differ from these estimates. The estimates and assumptions having the most significant impact on OMV Group results are highlighted below and should be read together with the relevant notes mentioned. Significant estimates and assumptions have been made particularly with respect to oil and gas reserves, provisions for decommissioning and restoration obligations, provisions for onerous contracts and the recoverability of intangible assets and property, plant and equipment and other financial assets, which mainly refer to the contractual position towards Gazprom with regard to the reserves redetermination of Yuzhno Russkoye field and the expenditure recoverable from the Romanian State related to decommissioning, restoration and environmental obligations.

a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. Assets and liabilities of subsidiaries acquired are included at their fair value at the time of acquisition. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Any contingent consideration is measured at fair value at the date of acquisition. Contingent consideration classified as financial asset or liability is subsequently measured at fair value with the changes in fair value recognized in profit or loss.

Goodwill is calculated as the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interest and the fair value of the equity previously held by OMV in the acquired entity over the net identifiable assets acquired and liabilities assumed. Goodwill is recorded as an asset and tested for impairment at least yearly. Impairments are recorded immediately through profit or loss, subsequent write-ups are not possible. Any gain on a bargain purchase is recognized in profit or loss immediately.

b) Sales revenue

Revenue is generally recognized when control over a product or a service is transferred to a customer. It is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

When goods such as crude oil, LNG, oil products and similar goods are sold, the delivery of each quantity unit normally represents a single performance obligation. Revenue is recognized when control of the goods has transferred to the customer, which is the point in time when legal ownership as well as the risk of loss has passed to the customer and is determined on the basis of the Incoterm agreed in the contract with the customer. These sales are done with normal credit terms according to the industry standard.

Revenue from the production of crude oil, in which OMV has an interest with other producers, is recognized according to the sales method. This means that revenue is recognized based on the actual sales to third parties, regardless of the Group's percentage interest or entitlement. An adjustment of production costs is recognized at average cost for the difference between the costs associated with the output sold and the costs incurred based on entitlement to output, with a counter entry in the other assets or liabilities.

In the Downstream Oil retail business, revenues from the sale of fuels are recognized when products are supplied to the customers. Depending on whether OMV is principal or agent in the sale of shop merchandise, revenue and costs related to such sales are presented gross or net in the income statement. OMV is principal if it controls the goods before they are transferred to the customer, which is mainly indicated by OMV having the inventory risk. At filling stations, payments are due immediately at the time of purchase.

OMV's gas and power supply contracts include a single performance obligation which is satisfied over the agreed delivery period. Revenue is recognized according to the consumption by the customer and in line with the amount to which OMV has a right to invoice. Only in exceptional cases long-term gas supply contracts contain stepped prices in different periods where the rates do not reflect the value of the goods at the time of delivery. In these cases revenue is recognized based on the average contractual price.

In some customer contracts for the delivery of natural gas, the fees charged to the customer comprise a fixed charge as well as a variable fee depending on the volumes delivered. These contracts contain only one performance obligation which is to stand-ready for the delivery of gas over a certain period. The revenue from the fixed charges and the variable fees is recognized in line with the amount chargeable to the customer. Gas and power deliveries are billed and paid on a monthly basis.

Gas storage and gas transportation contracts contain a stand-ready obligation for providing storage or transportation services over an agreed period of time. Revenue is recognized according to the amount to which OMV has a right to invoice. These services are billed and paid on a monthly basis.

There are some customer contracts in OMV for the delivery of oil and gas as well as for the provision of gas storage and transportation services which have a term of more than one year. In principle, IFRS 15 requires the disclosure of the total amount of transactions prices allocated to unperformed performance obligations for such contracts. Contracts for the delivery of oil contain variable prices based on market prices as at delivery date, as it is common in the oil industry. For these contracts it is, therefore, not possible to allocate the transaction price to unsatisfied performance obligations. For gas delivery and gas storage and transportation contracts OMV applies the practical expedient according to IFRS 15.121 (b) according to which this information need not be disclosed for contracts where revenue is recognized in the amount to which the entity has a right to invoice. OMV, therefore, does not disclose this information.

c) Other revenues

Sales and purchases of commodities are reported net within other revenues when the forward sales and purchase contracts are determined to be for trading purposes and not for the final physical delivery and therefore are in the scope of IFRS 9.

Other revenues also include an adjustment of revenues from considering the national oil company's profit share as income tax in certain production sharing agreements in the Upstream segment (see 2.5f), realized and unrealized results from hedging of sales transactions as well as lease and rental income.

d) Exploration expenses

Exploration expenses relate exclusively to the business segment Upstream and comprise the costs associated with unproved reserves. These include geological and geophysical costs for the identification and investigation of areas with possible oil and gas reserves and administrative, legal and consulting costs in connection with exploration. They also include all impairments on exploration wells where no proved reserves could be demonstrated. Depreciation of economically successful exploration wells is reported as depreciation, amortization and impairment charges.

e) Research and development

Expenditure related to research activities is recognized as expense in the period in which it is incurred. Research and development (R&D) expenses, which are presented in the income statement within other operating expenses, include all direct and indirect materials, personnel and external services costs incurred in connection with the focused search for new insights related to the development and significant improvement of products, services and processes and in connection with research activities. Development costs are capitalized if the recognition criteria according to IAS 38 are fulfilled.

f) Exploration and production sharing agreements

Exploration and production sharing agreements (EPSAs) are contracts for oil and gas licenses in which the oil or gas production is shared between one or more oil companies and the host country/national oil company in defined proportions. Exploration expenditures are carried by the oil companies as a rule and recovered from the state or the national oil company through so called "cost oil" in a successful case only. Under certain EPSA contracts the host country's/national oil company's profit share represents imposed income taxes and is treated as such for purposes of the income statement presentation.

g) Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are recognized at costs of acquisition or construction (including costs of major inspection and general overhauls). The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset when a decommissioning provision is recognized (see 2.5s). Costs for replacements of components are capitalized and carrying values of the replaced parts are derecognized. Costs relating to minor maintenance and repairs are treated as expenses in the year in which they are incurred.

Intangible assets and depreciable property, plant and equipment (except for oil and gas assets and a contract-related intangible asset in Upstream, see 2.5h) are amortized or depreciated on a straight-line basis over the useful economic life.

Useful life		Years
Intangible assets		
Goodwill		Indefinite
Software		3–5
Concessions, licenses, contract-related intangible assets etc.		5–20, contract duration or unit-of production method
Business-specific property, plant and equipment		
Upstream	Oil and gas wells	Unit-of-production method
Downstream Gas	Gas pipelines	30
	Gas power plant	8–30
Downstream Oil	Storage tanks	40
	Refinery facilities	25
	Pipeline systems	20
	Filling stations	5–20
Other property, plant and equipment		
Production and office buildings		20–50
Other technical plant and equipment		10–20
Fixtures and fittings		4–10

h) Oil and gas assets

Upstream activities are recorded using the successful efforts method. The acquisition costs of geological and geophysical studies before the discovery of proved reserves form part of expenses for the period. The costs of wells are capitalized and reported as intangible assets until the existence or absence of potentially commercially viable oil or gas reserves is determined. Wells which are not commercially viable are expensed. The costs of exploration wells whose commercial viability has not yet been determined continue to be capitalized as long as the following conditions are satisfied:

- Sufficient oil and gas reserves have been discovered that would justify completion as a production well.
- Sufficient progress is being made in assessing the economic and technical feasibility to justify beginning field development in the near future.

Exploratory wells in progress at year end which are determined to be unsuccessful subsequent to the statement of financial position date are treated as non-adjusting events, meaning that the costs incurred for such exploratory wells remain capitalized in the financial statements of the reporting period under review and will be expensed in the subsequent period.

License acquisition costs and capitalized exploration and appraisal activities are not amortized as long as they are related to unproved reserves, but tested for impairment when there is an indicator for a potential impairment. Once the reserves are proved and commercial viability is established, the related assets are reclassified into tangible assets. Development expenditure on the construction, installation or completion of infrastructure facilities such as platforms and pipelines and drilling development wells is capitalized within tangible assets. Once production starts, depreciation commences. Capitalized exploration and development costs and support equipment are generally depreciated based on proved developed reserves by applying the unit-of-production method; only capitalized exploration rights and acquired reserves are amortized on the basis of total proved reserves, unless a different reserves basis is more adequate.

Significant estimate: Oil and gas reserves
OMV Group's oil and gas reserves are estimated by the Group's petroleum engineers in accordance with industry standards. In addition, external reviews are performed every two years. In 2018, DeGolyer and MacNaughton (D&M) reviewed the reserves as of December 31, 2017. The results of the external review did not show significant deviations from the internal estimates, except for one case. In order to obtain a reasonable assurance on the reserves numbers of the field with a material deviation to D&M, OMV engaged an independent external specialist to provide an opinion on OMV's approach for determining the reserves, which was deemed appropriate.

Proved reserves are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulation before the time at which the contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain.

Proved oil and gas reserves were estimated based on a 12-month average price, unless prices are defined by contractual arrangements.

The reserves are reassessed by the group at least once per year. Changes to the estimates of proved oil and gas reserves impact prospectively the amount of depletion charged.

Oil and gas reserve estimates have a significant impact on the assessment of recoverability of carrying amounts of oil and gas assets of the Group. Downward revisions of these estimates could lead to impairment of the asset's carrying value and to reduced depreciation expense in the next period.

i) Impairment of non-financial assets

Intangible assets and property, plant and equipment (including oil and gas assets) are tested for impairment whenever events or changes in circumstances indicate that an asset may be impaired. Impairment tests are performed on the level of cash generating units (CGEs) which generate cash inflows that are largely independent of those from other assets or groups of assets.

If assets are determined to be impaired, the carrying amounts are written down to their recoverable amount, which is the higher of fair value less costs of disposal or value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. The pre-tax discount rate is determined by way of iteration. The cash flows are generally derived from the recent budgets and planning calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated.

The fair value less costs of disposal is determined on the basis of the recent market transactions, if available. If no such transactions can be identified, an appropriate valuation model is used.

If the reasons for impairment no longer apply in a subsequent period, a reversal is recognized in profit or loss. The increased carrying amount related to the reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization and depreciation) had no impairment loss been recognized in prior years.

Significant estimates and judgements: Recoverability of unproved oil and gas assets
There may be cases when costs related to unproved oil and gas properties remain capitalized over longer periods while various appraisal and seismic activities continue in order to assess the size of the reservoir and its commerciality.

Further decisions on the optimum timing of such developments are made from a resource and portfolio point of view. As soon as there is no further intention to develop the discovery, the assets are immediately impaired.

Significant estimates and judgements: Recoverability of intangible assets and property, plant and equipment

Evaluating whether assets or CGUs are impaired or whether past impairments should be reversed, require the use of different estimates and assumptions depending on the business such as oil and gas prices, inflation, discount rates, reserves, production profiles, growth rates, gross margins and spark spreads. The key estimates and assumptions used bear the risk of change due to the inherent volatile nature of the various macroeconomic factors and the uncertainty in asset or CGU specific factors like reserve volumes and production profiles, which can impact the recoverable amount of assets and/or CGUs.

The key valuation assumptions for the recoverable amounts of Upstream assets are the oil and natural gas prices, production volumes, exchange and discount rates. The production profiles were estimated based on past experience and represent management's best estimate of future production. The cash flow projections for the first five years are based on the mid-term plan and thereafter on a "life of field" planning and therefore cover the whole life term of the field.

The nominal oil and gas price assumptions and the EUR-USD exchange rates are listed below:

2019

	2020	2021	2022	2023	2024
Brent oil price (USD/bbl)	60	70	70	75	75
EUR-USD exchange rate	1.15	1.15	1.15	1.15	1.15
Brent oil price (EUR/bbl)	52	61	61	65	65
Realized gas price (EUR/MWh)	12	13	14	15	15

2018

	2019	2020	2021	2022	2023
Brent oil price (USD/bbl)	70	70	75	75	75
EUR-USD exchange rate	1.20	1.20	1.20	1.20	1.20
Brent oil price (EUR/bbl)	58	58	63	63	63
Realized gas price (EUR/MWh)	13	13	13	14	14

The long-term price assumptions from 2025 onwards are derived from the price assumptions for 2024 inflated for the remaining life of each asset. The assumptions used for oil and gas prices for short and medium term are based on management's best estimate and were consistent with external sources. The long-term assumptions were consistent with data provided by external studies and consider long-term views of global supply and demand.

In the Downstream Oil business, besides the discount rates, the recoverable amounts are mainly impacted by the indicator refinery margin and the utilization rate in the refineries and by the integrated margin and sales volumes in retail.

In the Downstream Gas business, besides the discount rates, the main valuation assumptions for the calculation of the recoverable amounts are the spark spreads for power plants and the summer/winter spreads for gas storages.

j) Assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts are to be realized by sale rather than through continued use. This is the case when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Property, plant and equipment and intangible assets once classified as held for sale are no longer amortized or depreciated.

k) Leases

OMV as a lessee recognizes lease liabilities and right-of-use assets for lease contracts according to IFRS 16. It applies the recognition exemption for short-term leases and leases in which the underlying asset is of low value and therefore does not recognize right-of-use assets and lease liabilities for such leases. Leases to explore for and use oil and natural gas, which comprise mainly land leases used for such activities, are not in the scope of IFRS 16. The rent for these contracts is recognized as expense on a straight-line basis over the lease term.

Non-lease components are separated from the lease components for the measurement of right-of-use assets and lease liabilities. Lease liabilities are recognized at the present value of fixed lease payments and lease payments which depend on an index or rate over the determined lease term with the applicable discount rate. Right-of-use assets are recognized at the value of the lease liability plus prepayments and initial direct costs.

OMV as a lessor entered in contracts which were assessed as operating leases, for which fixed and variable rent is recognized as revenue from rents and leases over the period of the lease.

The provisions of IFRS 16 were applied retrospectively without restating the figures of the comparative period, which continue to be reported under the previous accounting standard for leases IAS 17. Differences between the lease accounting according to IFRS 16 and IAS 17 are disclosed in Section 2 of this note.

Significant estimates and judgements: Leases

OMV has a significant number of contracts in which it leases filling stations. Many of those contracts include prolongation and termination options. Prolongation options or periods after termination options are included in the lease term if it is reasonably certain that the lease is prolonged or not terminated. When determining the lease term the Group takes into account all relevant facts and circumstances that create an economic incentive for shortening or prolonging the lease term using the available options. When assessing the lease term of leases in filling stations for periods covered by prolongation or termination options, the assumption was applied that the lease term will not exceed 20 years.

Optional periods, which have not been taken into account in the measurement of the leases, exist mainly for office buildings and gas storage caverns in Germany because they can only be exercised in the distant future.

l) Associated companies and joint arrangements

Associated companies are those entities in which the Group has significant influence, but not control nor joint control over the financial and operating policies. Joint arrangements, which are arrangements of which the Group has joint control together with one or more parties, are classified into joint ventures or joint operations. Joint ventures are joint arrangements in which the parties that share control have rights to the net assets of the arrangement. Joint operations are joint arrangements in which the parties that share joint control have rights to the assets, and obligations for the liabilities, relating to the arrangement.

Investments in associated companies and joint ventures are accounted for using the equity method, under which the investment is initially recognized at cost and subsequently adjusted for the Group's share of the profit or loss less dividends received and the Group's share of other comprehensive income and other movements in equity.

At each statement of financial position date, investments in associates and joint ventures are reviewed for any objective evidence of impairment. If there is such evidence, the amount of impairment is calculated as the difference between the recoverable amount of the associate or joint venture and its carrying amount and recognized in profit and loss.

Significant joint exploration and production activities in the Upstream segment are conducted through joint operations which are not structured through a separate vehicle. For these joint operations, OMV recognizes in the consolidated financial statements its share of the assets held and liabilities and expenses incurred jointly with the other partners, as well as the group's income from the sale of its share of the output and any liabilities and expenses that the group has incurred in relation to the joint operation. Acquisitions of interests in a joint operation, in which the activity of the joint operation constitutes a business, are accounted for according to the relevant IFRS 3 principles for business combination accounting (see 2.5a).

In addition, there are contractual arrangements similar to joint operations in the Group which are not jointly controlled and therefore do not meet the definition of a joint operation according to IFRS 11. This is the case when the main decisions can be taken by more than one combination of affirmative votes of the involved parties or where one other party has control. OMV assesses whether such arrangements are within or out of scope of IFRS 11 on the basis of the relevant legal arrangements such as concession, license or joint operating agreements which define how and by whom the relevant decisions for these activities are taken. The accounting treatment for these arrangements is basically the same as for joint operations. As acquisitions of interests in such arrangements are not within the scope of IFRS 3, OMV's accounting policy is to treat such transactions as asset acquisitions.

m) Non-derivative financial assets

At initial recognition, OMV classifies its financial assets as subsequently measured at amortized cost, fair value through other comprehensive income (OCI) or fair value through profit or loss. The classification depends both on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. All regular way trades are recognized and derecognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Debt instruments are measured **at amortized cost** if both of the following conditions are met:

- the asset is held within the business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost using the effective interest method less any impairment losses. Interest income, impairment losses and gains or losses on derecognition are recognized in profit or loss.

OMV recognizes allowances for expected credit losses (ECLs) for all financial assets measured at amortized costs. The ECL calculation is based on external or internal credit ratings of the counterparty and associated probabilities of default. Available forward-looking information is taken into account, if it has a material impact on the amount of valuation allowance recognized.

ECLs are recognized in two stages. Where there has not been a significant increase in the credit risk since initial recognition, credit losses are measured at 12 month ECLs. The 12 month ECL is the credit loss which results from default events that are possible within the next 12 months. The Group considers a financial asset to have low credit risk when its credit risk rating is equivalent to the definition of 'investment grade'.

Where there has been a significant increase in the credit risk since initial recognition, a loss allowance is required for the lifetime ECL, i.e. the expected credit losses resulting from possible default events over the expected life of a financial asset. For this assessment, OMV considers all reasonable and supportable information that is available without undue cost or effort. Furthermore, OMV assumes that the credit risk on a financial asset has significantly increased if it is more than 30 days past due. If the credit quality improves for a lifetime ECL asset, OMV reverts to recognizing allowances on a 12 month ECL basis. A financial asset is considered to be in default when the financial asset is 90 days past due unless there is reasonable and supportable information that demonstrates that a more lagging default criterion is appropriate. A financial asset is written off when there is no reasonable expectation that the contractual cash flows will be recovered.

For trade receivables and contract assets from contracts with customers a simplified approach is adopted, where the impairment losses are recognized at an amount equal to lifetime expected credit losses. In case there are credit insurances or securities held against the balances outstanding, the ECL calculation is based on the probability of default of the insurer/securer for the insured/secured element of the outstanding balance and the remaining amount will take the probability of default of the counterparty.

Non-derivative financial assets classified as **at fair value through profit or loss** include trade receivables from sales contracts with provisional pricing and investment funds because the contractual cash flows do not represent solely payments of principal and interest on the principal amount outstanding.

Furthermore, this measurement category includes portfolios of trade receivables held with an intention to sell them. These assets are measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss.

Equity instruments may be elected irrevocably as measured **at fair value through OCI** if they are not held for trading. OMV elected to classify its non-listed equity investments which are held for strategic purposes under this category. Gains and losses on equity investments measured at FVOCI are never recycled to profit or loss and they are not subject to impairment assessment. Dividends are recognized in profit or loss unless they represent a recovery of part of the cost of an investment.

OMV derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

Significant estimates and judgements: Fair value and recoverability of financial assets

The management is periodically assessing the receivable related to expenditure recoverable from the Romanian State related to obligations for decommissioning and restoration costs in OMV Petrom SA. The assessment process is considering inter alia the history of amounts claimed, documentation process related requirements, potential litigation or arbitration proceedings.

In 2017, as part of the acquisition of the interest in Yuzhno Russkoye gas field, OMV took over a contractual position towards Gazprom with regard to the reserves redetermination. The volume of gas reserves in Yuzhno Russkoye field is contractually agreed and, in case the reserves are higher or lower than what was assumed in the agreement, either OMV could be obligated to compensate Gazprom (but would profit in the future from higher sales volumes) or Gazprom could be obligated to compensate OMV. The payment for the reserve redetermination is linked to the actual amount of the gas reserves. The actual volume of gas reserves in Yuzhno Russkoye is expected to be agreed in 2023. The estimated volume of gas reserves in the field is assumed by OMV to be lower than the contractually agreed volume and is based on the assessment of the Group’s petroleum engineers (see Note 18 – Financial Assets – for more details).

n) Derivative financial instruments and hedge accounting

Derivative instruments are used to hedge risks resulting from changes in currency exchange rates and commodity prices. Derivative instruments are recognized at fair value. Unrealized gains and losses are recognized as income or expense, except where hedge accounting according to IFRS 9 is applied.

Those derivatives qualifying and designated as hedges are either (i) a fair value hedge when hedging exposure to changes in the fair value of a recognized asset or liability or (ii) a cash flow hedge when hedging exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction.

For cash flow hedges, the effective part of the changes in fair value is recognized in other comprehensive income, while the ineffective part is recognized immediately in the income statement. Where the hedging of cash flows results in the recognition of a non-financial asset or liability, the carrying value of that item will be adjusted for the accumulated gains or losses recognized directly in OCI.

Contracts to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments, as if the contracts were financial instruments, are accounted for as financial instruments and measured at fair value. Associated gains or losses are recognized in profit or loss. However, contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group’s expected purchase, sale or usage requirements are not accounted for as derivative financial instruments, but rather as executory contracts.

o) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualified assets are capitalized until these assets are substantially ready for their intended use or sale. All other costs of borrowing are expensed in the period in which they are incurred.

p) Government grants

Government grants are recognized as income or deducted from the related asset where it is reasonable to expect that the granting conditions will be met and that the grants will be received.

q) Inventories

Inventories are recognized at the lower of cost and net realizable value using the average price method for acquisition or production or the individual costs for not interchangeable goods respectively. Costs of production comprise directly attributable costs as well as fixed and variable indirect material and production overhead costs. Production-related administrative costs, the costs of company pension schemes and voluntary employee benefits are also included. In refineries, a carrying capacity approach is applied according to which the production costs are allocated to product groups on the basis of their relative market values at the end of the period.

In 2019, OMV ceased to apply the special accounting treatment, which was previously applied to inventories held according to compulsory stock obligations in Austria. The additional quantities in crude oil and products held under the Austrian Oil Stockholding Act (2013) were valued using a long-term weighted average price method, applied on the basis of oil equivalents. Quantities exceeding the compulsory stocks were valued at the lower of current production or acquisition costs and the net realizable value. Due to a change in the business model, this method is no longer applied to these stock quantities but they are valued based on the average price method taking into account lower net realizable values. This change was treated prospectively as a change in accounting estimate. This change led to an increase in the carrying amount of inventories and a positive impact on operating result of EUR 92 mn.

r) Cash and cash equivalents

Cash and cash equivalents include cash balances, bank accounts and highly liquid short-term investments with low realization risk, i.e. negligible short-term exchange and interest risks. The maximum maturity at the time of acquisition for such investments is three months.

s) Provisions

A provision is recorded for present obligations against third parties when it is probable that an obligation will occur and the settlement amount can be estimated reliably. Provisions for individual obligations are based on the best estimate of the amount necessary to settle the obligation, discounted to the present value in the case of long-term obligations.

Decommissioning and environmental obligations: The Group's core activities regularly lead to obligations related to dismantling and removal, asset retirement and soil remediation activities. These decommissioning and restoration obligations are principally of material importance in the Upstream segment (oil and gas wells, surface facilities) and in connection with filling stations on third-party property. At the time the obligation arises, it is provided for in full by recognizing the present value of future decommissioning and restoration expenses as a liability. An equivalent amount is capitalized as part of the carrying amount of long-lived assets. Any such obligation is calculated on the basis of best estimates. The unwinding of discounting leads to interest expense and accordingly to increased obligations at each statement of financial position date until decommissioning or restoration. For other environmental risks and measures, provisions are recognized if such obligations are probable and the amount of the obligation can be estimated reliably.

Significant estimates and judgements: Decommissioning provisions

The most significant decommissioning obligations of the Group are related to the plugging of wells, the abandonment of facilities and the removal and disposal of offshore installations. The majority of these activities are planned to occur many years into the future, while decommissioning technologies, costs, regulations and public expectations are constantly changing. Estimates of future restoration costs are based on reports prepared by Group engineers and on past experience. Any significant downward changes in the expected future costs or postponement in the future affect both the provision and the related asset, to the extent that there is sufficient carrying amount, otherwise the provision is reversed to income. Significant upward revisions trigger the assessment of the recoverability of the underlying asset.

Provisions for decommissioning and restoration costs require estimates of discount rates, which have material effects on the amounts of the provision. In case of negative interest rates a discount rate of zero is applied. The real discount rates applied for calculating the provision for decommissioning and restoration costs were between 0.0% and 3.25% (2018: 0.0% and 3.0%).

Pensions and similar obligations: OMV has both defined contribution and defined benefit pension plans in Austria and Germany and defined benefit pension plans New Zealand. In the case of **defined contribution plans**, OMV has no obligations beyond payment of the agreed premiums, and no provision is therefore recognized. The reported expense corresponds to the contributions payable for the period.

In contrast, participants in **defined benefit plans** are entitled to pensions at certain levels and are generally based on years of service and the employee's average compensation. These defined benefit plans expose the Group to actuarial risks, such as longevity risk, interest rate risk, inflation risk (as a result of indexation of pension) and market risk. Defined benefit pension obligations are accounted for by recognizing provisions for pensions.

Employees of Austrian Group companies whose service began before December 31, 2002 are entitled to receive severance payments upon termination of employment or on reaching normal retirement age. The entitlements depend on years of service and final compensation levels. Entitlements to severance payments for employees whose service began after December 31, 2002 are covered by defined contribution plans. Similar obligations as entitlement to severance payments also exist in other countries, where the Group provides employment.

Employees in Austria and Germany are entitled to jubilee payments after completion of a given number of years of service. These plans are non-contributory and unfunded.

Provisions for pensions, severance payments and jubilee payments are calculated using the projected unit credit method, which divides the costs of the estimated benefit entitlements over the whole period of employment and thus takes future increases in remuneration into account. Actuarial gains and losses for defined benefit pension and severance payment obligations are recognized in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are not reclassified to profit or loss in subsequent periods. Actuarial gains and losses on obligations for jubilee payments are recognized in profit or loss. Net interest expense is calculated on the basis of the net defined benefit obligation and disclosed as part of the financial result. Differences between the return on plan assets and interest income on plan assets included in the net interest expense is recognized in other comprehensive income.

Provisions for voluntary and mandatory separations under restructuring programs are recognized if a detailed plan has been approved by management and communicated to those affected prior to the statement of financial position date and an irrevocable commitment is thereby established. Voluntary modifications to employees' remuneration arrangements are recognized on the basis of the expected number of employees accepting the employing company's offer. Provisions for obligations related to individual separation agreements which lead to fixed payments over a defined period of time are recognized at the present value of the obligation.

Significant estimates and judgements: Pensions and similar obligations

The projected unit credit method calculation of provisions for pensions, severance and jubilee entitlements requires estimates for discount rates, future increases in salaries and future increases in pensions. For current actuarial assumptions for calculating expected defined benefit entitlements and their sensitivity analysis see Note 23 – Provisions.

The biometrical basis for the calculation of provisions for pensions, severance and jubilee entitlements of Austrian Group companies is provided by AVÖ 2018 P – Rechnungsgrundlagen für die Pensionsversicherung (Biometric Tables for Pension Insurance) – Pagler & Pagler, using the variant for salaried employees. In other countries, similar actuarial parameters are used. Employee turnover was computed based on age or years of service respectively. The expected retirement age used for calculations is based on the relevant country's legislation.

Provisions for onerous contracts: If onerous contracts exist in which the unavoidable costs of meeting a contractual obligation exceed the economic benefits expected to be received under the contract, provisions are recognized at the lower amount of the cost of fulfilling the contract and any potential penalties or compensation arising in the event of non-performance.

Significant estimates and judgements: Provisions for onerous contracts

OMV concluded in the past several long-term, non-cancellable contracts that became onerous due to negative development of market conditions. This led to the recognition of onerous contract provisions in the Group's financial statements for the unavoidable costs of meeting the contract obligations.

The estimates used for calculating the positive contributions that partly cover the fixed costs were based on external sources and management expectations. For more details on the significant provisions see Note 23 – Provisions.

Emission allowances received free of cost from governmental authorities (EU Emissions Trading Scheme for greenhouse gas emissions allowances) reduce financial obligations related to CO_2 emissions; provisions are recognized only for shortfalls (see Note 23 – Provisions).

t) Non-derivative financial liabilities

Liabilities are carried at amortized cost, with the exception of derivative financial instruments, which are recognized at fair value. Long-term liabilities are discounted using the effective interest rate method.

u) Taxes on income including deferred taxes

In addition to corporate income taxes and trade earnings taxes, typical upstream taxes from oil and gas production like the country's/national oil company's profit share for certain EPSAs (see 4.5f) are disclosed as income taxes. Deferred taxes are recognized for temporary differences.

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the unused tax losses, unused tax credits and deductible temporary differences can be utilized.

Significant estimates and judgements: Recoverability of deferred tax assets

The recognition of deferred tax assets requires an assessment of when those assets are likely to reverse, and a judgement as to whether or not there will be sufficient taxable profits available to offset the assets when they reverse. This assessment of recoverability requires assumptions regarding future profits and is therefore uncertain. In OMV, this assessment is based on detailed tax plannings which covers in Upstream entities the whole life of field and a five year period in the other entities.

Changes in the assumptions regarding future profits can lead to an increase or decrease of the amount of deferred tax assets recognized which has an impact on the net income in the period in which the change occurs.

Deferred tax assets and liabilities at Group level are shown net where there is a right of set-off and the taxes relate to matters subject to the same tax jurisdiction.

v) Long Term Incentive (LTI) Plans and Equity Deferral

The fair value of share-based compensation expense arising from the Long-term Incentive Plan (LTIP) – OMV's main equity settled plan – is estimated using a model which is based on the expected target achievements and the expected share prices. For cash-settled awards, a provision based on the fair value of the amount payable is built up over the vesting period, so that by the end of the vesting period the fair value of the bonus shares to be granted is fully provided for. The provision is remeasured at the end of each reporting period up to the date of settlement, with any changes in fair value recognized in profit or loss. For share settled awards, the grant date fair value is recognized as an expense (including income tax), with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as expense is adjusted to subsequent changes in parameters other than market parameters. In addition, the Equity Deferral part of the annual bonus is settled in shares. Accordingly, the related expense is recognized against equity. For share-based awards, the award is settled net of tax to the participants.

w) Fair value measurement

The fair value is the amount for which an asset or liability could be transferred at the measurement date, based on the assumption that such transfers take place between participants in principal markets and, where applicable, taking highest and best use into account.

Fair values are determined according to the following hierarchy:

Level 1: Quoted prices in active markets for identical assets or liabilities. For OMV Group this category will, in most cases, only be relevant for securities, bonds, investment funds and futures contracts.

Level 2: Valuation technique using directly or indirectly observables inputs. In order to determine the fair value for financial instruments within Level 2, usually forward prices of crude oil or natural gas, interest rates and foreign exchange rates are used as inputs to the valuation model. In addition counterparty credit risk as well as volatility indicators, if applicable, are taken into account.

Level 3: Valuation techniques such as discounted cash flow models using significant unobservable inputs (e.g. long-term price assumptions and reserves estimates).

6) Foreign currency translation

Monetary foreign currency balances are measured at closing rates, and exchange gains and losses accrued at statement of financial position date are recognized in the income statement.

The financial statements of Group companies with functional currencies different from the Group's presentation currency are translated using the closing rate method. Differences arising from statement of financial position items translated at closing rates are disclosed in other comprehensive income. Income statement items are translated at average rates for the period. The use of average rates for the income statement creates additional differences compared to the application of the closing rates in the statement of financial position which are directly adjusted in other comprehensive income.

The main rates applied in translating currencies to EUR were as follows:

Foreign currency translation

	2019		2018	
	Statement of financial position date	Average	Statement of financial position date	Average
Bulgarian lev (BGN)	1.956	1.956	1.956	1.956
Czech crown (CZK)	25.408	25.671	25.724	25.647
Hungarian forint (HUF)	330.530	325.300	320.980	318.890
New Zealand dollar (NZD)	1.665	1.700	1.706	1.707
Norwegian krone (NOK)	9.864	9.851	9.948	9.598
Romanian leu (RON)	4.783	4.745	4.664	4.654
Russian ruble (RUB)	69.956	72.455	79.715	74.042
US dollar (USD)	1.123	1.120	1.145	1.181

3 Changes in group structure

A full list of OMV investments as well as changes in consolidated group can be found in Note 38 – Direct and indirect investments of OMV Aktiengesellschaft. Major changes in consolidated Group are described below.

Changes in consolidated Group – Upstream

On January 31, 2019, OMV bought a 50% stake of the issued share capital in SapuraOMV Upstream Sdn. Bhd. for an amount of USD 540 mn (subject to customary closing adjustments). SapuraOMV Upstream Sdn. Bhd. and its subsidiaries are fully consolidated because OMV has the power over the relevant activities of these entities. Although the day-to-day activities are basically managed jointly by OMV and the other shareholder, OMV has casting votes for the decisions relevant for control such as in particular determining and approving the annual budget and the update of the mid-term planning.

In addition, the parties agreed to an additional consideration of up to USD 85 mn based on certain conditions, mainly linked to the resource volume in Block 30, Mexico, at the time the final investment decision is taken. No liability was recognized at the time of acquisition. Both parties have also agreed to refinance the intercompany debt of USD 350 mn existing at the time of acquisition (shown in the line "Repayments of long-term borrowings" in the cash flow statement).

The acquisition was an additional important step in establishing Asia-Pacific as the fifth OMV core region. Alongside future growth in daily production in Malaysian offshore gas fields, this transaction will also give OMV access to exploration blocks in New Zealand, Australia and Mexico.

Acquired net assets and goodwill calculation

The non-controlling interest in SapuraOMV Upstream Sdn. Bhd. is measured at its proportionate share of the acquiree's identifiable net assets. The goodwill is mostly related to the deferred tax liability recognized for the differences in book and tax values of the assets acquired. The goodwill is not deductible for income tax purposes. The fair value of the net assets acquired, as well as the goodwill calculation, are detailed in the following tables. The fair value of the trade receivables substantially matched their carrying amount, and all contractual cash flows less immaterial credit loss effects are expected to be collected. The purchase price is still subject to customary closing adjustments, however no material impact is expected. The consideration disclosed below includes the best estimate of the expected purchase price.

Fair values acquired

In EUR mn

	SapuraOMV
Intangible assets	679
Property, plant and equipment	604
Non-current assets	**1,283**
Inventories	6
Trade receivables	18
Other financial assets	44
Other assets	10
Cash and cash equivalents	12
Current assets	**90**
Total assets	**1,372**
Lease liabilities	5
Other interest-bearing debts	305
Decommissioning and restoration obligations	69
Deferred taxes	336
Non-current liabilities	**715**
Other interest-bearing debts	9
Trade payables	49
Income tax liabilities	10
Other financial liabilities	9
Other liabilities	5
Current liabilities	**83**
Total liabilities	**798**
Net assets	**574**
Non-controlling interests	(287)
Net assets acquired	**287**

Measurement of goodwill

In EUR mn

	SapuraOMV
Consideration	479
FX hedge effect	2
Net assets acquired	287
Goodwill	**195**

In 2019, SapuraOMV contributed EUR 171 mn to consolidated sales and EUR (36) mn to consolidated net income of OMV Group since its inclusion. If the acquisition had already taken place at the beginning of the year, the calculated value of the sales and net income contribution of SapuraOMV to the OMV Group would have been EUR 186 mn and EUR (39) mn, respectively.

Changes in consolidated Group – Downstream

On July 31, 2019, OMV and ADNOC, the Abu Dhabi National Oil Company, closed the strategic equity partnerships covering both the existing ADNOC Refining business and a new Trading Joint Venture. The shareholder structure for both, the ADNOC Refining and the Trading Joint Venture, is OMV 15%, Eni 20% and ADNOC the remaining 65%. The purchase price for OMV amounted to USD 2.43 bn.

OMV has significant influence in the companies and accounts for them using the equity method. The purchase price including a positive FX hedging impact of EUR 43 mn and transaction costs amounted in total to EUR 2,150 mn and was capitalized in the line "Equity-accounted investments" in the balance sheet. The purchase price includes a deferred consideration of USD 60 mn which is reflected in other short-term financial liabilities.

Cash flow impact of major acquisitions

The cash flow from investing activities contained EUR 460 mn cash outflow related to the acquisition of SapuraOMV Upstream Sdn. Bhd., reflected in the line "Acquisition of subsidiaries and businesses net of cash acquired" as detailed in the below table.

Net cash outflows related to the acquisition of subsidiaries and businesses

In EUR mn

	SapuraOMV
Consideration paid	472
less cash acquired	(12)
Net cash outflows from subsidiaries and businesses acquired	**460**

The line "Investments, loans and other financial assets" in the cash flow statement contains a cash outflow of EUR 2,095 mn related to the acquisition of the ADNOC Refining business.

Segment Reporting

4 Segment Reporting

Business operations and key markets

For business management purposes, OMV is divided into two operating Business Segments: Upstream and Downstream, as well as the segment Corporate and Other (Co&O). Each segment represents a strategic unit with different products and markets. Each Business Segment is managed independently. Strategic business decisions are made by the Executive Board of OMV. With the exception of Co&O, the reportable segments of OMV are the same as the operating segments.

Upstream (U/S) engages in the business of oil and gas exploration, development and production and focuses on the regions Central and Eastern Europe, North Sea, Russia, Middle East and Africa and Asia-Pacific.

The Downstream Oil (D/S Oil) part of the **Downstream** (D/S) Business Segment refines and markets crude, petrochemicals and other feedstock. It operates the refineries Schwechat (Austria), Burghausen (Germany) and Petrobrazi (Romania) with an annual capacity of 17.8 mn t. In these refineries, crude oil is processed into petroleum products, which are sold to commercial and private customers. OMV holds a strong position in the markets located within the areas of its supply, serving commercial customers and operating a retail network of approximately 2,100 filling stations. OMV holds minority stakes in various equity-accounted refining and petrochemicals investments, the most important being the 36% interest in Borealis AG and the 15% participation in ADNOC Refining (United Arab Emirates) with annual capacity of 7.1 mn t OMV share (see Note 16 – Equity accounted investments).

Downstream Gas (D/S Gas) operates across the gas value chain with a successful gas sales and logistics business in Europe. OMV is operating storage capacities in Austria and Germany and holds a stake in GAS CONNECT AUSTRIA GmbH which engages in the regulated gas transportation business in Austria. Downstream Gas activities also cover supply, marketing and trading of gas in Europe and Turkey and the Group's power business activities, with one gas-fired power plant in Romania.

Group management, financing and insurance activities and certain service functions are concentrated in the **Co&O** segment.

The key measure of operating performance for the Group is Clean CCS Operating Result. Total assets include intangible assets as well as property, plant and equipment. Sales to external customers are split up by geographical areas on the basis of where the delivery of goods or services is effective. Accounting policies of the operating segments are the same as those described in the summary of significant accounting policies, with certain exceptions for intra-group sales and cost allocations by the parent company, which are determined in accordance with internal OMV policies. Management is of the opinion that the transfer prices of goods and services exchanged between segments correspond to market prices. Business transactions not attributable to operating segments are included in the results of the Co&O segment.

The disclosure of special items is considered appropriate in order to facilitate analysis of ordinary business performance. To reflect comparable figures, certain items affecting the result are added back or deducted. These items can be divided into four subcategories: personnel restructuring, unscheduled depreciation and write-ups, asset disposals and other.

Furthermore, to enable effective performance management in an environment of volatile prices and comparability with peers, the Current Cost of Supply (CCS) effect is eliminated from the result. The CCS effect, also called inventory holding gains and losses, is the difference between the cost of sales calculated using the current cost of supply based on purchases from the most recent month and the cost of sales calculated using the weighted average method, after adjusting for any changes in valuation allowances. In volatile energy markets, measurement of the costs of petroleum products sold based on historical values (e.g. weighted average cost) can have distorting effects on reported results. This performance measurement indicator enhances the transparency of results and is commonly used in the oil industry. OMV, therefore, publishes this measure in addition to the Operating Result determined according to IFRS.

Segment reporting

In EUR mn

	2019								
	U/S	D/S	thereof D/S Oil	thereof D/S Gas	thereof intrasegmental elim. D/S	Co&O	**Total**	Consolidation	**OMV Group**
Sales revenues [1]	6,239	20,958	15,085	5,976	(103)	345	**27,542**	(4,081)	**23,461**
Intra-group sales	(3,656)	(84)	(46)	(141)	103	(341)	**(4,081)**	4,081	**—**
External sales revenues	**2,583**	**20,874**	**15,039**	**5,835**	**—**	**4**	**23,461**	**—**	**23,461**
Other operating income	157	98	66	32	—	60	**315**	—	**315**
thereof write-up of tangible and intangible assets	35	0	0	—	—	—	**35**	—	**35**
Net income from equity-accounted investments	45	341	327	14	—	—	**386**	—	**386**
Depreciation and amortization	1,604	544	474	70	—	37	**2,186**	—	**2,186**
Impairment losses (incl. exploration & appraisal)	211	32	19	13	—	0	**243**	—	**243**
Operating Result	**1,879**	**1,847**	**1,560**	**287**	**—**	**(91)**	**3,636**	**(54)**	**3,582**
Special items for personnel restructuring	17	5	5	0	—	11	**34**	—	**34**
Special items for unscheduled depreciation and write-ups	9	30	18	12	—	—	**39**	—	**39**
Special items for asset disposal	(3)	(1)	(2)	1	—	—	**(5)**	—	**(5)**
Other special items	48	(65)	54	(119)	—	13	**(4)**	—	**(4)**
Special items	**71**	**(31)**	**74**	**(106)**	**—**	**24**	**64**	**—**	**64**
CCS effect	—	(139)	(139)	—	—	—	**(139)**	29	**(110)**
Clean CCS Operating Result	**1,951**	**1,677**	**1,495**	**182**	**—**	**(67)**	**3,561**	**(25)**	**3,536**
Segment assets [2]	15,049	5,315	4,341	974	—	277	**20,642**	—	**20,642**
Additions in PPE/IA [3]	2,046	632	544	88	—	73	**2,751**	—	**2,751**
Equity-accounted investments	457	4,695	4,635	59	—	—	**5,151**	—	**5,151**

[1] Including intra-group sales
[2] Property, plant and equipment (PPE), intangible assets (IA), not including assets reclassified to assets held for sale
[3] Excluding additions in assets reclassified to held for sale

Segment reporting

In EUR mn

	2018								
	U/S	D/S	thereof D/S Oil	thereof D/S Gas	thereof intrasegmental elim. D/S	Co&O	**Total**	Consolidation	**OMV Group**
Sales revenues [1]	5,556	20,830	14,755	6,215	(139)	339	**26,725**	(3,795)	**22,930**
Intra-group sales	(3,386)	(74)	(48)	(166)	139	(335)	**(3,795)**	3,795	**—**
External sales revenues	**2,170**	**20,756**	**14,707**	**6,049**	**—**	**4**	**22,930**	**—**	**22,930**
Other operating income	329	127	59	69	—	61	**517**	—	**517**
thereof write-up of tangible and intangible assets	106	1	1	—	—	—	**106**	—	**106**
Net income from equity-accounted investments	40	352	327	25	—	—	**391**	—	**391**
Depreciation and amortization	1,231	467	398	69	—	20	**1,718**	—	**1,718**
Impairment losses (incl. exploration & appraisal)	165	3	3	—	—	0	**168**	—	**168**
Operating Result	**2,122**	**1,420**	**1,402**	**18**	**—**	**(47)**	**3,495**	**28**	**3,524**
Special items for personnel restructuring	11	4	3	1	—	24	**40**	—	**40**
Special items for unscheduled depreciation and write-ups	(52)	1	1	—	—	—	**(51)**	—	**(51)**
Special items for asset disposal	(2)	(3)	(4)	1	—	2	**(3)**	—	**(3)**
Other special items	(52)	216	32	184	—	—	**164**	—	**164**
Special items	**(95)**	**219**	**33**	**185**	**—**	**26**	**149**	**—**	**149**
CCS effect	—	4	4	—	—	—	**4**	(31)	**(27)**
Clean CCS Operating Result	**2,027**	**1,643**	**1,439**	**204**	**—**	**(21)**	**3,649**	**(3)**	**3,646**
Segment assets [2]	13,536	4,755	3,798	957	—	141	**18,432**	—	**18,432**
Additions in PPE/IA [3]	3,003	558	501	56	—	25	**3,585**	—	**3,585**
Equity-accounted investments	428	2,582	2,509	74	—	—	**3,011**	—	**3,011**

[1] Including intra-group sales
[2] Property, plant and equipment (PPE), intangible assets (IA), not including assets reclassified to assets held for sale
[3] Excluding additions in assets reclassified to held for sale

Other special items in Upstream in 2019 mainly comprised the reassessment of reserves redetermination rights related to the field Yuzhno Russkoye partly offset by temporary hedging effects. Downstream other special items consisted of temporary hedging effects in Downstream Gas partly offset by environmental provisions in Romania in Downstream Oil.

2018 Other special items in Upstream included temporary hedging effects of EUR 89 mn, gains from divestments in Pakistan in amount of EUR 52 mn and Tunisia in amount of EUR 39 mn, partly compensated by special items related to the contingent consideration from the divestment of Rosebank and of OMV (U.K.) Limited amounting to EUR (78) mn, mainly as a result of a shift in the expected final investment decision. In Downstream other special items were impacted by divestment of the Samsun power plant in Turkey in amount of EUR (150) mn and by the impairment of the Borealis fertilizer business in amount of EUR (33) mn.

Information on geographical areas

In EUR mn

	2019			2018		
	External sales	Allocated assets [1]	Equity-accounted investments [3]	External sales	Allocated assets [1]	Equity-accounted investments [3]
Austria	6,599	3,452	2,465	6,635	3,046	2,447
Germany	4,962	1,098	29	5,161	962	28
Romania	4,389	6,265	—	3,973	6,165	—
Russia	633	896	134	697	868	92
New Zealand	528	1,199	—	256	1,406	—
United Arab Emirates	488	1,780	2,190	77	1,630	85
Malaysia	122	1,333	—	—	—	—
Rest of CEE [4]	3,564	659	—	3,649	490	14
Rest of Europe	1,379	1,954	10	1,426	2,070	9
Rest of the world [2]	799	1,456	323	1,056	1,448	336
Total	**23,461**	**20,092**	**5,151**	**22,930**	**18,084**	**3,011**
Not allocated assets	—	550	—	—	348	—
Segment assets	**—**	**20,642**	**5,151**	**—**	**18,432**	**3,011**

[1] Property, plant and equipment (PPE), intangible assets (IA), not including assets reclassified to assets held for sale
[2] Rest of world: Principally Australia, Kazakhstan, Japan, Bahrain, China, Nigeria, Libya, Pakistan, Tunisia, Yemen, Singapore, Mexico and Hong Kong
[3] Equity-accounted investments are allocated based on the seat of the registered office of the parent company
[4] Including Turkey

Not allocated assets contained goodwill in amount of EUR 199 mn related to the cash generating unit ‘Sapura OMV’, EUR 26 mn (2018: EUR 29 mn) related to the cash-generating unit ‘Refining West’ and EUR 325 mn (2018: EUR 319 mn) related to the cash-generating unit ‘Middle East and Africa’ as these CGUs are operating in more than one geographical area.

Notes to the Income Statement

5 Sales revenues

Sales revenues

In EUR mn

	2019	2018
Revenues from contracts with customers	22,832	22,607
Revenues from fixed lease payments	17	16
Revenues from variable lease payments	63	62
Revenues from other sources	548	246
Sales revenues	**23,461**	**22,930**

Revenues from contracts with customers

In EUR mn

	Upstream	Downstream Oil	Downstream Gas	Corporate &Other	OMV Group
			2019		
Crude Oil, NGL, condensates	1,228	1,073	—	—	**2,302**
Natural gas and LNG	876	5	4,969	—	**5,849**
Fuel, heating oil and other refining products	—	11,161	—	—	**11,161**
Petrochemicals	—	1,768	—	—	**1,768**
Gas storage, transmission, distribution and transportation	20	4	228	—	**252**
Other goods and services [1]	24	887	588	2	**1,501**
Revenues from contracts with customers	**2,148**	**14,897**	**5,785**	**2**	**22,832**
			2018		
Crude Oil, NGL, condensates	1,181	795	—	—	**1,976**
Natural gas and LNG	744	4	5,136	—	**5,884**
Fuel, heating oil and other refining products	—	11,130	—	—	**11,130**
Petrochemicals	—	1,981	—	—	**1,981**
Gas storage, transmission, distribution and transportation	11	—	207	—	**218**
Other goods and services [1]	39	843	533	2	**1,417**
Revenues from contracts with customers	**1,975**	**14,754**	**5,876**	**2**	**22,607**

[1] Mainly non-oil business in Downstream Oil and power sales in Downstream Gas

6 Other operating income and net income from equity-accounted investments

Other operating income and net income from equity-accounted investments

In EUR mn

	2019	2018
Foreign exchange gains from operating activities	80	95
Gains from fair value changes of financial assets	—	23
Gains on the disposal of businesses, subsidiaries, tangible and intangible assets	21	105
Write-up of tangible and intangible assets	35	106
Residual other operating income	179	188
Other operating income	**315**	**517**
Income from equity-accounted investments	392	394
Expenses from equity-accounted investments	(6)	(2)
Net income from equity-accounted investments	**386**	**391**

Gains on the disposal of businesses, subsidiaries, tangible and intangible assets contained a gain of EUR 11 mn relating to sales of nine marginal fields in Romania.

2018 included 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.

Write-up of tangible and intangible assets
On November 18, 2019, OMV agreed to sell its 69% interest in the Maari oil field, located in New Zealand's offshore Taranaki Basin, to Jadestone Energy Inc. 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 (see Note 20 – Assets and liabilities held for sale).

In 2018, write-ups were mainly related to reversals of past impairments recognized for oil and gas assets in Romania (Asset VII) and Norway (Gudrun) based on value in use calculation (EUR 105 mn).

Residual other operating income 2019 contained income related to clarification of a tax related topic in Romania (EUR 14 mn) as well as storage income related to Erdöl-Lagergesellschaft m.b.H. in amount of EUR 49 mn (2018: EUR 41 mn). 2018 included insurance income related to a damage claim for the Brazi power plant and the gas distribution station Baumgarten in the amount of EUR 34 mn.

Net income from equity-accounted investments decreased slightly to EUR 386 mn and primarily contained the contribution from Borealis amounting to EUR 314 mn (2018: EUR 327 mn).

7 Depreciation, amortization and impairment charges

Impairment losses are part of the income statement line "Depreciation, amortization and impairment charges", except for impairment losses related to exploration and appraisal assets which are shown in "Exploration expenses". The following tables provide a reconciliation to the amounts reported in the income statement.

Depreciation, amortization and impairment losses (excluding exploration & appraisal)

In EUR mn

	2019	2018
Depreciation and amortization	2,186	1,718
Impairment losses (excl. exploration & appraisal)	151	109
Depreciation, amortization and impairment losses (excluding exploration & appraisal)	**2,337**	**1,827**

Impairment losses (including exploration & appraisal)

In EUR mn

	2019	2018
Impairment losses (excl. exploration & appraisal)	151	109
Impairment losses (exploration & appraisal)	92	59
Impairment losses (including exploration & appraisal)	**243**	**168**

Depreciation, amortization and impairment losses – split per function

In EUR mn

	2019	2018
Depreciation and amortization	**2,186**	**1,718**
attributable to exploration expenses	—	—
attributable to production and operating expenses	1,926	1,549
attributable to selling, distribution and administrative expenses	259	169
Impairment losses (incl. exploration & appraisal)	**243**	**168**
attributable to exploration expenses	92	59
attributable to production and operating expenses	125	108
attributable to selling, distribution and administrative expenses	26	2

Impairments in Upstream

In 2019, a divestment process of 40 marginal oil and gas fields in Romania resulted in a pre-tax impairment of property, plant and equipment amounting to EUR 36 mn. For details please see Note 20 – Assets and liabilities held for sale.

Moreover, impairments in 2019 included unsuccessful workovers and obsolete or replaced assets in Romania (EUR 76 mn) as well as impairment losses related to exploration and appraisal (EUR 92 mn) which were mainly related to unsuccessful exploration wells in Romania, Austria, New Zealand and Norway.

In 2018, a sales transaction of OMV´s share in Polarled pipeline and Nyhamna gas processing facilities in the North Sea region was closed and resulted in a pre-tax impairment amounting to EUR 36 mn. Other impairments in 2018 were mainly related to the unsuccessful workovers and obsolete or replaced assets in Romania (EUR 58 mn), unsuccessful exploration wells in Romania, Norway and Bulgaria (EUR 37 mn) as well as to an impaired exploration license in Madagascar (EUR 14 mn) following an exit decision.

Impairments in Downstream

In 2019, the equity-accounted investment in Enerco Enerji Sanayi Ve Ticaret A.Ş. was fully written off following the termination of long term sales contracts, leading to an impairment loss of EUR 12 mn. Other impairments amounted to EUR 20 mn and were mainly related to assets in Downstream Oil. In 2018, there were no significant impairments in the segment.

8 Exploration expenses

The following financial information represents the amounts included within the Group totals relating to exploration for and appraisal of oil and natural gas resources. All such activities are recorded within the Upstream segment.

Exploration for and appraisal of mineral resources

In EUR mn

	2019	2018
Impairment losses (exploration & appraisal)	92	59
Other exploration costs	136	115
Exploration expenses	**229**	**175**
Total assets – exploration and appraisal expenditure incl. acquisition of unproved reserves	2,500	1,906
Net cash used in operating activities	138	133
Net cash used in investing activities [1]	261	474

[1] 2019 figures do not include the acquisition of SapuraOMV Upstream assets in Malaysia (see Note 3 – Changes in group structure – for more details) and 2018 figures do not include the acquisition of Shell's Upstream assets in New Zealand.

9 Other operating expenses

Other operating expenses

In EUR mn

	2019	2018
Foreign exchange losses from operating activities	67	64
Losses on disposals of businesses, subsidiaries, tangible and intangible assets	14	162
Losses from fair value changes of financial assets	5	85
Net impairment losses on financial assets measured at amortized cost	33	11
Personnel reduction schemes	26	34
Research and development expenses	49	40
Residual other operating expenses	128	90
Other operating expenses	**322**	**485**

Losses on the disposal of businesses, subsidiaries, tangible and intangible assets in 2018 mainly consisted of a loss on the divestment of OMV Samsun Elektrik Üretim Sanayi ve Ticaret A.Ş. of EUR 150 mn.

Losses from fair value changes of financial assets were mainly related to the negative re-evaluation of the asset from reserves redetermination rights related to the acquisition of interests in the Yuzhno Russkoye field which was triggered by reserves reassessment, partly offset by positive discounting effects. 2018 contained a negative fair value adjustment of EUR 88 mn which was recognized for the financial assets related to the contingent considerations from the divestments of Rosebank and of OMV (U.K.) Limited, triggered by a delay of the estimated final investment date for the Rosebank license. For further details see Note 18 – Financial assets.

Net impairment losses on financial assets measured at amortized cost were mainly related to impairments for receivables in Tunisia amounting to EUR 18 mn, triggered by reassessment of future production.

Residual other operating expenses contained expenses relating to various digitalization initiatives which started in 2018 and amounted to EUR 44 mn (2018: EUR 10 mn).

10 Personnel expenses

Personnel expenses

In EUR mn

	2019	2018
Wages and salaries	869	788
Costs of defined benefit plans	18	8
Costs of defined contribution plans	28	25
Net expenses for personnel reduction schemes	26	34
Other employee benefits	157	134
Taxes and social contribution	130	120
Personnel expenses	**1,228**	**1,108**

The total expenses for pensions included in the costs of defined benefit plans, costs of defined contribution plans and net expenses for personnel reduction schemes amounted to EUR 40 mn (2018: EUR 50 mn).

11 Net financial result

Interest income

In EUR mn

	2019	2018
Derivatives	—	8
Discounted receivables	24	9
Loans, receivables and cash deposits	128	98
Other	17	2
Interest income	**169**	**117**

Interest income from discounted receivables position was positively impacted by the reassessment of a grant receivable from Romanian State triggered by earlier encashment than estimated at the end of 2018.

Interest income from loans, receivables and cash deposits included EUR 70 mn (2018: EUR 51 mn) related to the Nord Stream 2 financing agreement. For further details see Note 18 – Financial assets.

The component **Other** primarily contained late payment interest income in relation to clarification of a tax related topic in Romania.

Interest expenses

In EUR mn

	2019	2018
Financial liabilities measured at amortized cost	176	151
Non-financial liabilities	4	11
Provisions for decommissioning and restoration obligations	91	84
Provisions for jubilee payments, personnel reduction plans and other employee benefits	2	3
Provisions for pensions and severance payments	19	15
Other	19	46
Interest expenses, gross	**309**	**311**
Capitalized borrowing costs	(6)	(21)
Interest expenses	**304**	**290**

Financial liabilities measured at amortized cost contained interest expenses on lease liabilities amounting to EUR 23 mn (2018: EUR 17 mn). The increase was mainly impacted by the implementation of IFRS 16. In addition to this, a higher bond position contributed to the negative development.

For OMV Petrom SA the **unwinding expenses for decommissioning provision** are included net of the unwinding income for related state receivables. For further details see Note 18 – Financial assets.

The **interest expenses on pension provisions** were netted against interest income on pension plan assets amounting to EUR 8 mn (2018: EUR 7 mn).

Other interest expenses included unwinding expenses for the Gate LNG obligation and associated transportation commitments of OMV Gas Marketing & Trading GmbH in amount of EUR 17 mn (2018: EUR 21 mn). For further details see Note 23 – Provisions. 2018 contained a negative impact of reassessment from state receivable and grant receivable from Romanian State.

Capitalized borrowings costs applied to the carrying value of qualifying assets and were mainly related to oil and gas development assets in Tunisia and Norway. The average interest rate used was 2.3% (2018: 2.4%).

Other financial income and expense

In EUR mn

	2019	2018
Financing charges for factoring and securitization	(31)	(31)
Net foreign exchange gain/ (loss)	40	(11)
Other	(8)	(30)
Other financial income and expense	**1**	**(72)**

The position **Other** was mainly related to bank charges, while 2018 was mainly impacted by breakage fees for early repayment of loans.

12 Taxes on income and profit

Taxes on income and profit

In EUR mn

	2019	2018
Current taxes	1,207	1,007
thereof related to previous years	13	21
Deferred taxes	100	298
Taxes on income and profit	**1,306**	**1,305**

Changes in deferred taxes

In EUR mn

	2019	2018
Deferred taxes January 1	28	338
Adjustments on initial application of IFRS 9 and IFRS 15	—	1
Adjusted deferred taxes January 1	**28**	**339**
Deferred taxes December 31	(445)	28
Changes in deferred taxes	**(473)**	**(310)**
Deferred taxes accounted for in equity	(4)	22
Changes in consolidated Group, exchange differences and other changes [1]	377	(9)
Deferred taxes per income statement	**(100)**	**(298)**
The deferred taxes per income statement comprise the following elements:		
Change in tax rate	5	8
Release of and allocation to valuation allowance for deferred taxes	5	118
Adjustments within loss carryforwards (not recognized in prior years, expired loss carryforwards and other adjustments)	16	(17)
Reversal of temporary differences, including additions to and use of loss carryforwards	(125)	(406)

[1] 2019 included the acquisition of SapuraOMV in amount of EUR 336 mn. 2018 included the acquisition of Shell's Upstream business in New Zealand (EUR 117 mn) as well as the disposal of OMV's share in Polarled pipeline and Nyhamna gas processing facilities in North Sea region (EUR (100) mn).

Taxes on income and profit accounted for in other comprehensive income

In EUR mn

	2019	2018
Deferred taxes	(4)	53
Current taxes	0	3
Taxes on income and profit accounted for in other comprehensive income	**(4)**	**55**

In 2019, the deferred tax impact booked in profit or loss related to the usage of tax loss carryforwards was EUR 76 mn (2018: EUR 205 mn).

OMV Aktiengesellschaft forms a **tax group** in accordance with section 9 of the Austrian Corporate Income Tax Act 1988 (KStG), which aggregates the taxable profits and losses of all the Group's main subsidiaries in Austria and possibly arising losses of one foreign subsidiary (OMV AUSTRALIA PTY LTD).

Dividend income from domestic subsidiaries is in general exempt from taxation in Austria. Dividends from EU- and EEA-participations as well as from subsidiaries whose residence state has a comprehensive mutual administrative assistance agreement with Austria are exempt from taxation in Austria if certain conditions are fulfilled. Dividends from other foreign investments that are comparable to Austrian corporations, for which the Group holds a 10% investment share or more for a minimum period of one year, are also excluded from taxation at the level of the Austrian parent company.

In 2019 as well as in the previous year, a **valuation allowance for deferred tax assets for the Austrian tax group** was recognized. The valuation allowance was reported in the income statement, except to the extent that the deferred tax assets arose from transactions or events which were recognized outside profit or loss, i.e. in other comprehensive income or directly in equity.

The **effective tax rate** is the ratio of income tax to profit before tax. The tables hereafter reconcile the effective tax rate and the standard Austrian corporate income tax rate of 25% showing the major influencing factors.

Tax rate reconciliation

In %

	2019	2018
Austrian corporate income tax rate	**25.0**	**25.0**
Tax effect of:		
Differing foreign tax rates	14.7	16.0
Non-deductible expenses	5.0	5.0
Non-taxable income	(5.3)	(5.4)
Change in tax rate	(0.2)	(0.2)
Permanent effects within tax loss carryforwards	(0.0)	0.1
Tax write-downs and write-ups on investments at parent company level	(0.6)	(0.2)
Change in valuation allowance for deferred taxes	(0.1)	(2.7)
Taxes related to previous years	(0.6)	1.1
Other	(0.1)	0.9
Effective Group income tax rate	**37.8**	**39.6**

Tax rate reconciliation

In EUR mn

	2019	2018
Theoretical taxes on income based on Austrian income tax rate	**863**	**824**
Tax effect of:		
Differing foreign tax rates	508	528
Non-deductible expenses	172	166
Non-taxable income	(182)	(178)
Change in tax rate	(5)	(8)
Permanent effects within tax loss carryforwards	(2)	2
Tax write-downs and write-ups on investments at parent company level	(20)	(6)
Change in valuation allowance for deferred taxes	(5)	(90)
Taxes related to previous years	(19)	35
Other	(4)	31
Total taxes on income and profit	**1,306**	**1,305**

The Group's effective tax rates in 2019 and 2018 were significantly impacted by high result contributions in Upstream from high tax rates fiscal regimes such as Abu Dhabi, Norway and Libya.

Non-deductible expenses in 2019 contained amongst others permanent effects in depreciation, depletion and amortization. In 2018 non-deductible expenses were mainly impacted by permanent effects related to FX losses reclassified ("Recycling") from the divestment of the Samsun power plant in Turkey as well as permanent effects in depreciation, depletion and amortization.

Non-taxable income in 2019 and 2018 was predominantly attributable to the result contribution from equity-accounted investments as well as to tax incentives in Norway.

Other also included in 2019 and 2018 positive tax effects on hybrid capital interest. For further details see Note 2 – Accounting policies, judgements and estimates.

13 Earnings Per Share

Earnings Per Share (EPS)

	2019			2018		
	Earnings attributable to stock-holders of the parent in EUR mn	Weighted average number of shares out-standing	EPS in EUR	Earnings attributable to stock-holders of the parent in EUR mn	Weighted average number of shares out-standing	EPS in EUR
Basic	1,678	326,610,239	5.14	1,438	326,651,395	4.40
Diluted	1,678	326,863,180	5.13	1,438	327,145,348	4.40

The calculation of diluted Earnings per Share takes into account the weighted average number of ordinary shares in issue following the conversion of all potentially diluting ordinary shares. This includes 252,941 (2018: 493,953) contingently issuable bonus shares related to the Long Term Incentive Plans and the Equity Deferral.

Notes to the Statement of Financial Position

14 Intangible assets

Intangible assets

In EUR mn

	Concessions, software, licenses, rights	Oil and gas assets with unproved reserves	Goodwill	Total
		2019		
Costs				
January 1	**1,769**	**2,252**	**420**	**4,441**
Foreign exchange differences	124	20	7	**150**
Changes in consolidated Group	0	678	195	**874**
Additions	46	254	—	**300**
Transfers	0	(183)	—	**(183)**
Assets held for sale	0	(26)	—	**(27)**
Disposals	(2)	(135)	—	**(137)**
December 31	**1,936**	**2,860**	**622**	**5,418**
Development of amortization				
January 1	**779**	**346**	**—**	**1,125**
Foreign exchange differences	6	2	—	**8**
Amortization	113	—	—	**113**
Impairments	0	92	—	**92**
Transfers	0	(15)	—	**(16)**
Assets held for sale	0	(1)	—	**(1)**
Disposals	(2)	(64)	—	**(66)**
December 31	**895**	**360**	**—**	**1,255**
Carrying amount January 1	991	1,906	420	**3,317**
Carrying amount December 31	**1,041**	**2,500**	**622**	**4,163**
		2018		
Costs				
January 1	**1,932**	**1,423**	**416**	**3,771**
Foreign exchange differences	(153)	8	4	**(141)**
Changes in consolidated Group	0	386	7	**393**
Additions	23	554	—	**578**
Transfers	4	(15)	—	**(11)**
Assets held for sale	(34)	(2)	(7)	**(43)**
Disposals	(3)	(103)	—	**(107)**
December 31	**1,769**	**2,252**	**420**	**4,441**
Development of amortization				
January 1	**719**	**404**	**—**	**1,123**
Foreign exchange differences	(17)	1	—	**(15)**
Amortization	109	—	—	**109**
Impairments	0	51	—	**51**
Transfers	0	(6)	—	**(6)**
Assets held for sale	(30)	(2)	—	**(32)**
Disposals	(2)	(103)	—	**(105)**
December 31	**779**	**346**	**—**	**1,125**
Carrying amount January 1	1,213	1,019	416	**2,648**
Carrying amount December 31	**991**	**1,906**	**420**	**3,317**

Changes in consolidated group in 2019 of EUR 874 mn were related to the acquisition of a 50% stake in SapuraOMV Upstream Sdn. Bhd. in Malaysia. See Note 3 – Changes in group structure – for additional details.

Intangible assets with a total carrying amount of EUR 26 mn (2018: EUR 11 mn) were transferred to assets held for sale and were related to OMV's share in the Maari field in New Zealand. For details see Note 20 – Assets and liabilities held for sale.

Goodwill arising from business combinations has been allocated to the following CGUs and groups of CGUs, for impairment testing:

Goodwill allocation

In EUR mn

	2019	2018
Middle East and Africa	325	319
SapuraOMV	199	—
Goodwill allocated to Upstream	**524**	**319**
Downstream Gas Austria	38	38
Refining West	26	29
Retail Slovakia	7	7
Refining Austria	27	27
Goodwill allocated to Downstream	**98**	**101**
Goodwill	**622**	**420**

In 2019, the goodwill allocated to Upstream increased mainly due to the acquisition of a 50% stake of SapuraOMV Upstream Sdn. Bhd. (see Note 3 – Changes in group structure - for further details) as well as due to positive foreign currency differences.

In Downstream segment, the goodwill allocated to Refining West decreased due to unfavorable foreign exchange differences.

Goodwill impairment tests based on a value in use calculation have been performed and did not lead to any impairments. For the impairment test of the goodwill allocated to Middle East and Africa, an after-tax discount rate of 8.66% (2018: 11.19%) was used. There is no reasonable change in the discount rate that would lead to an impairment. Furthermore, assuming a long term oil price of USD 60 per barrel would also not lead to an impairment.

For details on contractual obligations for the acquisition of intangible assets refer to Note 15 – Property, plant and equipment.

15 Property, plant and equipment

Property, plant and equipment including right-of-use assets

In EUR mn

	Land and buildings	Oil and gas assets	Plant and machinery	Other fixtures, fittings and equipment	Assets under construction	Total
			2019			
Costs						
January 1	**2,774**	**23,033**	**8,691**	**1,953**	**411**	**36,862**
Recognition of right-of-use assets on initial application of IFRS 16	620	—	3	65	—	**688**
January 1, adjusted	**3,394**	**23,033**	**8,694**	**2,018**	**411**	**37,550**
Foreign exchange differences	(21)	(6)	(54)	(7)	(4)	**(92)**
Changes in consolidated Group	5	588	0	0	10	**604**
Additions	164	1,668	239	162	218	**2,452**
Transfers	8	147	177	2	(212)	**123**
Assets held for sale	2	(1,151)	(4)	(1)	(3)	**(1,157)**
Disposals	(32)	(304)	(65)	(54)	(6)	**(462)**
December 31	**3,520**	**23,974**	**8,987**	**2,120**	**415**	**39,017**
Development of depreciation						
January 1	**1,607**	**13,060**	**5,608**	**1,459**	**12**	**21,747**
Foreign exchange differences	(9)	(5)	(31)	(5)	0	**(51)**
Depreciation	145	1,442	366	122	—	**2,075**
Impairments	13	117	3	0	6	**139**
Transfers	(25)	10	(5)	(21)	(1)	**(43)**
Assets held for sale	1	(1,038)	(3)	(1)	—	**(1,041)**
Disposals	(17)	(118)	(61)	(51)	(6)	**(253)**
Write-ups	0	(35)	(0)	(0)	—	**(35)**
December 31	**1,714**	**13,433**	**5,875**	**1,504**	**11**	**22,538**
Carrying amount January 1, adjusted	1,787	9,972	3,086	559	399	**15,803**
Carrying amount December 31	**1,806**	**10,541**	**3,111**	**616**	**404**	**16,479**

Property, plant and equipment

In EUR mn

	Land and buildings	Oil and gas assets	Plant and machinery	Other fixtures, fittings and equipment	Assets under construction	Total
				2018		
Costs						
January 1	**2,760**	**20,603**	**8,734**	**1,836**	**385**	**34,317**
Foreign exchange differences	(14)	192	(62)	(3)	(2)	**111**
Changes in consolidated Group	3	778	5	7	0	**793**
Additions	62	2,401	235	76	235	**3,008**
Transfers	17	(25)	119	73	(173)	**11**
Assets held for sale	(31)	(446)	(244)	(4)	(11)	**(735)**
Disposals	(22)	(470)	(96)	(30)	(24)	**(642)**
December 31	**2,774**	**23,033**	**8,691**	**1,953**	**411**	**36,862**
Development of depreciation						
January 1	**1,556**	**12,144**	**5,559**	**1,375**	**30**	**20,663**
Foreign exchange differences	(8)	109	(38)	(3)	0	**61**
Depreciation	84	1,091	349	84	—	**1,609**
Impairments	1	109	1	0	5	**117**
Transfers	3	(9)	(19)	33	(0)	**7**
Assets held for sale	(13)	(174)	(148)	(2)	—	**(338)**
Disposals	(15)	(107)	(93)	(28)	(23)	**(266)**
Write-ups	(1)	(103)	(2)	(0)	(0)	**(106)**
December 31	**1,607**	**13,060**	**5,608**	**1,459**	**12**	**21,747**
Carrying amount January 1	1,203	8,459	3,175	461	355	**13,654**
Carrying amount December 31	**1,167**	**9,972**	**3,083**	**494**	**399**	**15,115**

The changes in the consolidated group in 2019 of EUR 604 mn were related to the acquisition of a 50% stake in SapuraOMV Upstream Sdn. Bhd. in Malaysia. For more details please see Note 3 – Changes in group structure.

Disposals were mainly related to downward revisions of estimates for decommissioning obligations of oil and gas assets amounting to EUR 184 mn.

Property, plant and equipment with a total carrying amount of EUR 116 mn (2018: EUR 397 mn) were transferred to assets held for sale, mainly related to OMV´s share in New Zealand's Maari field and to marginal oil and gas fields in Romania. For more details please see Note 20 – Assets and liabilities held for sale.

Oil and gas assets included a write-up of EUR 34 mn related to the reclassification of the Maari field to assets held for sale. For more details please see Note 6 – Other operating income and net income from equity-accounted investments.

Further details on impairments can be found in Note 7 – Depreciation, amortization and impairment charges.

Contractual obligations for acquisitions

In EUR mn

	2019	2018
Intangible assets	491	329
Property, plant and equipment	852	674
Contractual obligations	**1,343**	**1,003**

In 2019 and in 2018 the contractual commitments were mainly related to exploration and production activities in Upstream. The increase of contractual obligations is mainly related to higher commitments in the North Sea region.

OMV as a lessee

Right-of-use assets included mainly leases of filling station sites and buildings as well as office buildings. In addition, OMV leases mainly a hydrogen plant at Petrobrazi refinery in Romania, various types of equipment, other land leases and vehicles.

Right-of-use assets recognized under IFRS 16

In EUR mn

	Land and buildings	Plant and machinery	Other fixtures, fittings and equipment	**Total**
January 1, 2019	**50**	**29**	**1**	**81**
Recognition of right-of-use assets on initial application of IFRS 16	620	3	65	688
January 1, 2019 adjusted	**670**	**33**	**66**	**768**
Changes in consolidated Group	5	—	—	**5**
Additions	81	18	79	**178**
Depreciation	(66)	(10)	(32)	**(108)**
Other movements	(23)	(4)	(2)	**(28)**
December 31, 2019	**667**	**37**	**111**	**815**

Finance leases recognized under IAS 17

In EUR mn

	Land and buildings	Oil and gas assets	Plant and machinery	Other fixtures, fittings and equipment	**Total**
January 1, 2018	**45**	**10**	**37**	**2**	**94**
Additions	5	—	—	—	**5**
Depreciation	(2)	(1)	(6)	0	**(9)**
Other movements	2	(9)	(2)	0	**(10)**
December 31, 2018	**50**	**—**	**29**	**1**	**81**

Amounts recognized in the consolidated income statement

In EUR mn

	2019
Operating result	
Short-term lease expenses	107
thereof capitalized short-term lease expenses	73
Low-value lease expenses	2
Expenses relating to variable lease payments	9
Net financial result	
Interest expense from lease liabilities	23
Net foreign exchange loss on lease liabilities	2

Expenses relating to variable lease payments (EUR 9 mn) in 2019 were mainly related to rent for leased filling stations based on actual turnover.

For information on lease liabilities please see Note 24 – Liabilities.

16 Equity-accounted investments

Material associates

OMV has a 36% (2018: 36%) interest in Borealis AG, a provider of innovative solutions in the fields of polyolefins, base chemicals and fertilizers. The company is incorporated in Vienna, Austria and operates on a global level.

OMV also holds a 15% interest in Abu Dhabi Oil Refining Company (acquired in 2019 – see Note 3 – Changes in group structure), registered in Abu Dhabi, which runs a refinery hub with integrated petrochemicals. According to the contractual agreement between the shareholders, OMV has strong participation rights which represent significant influence as per IAS 28 definition.

Furthermore, OMV has a 10% interest (2018: 10%) in Pearl Petroleum Company Limited, registered in Road Town, British Virgin Islands, which is involved in exploration and production of hydrocarbons in the Kurdistan Region of Iraq.

According to the contractual agreement between OMV and Pearl Petroleum Company Limited (Pearl), OMV has significant influence within the meaning of IAS 28, as unanimous consent is required for some strategic decisions. Therefore Pearl is accounted for using the equity method although OMV's share is just 10%.

The companies are not listed on public exchanges thus quoted market prices do not exist.

The tables below contain summarized financial information for the material associates. Income statement and other comprehensive income for Abu Dhabi Oil Refining Company represent amounts since acquisition on July 31, 2019.

Statement of comprehensive income

In EUR mn

	2019			2018	
	Abu Dhabi Oil Refining Company	Borealis	Pearl	Borealis	Pearl
Sales revenue	8,381	8,111	390	8,334	309
Net income for the year	67	873	114	907	256
Other comprehensive income	(13)	(23)	—	154	—
Total comprehensive income	53	851	114	1,061	256
Group's share of comprehensive income	8	306	11	382	26
Dividends received	34	297	31	360	34

Statement of financial position

In EUR mn

	2019			2018	
	Abu Dhabi Oil Refining Company	Borealis	Pearl	Borealis	Pearl
Current assets	4,184	2,428	280	2,658	327
Non-current assets	18,464	7,691	1,841	7,290	1,733
Current liabilities	3,389	1,491	61	2,023	108
Non-current liabilities	3,683	2,182	151	1,504	38
Equity	15,577	6,445	1,909	6,421	1,914
Group's share	2,337	2,320	191	2,312	191
Goodwill	70	30	—	30	—
OMV Group adjustments	(297)	(12)	132	(22)	144
Group's carrying amount of investment	2,109	2,339	323	2,319	336

Carrying amount reconciliation

In EUR mn

	2019			2018	
	Abu Dhabi Oil Refining Company	Borealis	Pearl	Borealis	Pearl
January 1	**—**	**2,319**	**336**	**2,307**	**329**
Changes in the consolidated group	2,150	—	—	3	—
Exchange differences	(15)	—	7	—	16
Net income	10	314	11	327	26
Other comprehensive income	(2)	(8)	—	55	—
Reclassification of cash flow hedges to balance sheet	—	(1)	—	(5)	—
Dividends and elimination of intercompany profits	(34)	(286)	(31)	(367)	(34)
December 31	**2,109**	**2,339**	**323**	**2,319**	**336**

Contingent liabilities

Borealis had two tax cases in Finland related to Borealis Technology Oy and Borealis Polymers Oy, which were previously mentioned in this note and are described in detail in the OMV Consolidated Financial Statements 2018 (Note 16 – Equity-accounted investments). 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 that an agreement has been reached which finally eliminates double taxation.

Individually immaterial associates and joint ventures

OMV holds 55.6% (2018: 55.6%) of Erdöl-Lagergesellschaft m.b.H (ELG), which is holding the major part of the emergency stock of crude and petroleum products in Austria. In spite of holding the majority of voting rights in the general assembly, OMV does not have control over ELG. The significant decisions on the financial and operating policies are delegated to the standing shareholder's committee in which a quorum of two thirds of the share capital is required for decisions.

OMV holds 15.53% (2018: 15.53%) in Trans Austria Gasleitung GmbH. As unanimous consent of the parties is required for decisions about relevant activities and OMV has rights to the net assets of Trans Austria Gasleitung GmbH based on the legal structure, OMV classified it as a joint venture according to IFRS 11.

OMV exercises joint control over Abu Dhabi Petroleum Investments LLC (ADPI, OMV's interest 25%) and Pak-Arab Refinery Limited (PARCO; indirect interest of OMV amounts to 10%) and accounts both investments at-equity. ADPI is a holding company for its 40% interest in PARCO. As unanimous consent of the parties is required for decisions about relevant activities and OMV has rights to the net assets based on the legal structure, OMV classified the companies as joint ventures according to IFRS 11.

Statement of comprehensive income for individually immaterial associates and joint ventures – Group's share

In EUR mn

	2019		2018	
	Associates	Joint ventures	Associates	Joint ventures
Sales revenue	402	224	555	35
Net income for the year	33	17	19	20
Total comprehensive income	33	17	19	20

Carrying amount reconciliation for individually immaterial associates and joint ventures

In EUR mn

	2019		2018	
	Associates	Joint ventures	Associates	Joint ventures
January 1	**202**	**154**	**214**	**63**
Exchange differences	13	(8)	(18)	—
Changes in consolidated Group	—	—	—	85
Additions and other changes	4	1	—	—
Net income	33	17	19	20
Other comprehensive income	1	—	0	—
Disposals and other changes	(1)	—	(1)	—
Impairment	(12)	—	—	—
Dividends	(8)	(14)	(13)	(15)
December 31	**230**	**150**	**202**	**154**

17 Inventories

Inventories

In EUR mn

	2019	2018
Crude oil	676	401
Natural gas	180	233
Other raw materials	219	206
Work in progress: Petroleum products	99	115
Other work in progress	1	3
Finished petroleum products	624	571
Other finished products	47	43
Inventories	**1,845**	**1,571**

Purchases (net of inventory variation)

In EUR mn

	2019	2018
Costs of goods and materials	13,629	14,100
Inventory changes	(88)	(21)
Write-downs to net realizable value and write-offs of inventories	74	16
Reversal of inventories write-down	(6)	(2)
Purchases (net of inventory variation)	**13,608**	**14,094**

18 Financial assets

Financial assets

In EUR mn

	Valued at fair value through profit or loss	Valued at fair value through other comprehensive income	Valued at amortized cost	**Total carrying amount**	thereof short-term	thereof long-term
			2019			
Trade receivables from contracts with customers	131	—	1,423	**1,553**	1,553	—
Other trade receivables	—	—	1,489	**1,489**	1,489	—
Total trade receivables	**131**	**—**	**2,911**	**3,042**	**3,042**	**—**
Investments in other companies	—	24	—	**24**	—	24
Bonds	—	—	78	**78**	18	60
Derivatives designated and effective as hedging instruments	—	284	—	**284**	255	30
Other derivatives	2,391	—	—	**2,391**	2,237	154
Loans	—	—	855	**855**	2	854
Other sundry financial assets	721	—	1,182	**1,903**	611	1,292
Total other financial assets	**3,112**	**308**	**2,115**	**5,535**	**3,121**	**2,414**
Financial assets	**3,243**	**308**	**5,026**	**8,577**	**6,163**	**2,414**
			2018			
Trade receivables from contracts with customers	82	—	1,460	**1,541**	1,541	—
Other trade receivables	—	—	1,878	**1,878**	1,878	—
Total trade receivables	**82**	**—**	**3,338**	**3,420**	**3,420**	**—**
Investments in other companies	—	21	—	**21**	—	21
Investment funds	6	—	—	**6**	—	6
Bonds	—	—	78	**78**	32	46
Derivatives designated and effective as hedging instruments	—	392	—	**392**	258	134
Other derivatives	2,384	—	—	**2,384**	1,983	401
Loans	—	—	671	**671**	2	669
Other sundry financial assets	725	—	1,108	**1,833**	452	**1,381**
Total other financial assets	**3,115**	**414**	**1,857**	**5,386**	**2,727**	**2,659**
Financial assets	**3,197**	**414**	**5,195**	**8,806**	**6,147**	**2,659**

The carrying amount of other **financial assets at fair value through profit or loss** as at December 31, 2019 was EUR 3,243 mn (2018: EUR 3,197 mn). These mainly consist of financial assets held for trading as well as an acquired contractual position towards Gazprom with regard to the reserves redetermination in amount of EUR 662 mn (2018: EUR 664 mn) in connection with the acquisition of interests in the Yuzhno Russkoye field. For further details see Note 9 – Other operating expenses. Moreover, this position included financial assets amounting to EUR 59 mn (2018: EUR 61 mn) related to the contingent considerations from the divestment of the 30% stake in Rosebank and from the divestment of OMV (U.K.) Limited, which are dependent on the date when the Rosebank project coventurers will approve the final investment decision.

In 2019, the position **Loans** included drawdowns and the related accrued interests under the financing agreements for the Nord Stream 2 pipeline project in amount of EUR 852 mn (2018: EUR 669 mn). The drawdowns made during 2019 amounted to EUR 113 mn (2018: EUR 275 mn). For further details see Note 11 – Net financial result.

Other sundry financial assets included expenditure recoverable from Romanian State amounting to EUR 410 mn (2018: EUR 378 mn) related to obligations for decommissioning, restoration and environmental costs in OMV Petrom SA. The receivables consisted of EUR 375 mn (2018: EUR 341 mn) for costs relating to decommissioning and EUR 35 mn (2018: EUR 37 mn) for costs relating to environmental cleanup.

On March 7, 2017, OMV AG, as party in the OMV Petrom privatization agreement, initiated arbitration proceedings against the Romanian Ministry of Environment, in accordance with the International Chamber of Commerce Rules, regarding certain claims unpaid by this ministry for cost incurred by OMV Petrom relating to well decommissioning and environmental restoration works. As of December 31, 2019, the amount in arbitration is EUR 60 mn and the arbitration proceedings are still ongoing.

Additionally, other sundry financial assets contain receivables towards partners in the Upstream business as well as seller participation and complementary notes in Carnuntum DAC (see Note 36 – Unconsolidated structured entities - for further details).

Equity investments measured at FVOCI

In EUR mn

	2019			2018		
Investment	Fair value	Fair value adjustment through OCI	Dividend recognized as income	Fair value	Fair value adjustment through OCI	Dividend recognized as income
Abu Dhabi Petroleum Investments LLC [1]	—	—	—	—	21	8
APK-Pensionskasse Aktiengesellschaft	3	0	0	2	(0)	0
BSP Bratislava-Schwechat Pipeline GmbH	3	—	—	3	—	—
CEESEG Aktiengesellschaft	5	(1)	0	6	3	0
CISMO Clearing Integrated Services and Market Operations GmbH	4	1	0	3	1	0
FSH Flughafen-Schwechat-Hydranten-Gesellschaft GmbH & Co OG	2	1	0	2	0	0
H2 Mobility Deutschland GmbH & Co KG	3	—	—	3	—	—
Other	4	1	4	3	(0)	6
Equity investments measured at FVOCI	**24**	**1**	**5**	**21**	**26**	**15**

[1] Abu Dhabi Petroleum Investments LLC was reclassified to equity-accounted investments as of December 31, 2018.

Impairment of trade receivables

In EUR mn

	2019	2018
January 1	**—**	**76**
Adjustment on initial application of IFRS 9	—	2
January 1, adjusted	**79**	**78**
Amounts written off	(13)	(3)
Net remeasurement of expected credit losses	(3)	5
Foreign exchange rate differences and changes in consolidated group	(1)	(0)
December 31	**62**	**79**

Net remeasurement of expected credit losses is mainly related to the trade receivables from contracts with customers.

Credit Quality of trade receivables

In EUR mn

	Equivalent to external credit rating	Probability of default	Gross carrying amount
		2019	
Risk Class 1	AAA, AA+, AA, AA—, A+, A, A—	0.07%	1,228
Risk Class 2	BBB+, BBB, BBB—	0.24%	821
Risk Class 3	BB+, BB, BB—	1.22%	825
Risk Class 4	B+, B, B—, CCC/CC	10.27%	38
Risk Class 5	SD/D	100.00%	60
Total gross carrying amount			**2,973**
Expected credit loss			(62)
Total			**2,911**
		2018	
Risk Class 1	AAA, AA+, AA, AA—, A+, A, A—	0.08%	1,935
Risk Class 2	BBB+, BBB, BBB—	0.25%	725
Risk Class 3	BB+, BB, BB—	1.25%	638
Risk Class 4	B+, B, B—, CCC/CC	10.33%	41
Risk Class 5	SD/D	100.00%	78
Total gross carrying amount			**3,417**
Expected credit loss			(79)
Total			**3,338**

Impairment of other financial assets at amortized cost

In EUR mn

	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
		2019		
January 1	**4**	**59**	**158**	**221**
Net remeasurement of expected credit losses	1	20	(1)	**20**
Foreign exchange rate differences and changes in consolidated group	0	1	(3)	**(2)**
December 31 [1]	**5**	**80**	**154**	**238**
		2018		
January 1	**—**	**54**	**170**	**224**
Adjustment on initial application of IFRS 9	3	3	—	**6**
January 1, adjusted	**3**	**57**	**170**	**230**
Amounts written off	(0)	(0)	(3)	**(3)**
Net remeasurement of expected credit losses	0	1	(9)	**(8)**
Foreign exchange rate differences and changes in consolidated group	0	3	(0)	**3**
December 31 [1]	**4**	**59**	**158**	**221**

[1] "12-month ECL" included an amount of EUR 1 mn (2018: EUR 1 mn) and "Lifetime ECL credit impaired" an amount of EUR 14 mn (2018: EUR 15 mn) related to expenditure recoverable from Romanian State, which are outside the scope of IFRS 9.

Credit Quality other financial assets at amortized cost

In EUR mn

	Equivalent to external credit rating	Probability of default	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
			2019			
Risk Class 1	AAA, AA+, AA, AA–, A+, A, A–	0.07%	405	–	4	**409**
Risk Class 2 [1]	BBB+, BBB, BBB–	0.24%	1,398	–	14	**1,412**
Risk Class 3	BB+, BB, BB–	1.22%	221	174	2	**396**
Risk Class 4	B+, B, B–, CCC/CC	10.27%	1	–	22	**22**
Risk Class 5	SD/D	100.00%	0	–	113	**114**
Total gross carrying amount			**2,024**	**174**	**155**	**2,353**
Expected credit loss [2]			(5)	(80)	(154)	**(238)**
Total			**2,020**	**94**	**1**	**2,115**
			2018			
Risk Class 1	AAA, AA+, AA, AA–, A+, A, A–	0.08%	410	–	4	**414**
Risk Class 2 [1]	BBB+, BBB, BBB–	0.25%	1,258	–	15	**1,273**
Risk Class 3	BB+, BB, BB–	1.25%	85	165	2	**252**
Risk Class 4	B+, B, B–, CCC/CC	10.33%	0	–	22	**22**
Risk Class 5	SD/D	100.00%	0	–	117	**117**
Total gross carrying amount			**1,753**	**165**	**159**	**2,078**
Expected credit loss [2]			(4)	(59)	(158)	**(221)**
Total			**1,750**	**106**	**1**	**1,857**

[1] "12-month ECL" included an amount of EUR 411 mn (2018: EUR 378 mn) and "Lifetime ECL credit impaired" an amount of EUR 14 mn (2018: EUR 15 mn) related to expenditure recoverable from Romanian State, which are outside the scope of IFRS 9.

[2] "12-month ECL" included an amount of EUR 1 mn (2018: EUR 1 mn) and "Lifetime ECL credit impaired" an amount of EUR 14 mn (2018: EUR 15 mn) related to expenditure recoverable from Romanian State, which are outside the scope of IFRS 9.

19 Other assets

Other assets

In EUR mn

	2019		2018	
	Short-term	Long-term	Short-term	Long-term
Prepaid expenses	45	12	44	14
Advance payments on fixed assets	19	—	16	—
Other payments on account	98	—	103	—
Receivables from other taxes and social security	64	39	77	15
Contract assets	1	—	1	1
Emission rights	41	—	7	—
Other non-financial assets	29	5	16	7
Other assets	**297**	**56**	**264**	**36**

20 Assets and liabilities held for sale

Assets and liabilities held for sale

In EUR mn

	2019	2018
Non-current assets	160	47
Deferred taxes	—	0
Other current assets	11	0
Cash and cash equivalents	7	—
Assets held for sale	**177**	**47**
Provisions	138	22
Deferred taxes	—	0
Liabilities	18	0
Liabilities associated with assets held for sale	**156**	**22**

Assets and liabilities held for sale – segment split

In EUR mn

	2019	2018
Upstream	164	27
Downstream	13	20
Assets held for sale	**177**	**47**
Upstream	156	22
Downstream	—	0
Liabilities associated with assets held for sale	**156**	**22**

As of December 31, 2019, assets held for sale and liabilities associated with assets held for sale in Upstream consisted of a 69% interest in Maari field, located in New Zealand's offshore Taranaki Basin and 40 marginal oil and gas fields in Romania. Furthermore, assets held for sale and liabilities associated with assets held for sale consisted of non-core assets within Downstream Oil.

The reclassification to "held for sale" triggered a pre-tax write-up of EUR 34 mn of the Maari field in New Zealand (see Note 6 – Other operating income) and an overall negative impact on operating result of EUR 46 mn related to the marginal fields in Romania, which included a pre-tax impairment of property, plant and equipment (see Note 7 – Depreciation, amortization and impairment charges).

As of December 31, 2018, assets held for sale and liabilities associated with assets held for sale consisted of marginal fields in Romania as well as various non-core assets within Downstream Oil. In 2019 these marginal fields and some of the non-core assets in Downstream Oil were sold.

21 OMV equity of the parent

Capital stock

The **capital stock** of OMV Aktiengesellschaft consists of 327,272,727 (2018: 327,272,727) fully paid no par value shares with a total nominal value of EUR 327,272,727 (2018: EUR 327,272,727). There are no different classes of shares and no shares with special rights of control. All shares are entitled to dividends for the financial year 2019, with the exception of treasury shares held by OMV Aktiengesellschaft.

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.

Further, the Annual General Meeting 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.

Capital reserves

Capital reserves have been formed by the contribution of funds into OMV Aktiengesellschaft by its shareholders over and above the capital stock, on the basis of their ownership relationship.

Hybrid capital

The **hybrid capital** recognized in equity in the amount of EUR 1,987 mn consists of perpetual hybrid notes which are subordinated to all other creditors. According to IFRS, the net proceeds of the hybrid notes 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:

- 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.
- 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.

Revenue reserves

The Group's **revenue reserves** included the net income and losses of consolidated subsidiaries and investments included at equity, as adjusted for the purposes of consolidation.

Treasury shares

The Annual General Meetings for the years 2000 to 2011 (with the exception of 2010) and 2019 approved the repurchase of treasury shares. The costs of repurchased shares have been reflected as a reduction in equity. Gains or losses on the re-issue of treasury shares (issue proceeds less acquisition cost) result in an increase or a reduction in capital reserves.

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 (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 Austrian Commercial Code) or by third parties for the account of the Company.

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 paragraph 1 number 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.

The **gains and losses recognized directly in other comprehensive income and their related tax effects** were as follows:

Tax effects relating to each component of other comprehensive income

In EUR mn

	2019			2018		
	Before-tax (expense) income	Tax (expense) benefit [1]	Net-of-tax (expense) income	Before-tax (expense) income	Tax (expense) benefit [1]	Net-of-tax (expense) income
Exchange differences from translation of foreign operations	39	(0)	39	28	(3)	25
Gains/(losses) on hedges	(45)	11	(35)	195	(49)	146
Remeasurement gains/(losses) on defined benefit plans	(90)	6	(84)	(114)	6	(108)
Gains/(losses) on equity investments	1	(0)	1	26	(6)	19
Gains/(losses) on hedges that are subsequently transferred to the carrying amount of the hedged item	95	(12)	83	9	(3)	6
Share of other comprehensive income of equity-accounted investments	(8)[2]	n.a.	(8)	55[2]	n.a.	55
Other comprehensive income for the year	**(7)**	**4**	**(3)**	**199**	**(55)**	**144**

[1] Includes valuation allowances for deferred tax assets for the Austrian tax group. For further details please refer to Note 12 – Taxes on income and profit.
[2] Represent net-of-tax amounts

For 2019, the Executive Board of OMV Aktiengesellschaft proposed a dividend of EUR 2.00 per eligible share, which is subject to confirmation by the Annual General Meeting in 2020. The dividend for 2018 was paid in May 2019 and amounted to EUR 572 mn (EUR 1.75 per share). In 2018, the payment amounted to EUR 490 mn (EUR 1.50 per share). The interest paid for hybrid bonds amounted in 2019 to EUR 101 mn (2018: EUR 86 mn).

Treasury shares

	Number of shares	Cost EUR mn
January 1, 2018	**772,230**	**8.5**
Disposals	(230,079)	(2.5)
December 31, 2018	**542,151**	**6.0**
Disposals	(169,538)	(1.9)
December 31, 2019	**372,613**	**4.1**

Number of shares in issue

	Number of shares	Treasury shares	Shares in issue
January 1, 2018	**327,272,727**	**772,230**	**326,500,497**
Used for share-based compensations	—	(230,079)	230,079
December 31, 2018	**327,272,727**	**542,151**	**326,730,576**
Used for share-based compensations	—	(169,538)	169,538
December 31, 2019	**327,272,727**	**372,613**	**326,900,114**

22 Non-controlling interests

Subsidiaries with material NCI

In EUR mn

		2019			2018		
Subsidiary	Place of business	% NCI	Net income allocated to NCI	Accumulated NCI	% NCI	Net income allocated to NCI	Accumulated NCI
OMV Petrom group	**n.a.**	**49%**	**372**	**3,411**	**49%**	**434**	**3,279**
OMV Petrom SA	Romania	49%	292	3,094	49%	364	2,974
Others	n.a.	—	80	318	—	70	305
SapuraOMV group	**n.a.**	**50%**	**(18)**	**276**	**—**	**—**	**—**
Gas Connect group [1]	**n.a.**	**49%**	**35**	**133**	**49%**	**39**	**129**
Other subsidiaries	**n.a.**	**—**	**4**	**31**	**—**	**4**	**29**
OMV Group	**n.a.**	**n.a**	**393**	**3,851**	**n.a**	**477**	**3,436**

[1] Includes the result of the equity accounted investment Trans Austria Gasleitung GmbH

The proportion of ownership corresponds to the proportion of voting rights of the non-controlling interests (NCI) in all cases.

The main activities of the **OMV Petrom group** are exploration and production of hydrocarbons (in Romania and Kazakhstan), refining of crudes (in Romania), marketing of petroleum products (in Romania, Bulgaria, Serbia and Moldova) and of natural gas as well as production and the sale of electricity (in Romania).

On January 31, 2019, OMV bought a 50% stake of the issued share capital in SapuraOMV Upstream Sdn. Bhd. and its subsidiaries (see Note 3 – Changes in group structure). **SapuraOMV group** 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. Apart from Malaysia, it has access to exploration blocks in New Zealand, Australia and Mexico.

Gas Connect Group operates a natural gas high-pressure pipeline grid in Austria, markets transportation capacity to meet domestic natural gas demand and supports export to Europe and acts as distribution or market area manager throughout the Federal territory of Austria.

The following tables summarize the financial information relating to the individually material subsidiary OMV Petrom SA:

Statement of comprehensive income

In EUR mn

	OMV Petrom SA	
	2019	2018
Sales revenue	4,105	3,681
Net income for the year	717	831
Total comprehensive income	541	838
Attributable to NCI	265	410
Dividends paid to NCI	155	117

Statement of financial position

In EUR mn

	OMV Petrom SA	
	2019	2018
Current assets	2,393	2,004
Non-current assets	7,677	7,640
Assets held for sale	45	27
Current liabilities	1,241	1,259
Non-current liabilities	1,656	1,437
Liabilities associated with assets held for sale	47	22

Statement of cash flows

In EUR mn

	OMV Petrom SA	
	2019	2018
Operating cash flow	1,474	1,379
Investing cash flow	(675)	(1,050)
Financing cash flow	(399)	(89)
Net increase /(decrease) in cash and cash equivalents	370	240

23 Provisions

Provisions

In EUR mn

	Pensions and similar obligations	Decom-missioning and restoration	Other provisions	Total
January 1, 2019	**1,096**	**3,736**	**801**	**5,633**
Foreign exchange differences	(1)	2	(2)	**(2)**
Changes in consolidated Group	—	69	0	**69**
Usage and releases	(83)	(211)	(244)	**(538)**
Payments to funds	(51)	—	—	**(51)**
Allocations	166	503	302	**970**
Transfers	(15)	(3)	8	**(9)**
Liabilities associated with assets held for sale	—	(137)	—	**(137)**
December 31, 2019	**1,111**	**3,959**	**865**	**5,935**
thereof short-term as of December 31, 2019	—	87	293	**379**
thereof short-term as of January 1, 2019	—	63	355	**418**

Provisions for pensions and similar obligations

The majority of **pension commitments** of several Austrian OMV companies were transferred to an external pension fund managed by APK-Pensionskasse AG in earlier years. The pension plan in New Zealand is operated by AMP Services (NZ) Limited.

Defined benefit pension plans and obligations for severance payments

In EUR mn

	2019	2018	2017	2016	2015
Present value of funded obligations	840	776	729	764	728
Market value of plan assets	(473)	(413)	(436)	(453)	(460)
Provision for funded obligations	**366**	**363**	**293**	**311**	**268**
Present value of unfunded obligations	499	490	463	479	497
Provision for unfunded obligations	**499**	**490**	**463**	**479**	**497**
Present value of obligations of severance payments	**141**	**129**	**135**	**144**	**150**
Total	**1,007**	**982**	**891**	**935**	**915**

Present value of obligations

In EUR mn

	2019		2018	
	Pensions	Severance	Pensions	Severance
Present value of obligation as of January 1	**1,266**	**129**	**1,191**	**135**
Changes in the consolidated group	—	—	23	—
Foreign exchange difference	1	(1)	0	(0)
Current service cost	7	5	3	5
Interest cost	23	3	20	3
Benefits paid	(75)	(11)	(74)	(9)
Expected defined benefit obligations as per December 31	**1,221**	**126**	**1,164**	**134**
Actual defined benefit obligations as per December 31	**1,339**	**141**	**1,266**	**129**
Remeasurements of the period (OCI)	**118**	**15**	**102**	**(5)**
thereof changes in demographic assumptions	(25)	—	96	0
thereof changes in financial assumptions	133	14	(5)	(7)
thereof experience adjustments	9	1	11	1

Market value of plan assets

In EUR mn

	2019				2018			
	VRG IV – Austria	VRG VI – Austria	New Zealand	**Total**	VRG IV – Austria	VRG VI – Austria	New Zealand	**Total**
Market value of plan assets as of January 1	**256**	**137**	**20**	**413**	**285**	**151**	**—**	**436**
Changes in the consolidated group	—	—	—	**—**	—	—	20	**20**
Interest income	5	2	0	**8**	5	2	—	**7**
Allocation to funds	32	18	1	**51**	—	5	—	**5**
Benefits paid	(22)	(16)	(2)	**(41)**	(22)	(17)	—	**(38)**
Remeasurements of the period (OCI)	24	19	—	**43**	(12)	(5)	—	**(17)**
Market value of plan assets as of December 31	**295**	**159**	**19**	**473**	**256**	**137**	**20**	**413**

Provisions and expenses

In EUR mn

	2019		2018	
	Pensions	Severance	Pensions	Severance
Provision as of January 1	**853**	**129**	**756**	**135**
Changes in the consolidated group	—	—	4	—
Foreign exchange difference	0	(1)	0	(0)
Expense for the year	23	8	16	8
Benefits paid	(34)	(11)	(35)	(9)
Payments to funds	(51)	—	(5)	—
Remeasurements for the year	75	15	119	(5)
thereof changes in demographic assumptions	(25)	—	96	0
thereof changes in financial assumptions	91	14	12	(7)
thereof experience adjustments	9	1	11	1
Provision as of December 31	**866**	**141**	**853**	**129**
Current service cost	7	5	3	5
Net interest cost	16	3	13	3
Expenses of defined benefit plans for the year	**23**	**8**	**16**	**8**

Underlying assumptions for calculating pension expenses and expected defined benefit entitlements as of December 31

	2019			2018		
	Austria and Germany		Romania	Austria and Germany		Romania
	Pensions	Severance	Severance	Pensions	Severance	Severance
Capital market interest rate	1.00%	0.70%	4.41%	1.90%	1.60%	4.75%
Future increases in salaries	3.00%	3.00%	4.19%	3.00%	3.00%	2.61%
Future increase in pensions	2.00%	—	—	2.00%	—	—

The following actuarial assumptions for calculating pension expenses and expected defined benefit entitlements are considered as material and are stress tested within the following ranges. The increase or decrease compared to the values accounted for defined benefit obligations in relative deviation terms and in absolute values are as follows:

Sensitivities - percentage change

	2019			
	Capital market interest rate		Future increases in salaries and pensions	
	+0.50%	(0.50)%	+0.25%	(0.25)%
Pensions	(5.93)%	6.58%	2.71%	(2.59)%
Severance	(4.13)%	4.42%	2.14%	(2.08)%

Sensitivities - absolute change

In EUR mn

	2019			
	Capital market interest rate		Future increases in salaries and pensions	
	+0.50%	(0.50)%	+0.25%	(0.25)%
Pensions	(79)	88	36	(35)
Severance	(6)	6	3	(3)

Duration profiles and average duration of defined benefit obligations as of December 31

In EUR mn

	2019			
	Duration profiles			Duration
	1–5 years	6–10 years	>10 years	in years
Pensions	344	289	705	13
Severance	49	39	54	9

Cash duration profiles and average duration as of December 31

In EUR mn

	2019			
	Duration profiles			Duration
	1–5 years	6–10 years	>10 years	in years
Pensions	353	314	881	14
Severance	52	55	145	11

Allocation of plan assets as of December 31

	2019			2018		
	VRG IV – Austria	VRG VI – Austria	New Zealand	VRG IV – Austria	VRG VI – Austria	New Zealand
Asset category						
Equity securities	26.22%	26.42%	53.54%	22.14%	21.81%	53.63%
Debt securities	59.08%	59.01%	28.95%	62.21%	62.48%	25.41%
Cash and money market investments	7.55%	7.03%	11.51%	6.76%	6.70%	15.73%
Other	7.15%	7.54%	6.00%	8.89%	9.01%	5.23%
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Investment policies aim to achieve an optimal investment portfolio structure and to ensure that existing entitlements are covered at all times. The investment of plan assets in Austria is governed by section 25 Austrian Pension Fund Act and the Investment Fund Act. In addition to these regulations, the investment guidelines of APK-Pensionskasse AG regulate the spread of asset allocation, the use of umbrella funds and the selection of fund managers. New categories of investments or the employment of a wider range of funds require the approval of the APK-Pensionskasse AG management board. Diversification of both equity and debt securities is global; however, the bulk of the debt securities is EUR-denominated or EUR-hedged.

The funds of the asset allocation and risk groups VRG IV and VRG VI are invested in international equity and bond funds, alternative investment strategies (absolute return strategies, real estate and private equity) as well as money market investments. The long-term investment objective of the VRG IV and the VRG VI is to outperform the benchmarks of the risk groups (20% global equity, 65% global bonds, 5% cash, 5% alternatives, 5% real estate) and to cover existing and future entitlement payments of the VRGs. The assets of the VRG IV and VRG VI are invested in such a manner as to ensure the security, quality, liquidity and profitability of the portfolio as a whole, as defined in the Austrian Pension Fund Act section 25. The asset allocation and the regional allocation of the VRG IV and VRG VI can and will deviate from the benchmark allocation if this is in the judgment of APK and warranted by current asset prices and/or future expected returns. To enhance the return potential, active strategies for all asset classes will be used when justified by market characteristics and/or cost/benefit considerations. The majority of the assets of the VRG IV and VRG VI are invested in liquid active markets for which quoted prices are available. A smaller allocation to assets for which only observable but not quoted prices are available (e.g. real estate and certain absolute return strategies) is allowed when the risk return profile of such assets is believed to be favorable. Risk is managed actively and it is generally expected that the volatility and especially the drawdown risk of the VRG IV and VRG VI will be lower than that of their benchmark.

The actual returns of the individual VRGs can deviate from the target returns on the plan assets, due to differences in the allocation, the developments of the capital markets and costs. The performance of the VRG IV was in 2019 13.21% and the performance of the VRG VI was 13.28% mainly due to significantly improved performance on debt and equity securities market.

In 2020, defined benefit related contributions for 2019 to APK-Pensionskasse AG of EUR 3 mn are planned.

Provisions for decommissioning and restoration obligations

Provisions for decommissioning and restoration obligations

In EUR mn

	Carrying amount
January 1, 2019	**3,736**
Foreign exchange differences	2
Changes in consolidated Group	69
New obligations	24
Increase arising from revisions in estimates	375
Reduction arising from revisions in estimates	(158)
Unwinding of discounting	104
Liabilities associated with assets held for sale	(137)
Usage, disposals and other changes	(55)
December 31, 2019	**3,959**
thereof short-term as of December 31, 2019	87
thereof short-term as of January 1, 2019	63

Changes in the consolidated Group were related to the acquisition of Upstream assets in Malaysia.

Net change from **revisions in estimates** amounted to EUR 216 mn. The increase arising from revisions in estimates was mainly driven by decreased discount rates for RON, USD and NZD compared to 2018.

Estimation of maturities of decommissioning and restoration obligations

In EUR mn

	2019
≤1 year	87
1 – 5 years	323
5 – 10 years	898
10 – 20 years	1,476
20 – 30 years	889
30 – 40 years	285
>40 years	1
Total	**3,959**

A decrease of 1 percentage point in the real interest rates used to calculate the decommissioning provisions would lead to an additional provision of EUR 209 mn (2018: EUR 356 mn).

The provision for decommissioning and restoration costs included obligations in respect of OMV Petrom SA amounting to EUR 1,401 mn (2018: EUR 1,311 mn). Part of the obligations is to be recovered from the Romanian State in accordance with the privatization agreement. As of December 31, 2019, OMV Petrom SA held receivables from the Romanian state related to decommissioning and restoration costs amounting to EUR 375 mn (2018: EUR 341 mn).

Other provisions

In EUR mn

	2019		2018	
	Short-term	Long-term	Short-term	Long-term
Environmental costs	12	81	26	33
Onerous contracts	29	383	60	375
Other personnel provisions	119	14	109	11
Other	132	95	160	26
Other provisions	**293**	**572**	**355**	**446**

As at December 31, 2019 the **provision for environmental costs** included EUR 46 mn referring to a newly set-up provision for soil remediation in relation to the Arpechim refinery site in Romania.

The **provisions for onerous contracts** were mainly related to the Gate LNG obligation and associated transportation commitments of OMV Gas Marketing & Trading GmbH.

The provision for the Gate LNG obligation was recorded in 2012 for a long-term, non-cancellable contract for regasification capacity and storage that became onerous due to the negative development of market conditions for LNG terminal capacities in Europe. The present value of the provision as at December 31, 2019 was EUR 327 mn (2018: EUR 340 mn). The provision represents the unavoidable costs of meeting the contractual obligations. Thereby, income and costs from future purchases and sales of LNG are taken into account, since the regasification of LNG and subsequent sale of the gas positively contributes to the coverage of the fixed costs. The volume assumptions are based on management's best estimates of available LNG volumes in the future. The prices are based on forward rates, where available. If no forward prices are available, the prices represent management's best estimate of future prices, derived from current market prices or forward rates of the preceding period. The calculation is based on an interest rate of 3.9% (2018: 4.9%). A 50% decrease in either LNG volumes or margin would lead to an additional provision of EUR 189 mn. Furthermore, a 1 percentage point decrease in the discount rate would lead to an additional provision of EUR 27 mn.

As per end of 2019, the provision for the related non-cancellable transportation commitments of OMV Gas Marketing & Trading GmbH amounted to EUR 78 mn (2018: EUR 68 mn). The calculation is based on the difference between the fixed costs for using the capacities and the net profit from usage expected to be generated by using the capacities. The discount rate applied is 3.9% (2018: 4.9%). Besides the discount rates, the key assumptions are the gas prices at the relevant gas hubs which are based on forward rates where available and on management's best estimates for the remaining contract term.

Other personnel provisions included short-term costs of staff reductions amounting to EUR 28 mn (2018: EUR 30 mn).

As of December 31, 2019 a provision for a shortfall of emission certificates in New Zealand in amount of EUR 61 mn (including an obligation for which emission certificates are to be received from customers) was included in line **Other**.

Emissions certificates

Directive 2003/87/EC of the European Parliament and of the European Council established a greenhouse gas emissions trading scheme, requiring member states to draw up national plans to allocate emissions certificates. Under this scheme, affected OMV Group companies received a total of 3,181,456 free emissions certificates in 2019 (2018: 3,213,524).

The New Zealand Government established a greenhouse gas emissions trading scheme under the Climate Change Response Act 2002. Under this scheme New Zealand companies are not entitled to receive free emission certificates. OMV has purchased certificates to meet its own use liability. Apart from purchased certificates, each sale of gas to domestic customers in New Zealand creates an obligation for OMV. OMV receives units of emission certificates from customers to meet this obligation.

As of December 31, 2019, the total market value of emissions certificates amounted to EUR 232 mn (December 31, 2018: EUR 225 mn).

OMV expects to surrender 10,819,250 emissions certificates in 2020 for (not yet externally verified) emissions, out of which 3,999,311 emissions certificates are expected to be transferred to OMV from customers in New Zealand.

Emissions certificates

	2019	2018
Certificates held as of January 1	**9,077,418**	**9,091,596**
Free allocation for the year	3,181,456	3,213,524
Certificates surrendered according to verified emissions for the prior year	(9,685,184)	(7,121,633)
Changes in consolidated Group	—	2,271
Net purchases and sales during the year	4,005,464	3,105,973
Certificates received from customers	2,858,213	785,687
Certificates held as of December 31	**9,437,367**	**9,077,418**

24 Liabilities

Liabilities [1]

In EUR mn

	2019			2018		
	Short-term	Long-term	**Total**	Short-term	Long-term	**Total**
Bonds	540	5,262	**5,802**	539	4,468	**5,007**
Other interest-bearing debts	148	620	**769**	304	441	**745**
Lease liabilities	120	934	**1,053**	—	—	**—**
Trade payables	4,155	—	**4,155**	4,401	—	**4,401**
Other financial liabilities	2,818	301	**3,120**	2,806	924	**3,730**
Other liabilities	903	157	**1,060**	863	138	**1,002**
Liabilities [1]	**8,684**	**7,274**	**15,958**	**8,913**	**5,971**	**14,885**

[1] Excluding liabilities associated with assets held for sale, which are described in Note 20 – Assets and Liabilities held for sale.

Other interest-bearing debts

In EUR mn

	2019			2018		
	Short-term	Long-term	**Total**	Short-term	Long-term	**Total**
Other interest-bearing debts to banks	148	473	**622**	157	441	**598**
Other sundry interest-bearing debts	—	147	**147**	147	—	**147**
Other interest-bearing debts	**148**	**620**	**769**	**304**	**441**	**745**

Bonds

Bonds issued

In EUR mn

	Nominal	Coupon	Repayment	2019 Carrying amount December 31	2018 Carrying amount December 31
US Private Placement	EUR 300,000,000	0.031% floating	06/11/2021	301	—
International corporate bond	EUR 500,000,000	1.75% fixed	11/25/2019	—	500
	EUR 500,000,000	4.375% fixed	02/10/2020	519	519
	EUR 500,000,000	4.25% fixed	10/12/2021	503	503
	EUR 750,000,000	2.625% fixed	09/27/2022	752	750
	EUR 500,000,000	0.75% fixed	12/04/2023	498	497
	EUR 500,000,000	0.00% fixed	07/03/2025	495	—
	EUR 1,000,000,000	1.00% fixed	12/14/2026	992	991
	EUR 750,000,000	3.50% fixed	09/27/2027	749	748
	EUR 500,000,000	1.875% fixed	12/04/2028	499	499
	EUR 500,000,000	1.00% fixed	07/03/2034	495	—
Bonds issued				**5,802**	**5,007**

Bonds and other interest-bearing debts

As at December 31, 2019, OMV Group was in compliance with all financial covenants stipulated by the loan agreements.

Bonds and other interest-bearing debts

In EUR mn

	2019	2018
Short-term loan financing	88	101
Short-term component of long-term financing	600	742
Total short-term	**688**	**843**
Maturities of long-term financing		
2020/2019 (short-term component of long-term financing)	600	742
2021/2020	1,158	556
2022/2021	769	855
2023/2022	501	768
2024/2023	236	500
2025/2024 and subsequent years	3,218	2,230
Total for 2020/2019 onwards	**6,482**	**5,651**

Breakdown of bonds and other interest-bearing debts

In EUR mn

		2019		2018	
			Weighted average interest rate		Weighted average interest rate
Bonds and other long-term interest-bearing debts [1]					
Fixed rates	EUR	5,559	2.12%	5,386	2.29%
	USD	14	2.28%	21	2.28%
Total		**5,573**	**2.12%**	**5,407**	**2.29%**
Variable rates	EUR	753	0.30%	147	1.06%
	USD	157	3.66%	98	3.05%
Total		**910**	**0.88%**	**245**	**1.85%**
Other short-term interest-bearing debts					
NZD		42	1.76%	—	—
HUF		33	0.40%	58	0.38%
USD		6	0.50%	—	—
EUR		4	0.50%	43	0.50%
NOK		3	3.65%	—	—
Total		**88**	**1.17%**	**101**	**0.43%**

[1] Including short-term components of long-term debts

Other financial liabilities

Other financial liabilities

In EUR mn

	Short-term	Long-term	Total
		2019	
Derivative financial liabilities	2,299	179	**2,478**
Liabilities on derivatives designated and effective as hedging instruments	209	28	**237**
Liabilities on other derivatives	2,090	151	**2,241**
Other sundry financial liabilities	519	122	**642**
Other financial liabilities	**2,818**	**301**	**3,120**
		2018	
Derivative financial liabilities	2,265	535	**2,800**
Liabilities on derivatives designated and effective as hedging instruments	223	125	**348**
Liabilities on other derivatives	2,042	410	**2,452**
Liabilities on finance lease [1]	14	275	**288**
Other sundry financial liabilities	527	114	**641**
Other financial liabilities	**2,806**	**924**	**3,730**

[1] Before the implementation of IFRS 16 as of January 1, 2019 finance lease liabilities were reported in the line 'other financial liabilities' in the statement of financial position. Upon implementation of IFRS 16 lease liabilities are shown in a separate line.

The table hereafter summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows:

Financial liabilities (undiscounted cash flows)

In EUR mn

	≤1 year	1 – 5 years	>5 years	Total
		2019		
Bonds	617	2,324	3,436	**6,378**
Other interest-bearing debt	154	623	—	**777**
Lease liabilities	142	419	787	**1,348**
Trade payables	4,155	—	—	**4,155**
Derivative financial liabilities	2,299	179	—	**2,478**
Other sundry financial liabilities	519	90	92	**701**
Financial liabilities (undiscounted cash flows)	**7,886**	**3,635**	**4,316**	**15,836**
		2018		
Bonds	621	2,571	2,432	**5,624**
Other interest bearing debts	308	448	—	**756**
Trade payables	4,401	—	—	**4,401**
Derivative financial liabilities	2,265	535	—	**2,800**
Liabilities on finance leases and other sundry financial liabilities	549	170	428	**1,147**
Financial liabilities (undiscounted cash flows)	**8,145**	**3,724**	**2,859**	**14,728**

Other liabilities

Other liabilities

In EUR mn

	Short-term	Long-term	Total
		2019	
Other taxes and social security liabilities	699	—	**699**
Payments received in advance	19	11	**30**
Contract liabilities	80	142	**222**
Other sundry liabilities	104	5	**109**
Other liabilities	**903**	**157**	**1,060**
		2018	
Other taxes and social security liabilities	698	—	**698**
Payments received in advance	14	3	**18**
Contract liabilities	63	129	**192**
Other sundry liabilities	88	6	**94**
Other liabilities	**863**	**138**	**1,002**

Contract liabilities

In EUR mn

	2019	2018
January 1	**192**	**202**
Foreign exchange differences	(1)	0
Revenue recognized that was included in the contract liability balance at the beginning of the period	(78)	(72)
Increases due to cash received, excluding amounts recognized as revenue during the period	109	62
December 31	**222**	**192**

The contract liabilities consisted mainly of non-refundable prepayments of storage fees received from Erdöl-Lagergesellschaft m.b.H., Lannach on the basis of a long-term service contracts.

25 Deferred tax

Deferred taxes

In EUR mn

	Deferred tax assets total	Deferred tax assets not recognized	Deferred tax assets recognized	Deferred tax liabilities
		2019		
Intangible assets	114	22	91	751
Property, plant and equipment	124	68	56	1,699
Inventories	32	0	32	28
Derivatives	496	—	496	588
Receivables and other assets	51	16	34	80
Provisions for pensions and similar obligations	215	144	70	48
Provisions for decommissioning, restoration obligations and environmental costs	1,362	39	1,323	—
Other provisions	130	0	130	32
Liabilities	265	61	204	3
Tax impairments according section 12 (3)/2 of the Austrian Corporate Income Tax Act (KStG)	275	—	275	—
Tax loss carryforwards	1,091	1,011	80	—
Outside basis differences	—	—	—	7
Total	**4,153**	**1,361**	**2,791**	**3,236**
Netting (same tax jurisdictions)			(2,105)	(2,105)
Deferred taxes as per statement of financial position			**686**	**1,132**
		2018		
Intangible assets	89	22	67	456
Property, plant and equipment	134	47	87	1,370
Inventories	21	3	18	33
Derivatives	300	—	300	372
Receivables and other assets	67	33	34	74
Provisions for pensions and similar obligations	202	142	57	16
Provisions for decommissioning, restoration obligations and environmental costs	1,212	27	1,182	0
Other provisions	134	58	76	11
Liabilities	42	16	32	16
Tax impairments according section 12 (3)/2 of the Austrian Corporate Income Tax Act (KStG)	445	—	445	—
Tax loss carryforwards	1,134	1,049	85	—
Outside basis differences	—	—	—	8
Total	**3,781**	**1,396**	**2,385**	**2,357**
Netting (same tax jurisdictions)			(1,626)	(1,626)
Deferred taxes as per statement of financial position			**759**	**731**

Deferred taxes were mainly related to different valuation methods, differences in impairments, write-offs, depreciation and amortization as well as different definition of costs.

In 2019 deferred taxes were mainly impacted by the acquisition of SapuraOMV (please refer to Note 3 – Changes in group structure – for further details).

The overall net deferred tax asset position of tax jurisdictions which suffered a tax loss either in current or preceding year amounted to EUR 268 mn, thereof EUR 260 mn is attributable to the Austrian tax group (2018: EUR 354 mn, thereof Austrian tax group EUR 279 mn).

As of December 31, 2019, OMV recognized **tax losses carryforward** of EUR 4,179 mn before allowances (2018: EUR 4,138 mn), thereof EUR 351 mn (2018: EUR 192 mn) are considered recoverable for calculation of deferred taxes. Eligibility of losses for carryforward expires as follows:

Tax losses carryforward

In EUR mn

	2019		2018	
	Base amount (before allowances)	thereof not recognized	Base amount (before allowances)	thereof not recognized
2020	5	5	5	5
2021	0	0	5	5
2022	1	1	0	0
2023	1	1	198	107
2024	112	111		
After 2024/2023	61	14	90	23
Unlimited	3,998	3,694	3,840	3,806
Tax losses carryforward	**4,179**	**3,827**	**4,138**	**3,946**

The majority of **tax losses carryforward not recognized** referred to the Austrian tax group.

As of December 31, 2019, the aggregate amount of temporary differences associated with fully consolidated and equity-accounted investments for which deferred tax liabilities have not been recognized amounted to EUR 4,485 mn (2018: EUR 4,459 mn).

Capital gains on disposals of investments may be realized on various levels of the Group depending on the structuring of potential divestments. Due to the complexity of the group and the associated tax implications simplifying assumptions for the calculation have been made that aim to diminish cascade effects.

Supplementary Information on the Financial Position

26 Statement of cash flows

Cash and cash equivalents

In EUR mn

	2019	2018
Cash at banks and on hand	710	700
Short-term deposits	2,228	3,326
Cash and cash equivalents	**2,938**	**4,026**

In 2019, the cash balance was not entirely available for use within OMV OF LIBYA LIMITED, EUR 33 mn being blocked as collateral for a documentary letter of credit.

Significant non-cash items

In 2019 as well as in 2018, non-cash additions to fixed assets included mainly effects related to the reassessment of decommissioning and restoration obligations.

Cash flow from investing activities

For details about the cash flow effect from the Nord Stream 2 pipeline project refer to Note 18 – Financial assets – and for the cash flow effect from acquisitions to Note 3 – Changes in group structure.

Cash flow from financing activities

On June 11, 2019, OMV issued a EUR 300 mn Eurobond with a maturity date of June 11, 2021. On July 3, 2019, OMV issued two tranches of EUR 500 mn Eurobonds with maturity dates of July 3, 2025 and 2034 respectively. These transactions were reflected in the line "Increase in long-term borrowings".

The line "Repayments of long-term borrowings" included the repayment of a EUR 500 mn Eurobond.

Changes in liabilities arising from financing activities

In EUR mn

	2019			
	Bonds	Other interest-bearing debts	Lease liabilities	**Total**
January 1	**5,007**	**745**	**—**	**5,752**
Finance lease liability recognized as at 31 December, 2018			288	**288**
Lease liability for previously unrecognized operating lease commitments as at January 1, 2019			706	**706**
Total impact from initial application of IFRS 16			**994**	**994**
January 1, adjusted	**5,007**	**745**	**994**	**6,746**
Increase in long-term borrowings	1,287	89	—	**1,376**
Repayments of long-term borrowings	(500)	(371)	(109)	**(980)**
Increase/(decrease) in short-term borrowings	—	(22)	—	**(22)**
Total cash flows related to financing activities	**787**	**(303)**	**(109)**	**374**
Foreign exchange difference	—	7	(2)	**5**
Changes in consolidated group	—	314	5	**319**
Difference interest expenses and interest paid	8	5	2	**15**
Other changes	—	—	164 [1]	**164**
Total non-cash changes	**8**	**326**	**169**	**503**
December 31	**5,802**	**769**	**1,053**	**7,624**

[1] Mainly related to new lease agreements

Changes in liabilities arising from financing activities

In EUR mn

	2018			
	Bonds	Other interest-bearing debts	Finance lease liabilities	Total
January 1	**4,757**	**937**	**292**	**5,986**
Increase in long-term borrowings	994	17	—	**1,011**
Repayments of long-term borrowings	(1,500)	(293)	(11)	**(1,805)**
Increase/(decrease) in short-term borrowings	—	102	—	**102**
Total cash flows related to financing activities	**(506)**	**(175)**	**(11)**	**(692)**
Foreign exchange difference	—	(35)	(0)	**(35)**
Reclassification of hybrid bond from equity to financial liabilities	800	—	—	**800**
Difference interest expenses and interest paid	(0)	3	—	**3**
Other changes	—	14	8[1]	**22**
Total non-cash changes	**800**	**(17)**	**8**	**791**
Coupon payment of hybrid bond before reclassification from equity [2]	**(45)**	**—**	**—**	**(45)**
December 31	**5,007**	**745**	**288**	**6,040**

[1] Mainly related to new lease agreements

[2] Shown in the line "Dividends paid to OMV equity holders" in the Statement of Cash Flows

The total cash outflow related to lease liabilities amounted to EUR 131 mn.

As of December 31, 2019, the Group had available EUR 3,250 mn of undrawn committed borrowing facilities that can be used for future activities without any restrictions (December 31, 2018: EUR 3,264 mn).

As of December 31, 2019, there were EUR 238 mn financing commitments provided to Nord Stream 2 AG for the planned additional funding of Nord Stream 2 project (December 31, 2018: EUR 351 mn).

27 Contingent liabilities

OMV recognizes provisions for litigations if these are more likely than not to result in obligations. Management is of the opinion that litigations, to the extent not covered by provisions or insurance, will not materially affect the Group's financial position.

The production facilities and properties of all Group companies are subject to a variety of environmental protection laws and regulations in the countries where they operate. The estimated cost of known environmental obligations has been provided in accordance with the Group's accounting policies. Provisions for decommissioning and restoration are recognized if an obligation exists at the statement of financial position date.

Management believes that compliance with current laws and regulations and future more stringent laws and regulations will not have a material negative impact on the Group's results, financial position or cash flows in the near future.

In Romania, with reference to the Arpechim refinery site, a provision for soil remediation was set up during 2019. Consequently, the related contingency, described in detail in OMV's Consolidated Financial Statements 2018, is no longer applicable.

In May 2009, OMV signed an agreement with the sellers Crescent Petroleum International Limited (Crescent) and Dana Gas PJSC (Dana) to acquire a 10% share in Pearl Petroleum Company Limited (Pearl), a company that operates Khor Mor and Chemchemal gas fields in the Kurdistan Region of Iraq. The agreement included contingent payments to be made by OMV which are dependent on further reserves determinations. The reserves determinations will be have to be made by jointly appointed independent expert.

In this connection, in May 2019, OMV received an invoice from Crescent and Dana amounting to approximately USD 241 mn and later unsubstantiated and rejected allegations of damages in an amount of up to more than one billion USD. In view of at the time pending independent expert determination before the International Chamber of Commerce (ICC) and arbitrations before the London Court of International Arbitration (LCIA) regarding inter alia revisions of the Field Development Plan (FDP) of the Chemchemal gas field and a revision of the FDP of Khor Mor, which were not approved at joint venture level, and the deviating views between Crescent/Dana and OMV inter alia about the size of an oil discovery in Khor Mor, OMV rejected the invoice. In September 2019, the independent expert determination before the ICC was decided in favor of OMV. Depending on further progress of the arbitration proceedings and not yet commenced reserve determinations, a contingent payment could potentially arise; however, such event is not deemed probable at this stage. Therefore, no provision has been recognized in OMV's Group Financial Statements. Furthermore, at the date of these financial statements, a reliable estimate of the potential additional payment, if any, cannot be made.

28 Risk management

Capital risk

OMV's financial steering framework is built upon the principles of operational efficiency, capital efficiency, financing efficiency and sustainable portfolio management. With the focus on strengthening OMV's balance sheet, delivering a positive free cash flow and growing its profitability, the financial steering framework represents sustainable, risk-monitored and future-oriented value creation for OMV and its stakeholders.

OMV manages its capital structure to safeguard its capital base in order to preserve investor, creditor and market confidence, as well as to provide a sustainable financial foundation for the future operational development of the Group. OMV's financing strategy focuses on cash flow and financial stability. Principal targets are a positive free cash flow after dividends and a strong investment grade credit rating on the basis of a healthy balance sheet and a long-term gearing ratio without leases of below 30%.

Capital Management – key performance measures

In EUR mn (unless otherwise stated)

	2019	2018
Bonds	5,802	5,007
Lease liabilities	1,053	—
Liabilities on finance lease	—	288
Other interest-bearing debts	769	745
Debt	**7,624**	**6,040**
Cash and cash equivalents [1]	2,938	4,026
Net Debt	**4,686**	**2,014**
Equity	**16,863**	**15,342**
Gearing Ratio in %	**28**	**13**

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

Liquidity risk

For the purpose of assessing liquidity risk, yearly budgeted operating and financial cash flows of the Group are monitored and analyzed on a monthly basis. Thus, every month the Group generates a forecasted net change in liquidity which is then compared to the total month end balances of money market deposits and loans as well as maturities of the current portfolio and the available liquidity reserves of the same month. This analysis provides the basis for financing decisions and capital commitments.

To ensure that OMV Group remains solvent at all times and retains the necessary financial flexibility, liquidity reserves in the form of committed credit lines and short term uncommitted money market lines are maintained. As of December 31, 2019, the average weighted maturity of the Group's debt portfolio (excluding lease liabilities) has been 5.2 years (as of December 31, 2018: 5.0 years).

OMV Group's operational liquidity management is done centrally via a cash pooling system, which enables optimum use of existing cash and liquidity reserves to the benefit of every individual member of cash pooling system and therefore the Group as a whole.

Details of OMV Group's financial liabilities are shown in Note 24 – Liabilities.

Political Risk

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 as well as 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.

An analysis to assess the potential impact of the Brexit on OMV group companies was undertaken, which showed that there is no significant impact expected. OMV evaluates the risk of potential US or EU sanctions and their impact on planned or existing operations with the aim 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.

Climate change Risks

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.

Market risk

Derivative and non-derivative instruments are used to manage market price risks resulting from changes in commodity prices, foreign exchange rates and interest rates, which could have a negative effect on assets, liabilities or expected future cash flows.

Commodity price risk - Upstream

In order to protect the Group's result and cash flow from the potential negative impact of falling oil and gas prices as well as to ensure sufficient liquidity headroom in order to enable the envisaged growth strategy, OMV uses financial derivatives to secure favorable oil and gas prices from time to time. When doing so, OMV enters into derivative positions selling forward parts of its future production, thereby locking in future oil and gas prices and reducing exposure to market prices in the periods for which the hedges are concluded. OMV Group adopts a flexible approach to monetize hedges prior to their maturity with the aim to generate a positive contribution to the results.

In 2019, swaps for gas volumes were entered into, resulting in a total positive Operating result impact of EUR 2 mn.

In 2018, the financial swaps that were concluded for both oil and gas volumes resulted in a total Operating result impact of EUR (219) mn (oil: EUR (98) mn, gas: EUR (121) mn).

For these derivative instruments no hedge accounting was applied.

Commodity price risk – Downstream

Commodity price risk management in Downstream refers to analysis, assessment, reporting and hedging of market price risk exposure arising from non-trading and trading activities, covering refining (refinery margin, petrochemical margin, inventories up to a defined threshold) as well as oil and gas marketing activities (marketing margin, inventories up to a defined threshold) and producing power (spark spreads) in addition to proprietary trading positions.

Limited proprietary trading activities are performed for the purpose of creating market access within the oil, power and gas markets. In Downstream Gas, OTC swaps, options, futures and forwards are used to hedge purchase and sales price risks. The aim is to hedge the price risk on inventory fluctuations and the differences in terms and conditions of purchases and sales.

In Downstream Oil, derivative instruments are used for both hedging selected product sales and reducing exposure to price risks on inventory fluctuations. Crude oil and product swaps are used to hedge the refining margin (crack spread), which is the difference between crude oil prices and bulk product prices.

Furthermore, exchange-traded oil futures as well as OTC contracts (contracts for difference and swaps) are used to hedge short-term purchase and sales market price risks.

Swaps do not involve an investment at the time the contracts are concluded; settlement normally takes place at the end of the quarter or month. The premiums on options are payable when the contract is concluded; where options are exercised, payment of the difference between strike price and average market price for the period takes place at contract expiration.

The tables hereafter show the fair values of derivative financial instruments together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of the transactions outstanding at the year-end and are not indicative of either the market risk or the credit risk.

Nominal and fair value of open commodity contracts

In EUR mn

	2019			2018		
	Nominal	Fair value assets	Fair value liabilities	Nominal	Fair value assets	Fair value liabilities
Derivatives at FVOCI – Cash flow hedging						
Downstream Oil swaps [1]	7,102	284	(237)	4,284	391	(351)
Derivatives at FVTPL						
Upstream Gas swaps	56	10	(4)	705	39	(75)
Upstream	**56**	**10**	**(4)**	**705**	**39**	**(75)**
Downstream Oil futures	4,760	236	(258)	12,282	1,202	(1,181)
Downstream Oil swaps	6,736	82	(81)	11,063	202	(224)
Downstream Oil	**11,496**	**318**	**(339)**	**23,345**	**1,404**	**(1,405)**
Downstream Gas options	3	1	(2)	—	—	—
Downstream Gas swaps	177	29	(17)	329	15	(35)
Downstream Gas futures	78	5	(7)	195	4	(11)
Downstream Gas forwards	15,084	1,992	(1,866)	16,737	905	(910)
Downstream Gas	**15,342**	**2,028**	**(1,892)**	**17,260**	**925**	**(957)**

[1] Including inefficient part of cash flow hedges

Foreign exchange risk management

OMV operates in many countries and currencies, therefore industry-specific activities and the corresponding foreign exchange rate risks need to be analyzed precisely. The USD represents OMV's biggest risk exposure, in the form of movement of the USD against the EUR and also against other main OMV currencies (RON, RUB, NOK and NZD). Movements of these currencies against the EUR are also important sources of risk. Other currencies have only a limited impact on cash flow and Operating result. The transaction risk on foreign currency cash flows is monitored on an ongoing basis. The Group's net position is reviewed at least on a semiannual basis and the sensitivity is calculated. This analysis provides the basis for management of transaction risks on currencies.

Since OMV produces commodities that are mainly traded in USD, OMV Group has an economic USD long position.

FX options, forwards and swaps are used exclusively to hedge foreign exchange rate risks on outstanding receivables and payables. The market value of these instruments will move in the opposite direction to the value of the underlying receivable or liability if the relevant foreign exchange rate changes.

As of December 31, the value of transactions used to hedge foreign currency receivables and liabilities and of transactions used to manage liquidity was as follows:

Nominal and fair value of open currency derivatives

In EUR mn

	2019			2018		
	Nominal	Fair value assets	Fair value liabilities	Nominal	Fair value assets	Fair value liabilities
Currency options (FVOCI)	—	—	—	238	1	0
Currency forwards (FVTPL)	1,525	35	(6)	1,701	16	(12)
Currency swaps (FVTPL)	253	0	(0)	65	0	0

Cash flow hedge accounting

In the Downstream Oil Business, OMV is especially exposed to volatile refining margins and inventory risks. In order to mitigate those risks corresponding hedging activities are taken, which include margin hedges as well as stock hedges.

The risk management strategy is to harmonize the pricing of product sales and purchases in order to remain within an approved range of priced stocks at all times, by means of undertaking stock hedges so as to mitigate the price exposure. The range is a defined maximum deviation from the target stock level, as defined in the Annual Plan for hedging activities.

Furthermore, in respect of refinery margin hedges, crude oil and products are hedged separately, with the aim to protect future margins. Endorsed mandates are documented and defined within the Annual plan for hedging activities.

In case of refinery margin hedges only the product crack spread is designated as the hedged item, buying Brent Crude Oil on a fixed basis and selling the product on a fixed basis. The crack spread for different products is a separately identifiable component and can therefore represent the specific risk component designated as hedged item. There are limits set for the volume of planned hedged sales to avoid over hedging.

Stock hedges are used to mitigate price exposure whenever actual priced stock levels deviate from target levels. Forecast sales and purchase transactions for crude oil and oil products are designated as the hedged item. Historically, Brent crude oil has formed the largest risk component of the stock price, however in some cases also oil products are used for stock hedges. In such cases, Platts / Argus product price is used as the risk component. Other components like product crack spreads and other local market cost components are not hedged.

The hedging relationships are established with a hedge ratio of 1:1 as the underlying risk of the commodity derivatives are identical to the hedged risk components. Hedge ineffectiveness can arise from timing differential between derivative and hedged item delivery and pricing differentials (derivatives are valued on the future monthly average price (or other periods) and sales/purchases on the pricing at the date of transaction/delivery).

Cash flow hedging – Impact of hedging on the statement of financial positions

In EUR mn

	Swaps – forecast purchase	Swaps – forecast sales	Option — firm commitment to acquire a business in a business combination	
	Commodity price risk		Foreign currency risk	Total
		2019		
Nominal Value	66	7,036	—	**7,102**
Below one year	41	5,415	—	**5,455**
More than one year	25	1,621	—	**1,647**
Fair value – assets	6	279	—	**284**
Fair value – liabilities	0	237	—	**237**
Cash flow hedge reserve (before taxes)	6	50	—	**55**
		2018		
Nominal Value	204	4,080	238	**4,522**
Below one year	204	2,336	238	**2,778**
More than one year	—	1,744	—	**1,744**
Fair value – assets	—	391	1	**392**
Fair value – liabilities	44	304	—	**348**
Cash flow hedge reserve (before taxes)	(44)	94	(2)	**49**
thereof cost of hedging reserve	—	—	(2)	**(2)**

Above shown Fair value assets and liabilities are presented in Line item Other financial assets and Other financial liabilities in OMV's Consolidated statement of financial position.

Cash flow hedging – Impact of hedging in the statement of profit or loss and other comprehensive income

In EUR mn

	Swaps – forecast purchase	Swaps – forecast sales	Forwards, Options — firm commitment to acquire a business in a business combination	Swaps, Forwards, Options — firm commitment to acquire a business in an at-equity investment	
	Commodity price risk		**Foreign currency risk**		**Total**
			2019		
Gains/(losses) of the period recognized in OCI	53	(11)	(1)	43	**84**
Hedge ineffectiveness recognized in profit or loss	(14)	(0)	—	—	**(14)**
Amount reclassified from OCI to profit or loss	n.a.	(34)	n.a.	n.a.	**(34)**
			2018		
Gains/(losses) of the period recognized in OCI	(21)	43	32	(2)	**52**
Hedge ineffectiveness recognized in profit or loss	(1)	(14)	—	—	**(15)**
Amount reclassified from OCI to profit or loss	—	152	—	—	**152**

For 'Swaps – forecast purchase' the hedge ineffectiveness is included in line item 'Purchases (net of inventory variation)' in OMV's Consolidated income statement. The hedge ineffectiveness and recycling of 'Swaps – forecast sales' are both shown in line item 'Sales revenues' in OMV's Consolidated income statement.

Cash flow hedging – Impact of hedging on equity

In EUR mn

	Swaps – forecast purchase	Swaps – forecast sales	Forwards, Options — firm commitment to acquire a business in a business combination	Swaps, Forwards, Options — firm commitment to acquire a business in an at-equity investment	
	Commodity price risk		**Foreign currency risk**		**Total**
			2019		
Cash flow hedge reserve as of January 1 (net of tax)	(33)	73	(1)	—	**39**
Gains/(losses) of the period recognized in OCI	53	(11)	(1)	43	**84**
Amounts reclassified to profit or loss	n.a.	(34)	n.a.	n.a.	**(34)**
Amounts transferred to cost of non-financial item	(4)	—	2	(43)	**(44)**
Tax effects	(12)	11	—	—	**(1)**
Cash flow hedge reserve as of December 31 (net of tax)	**5**	**39**	**—**	**—**	**44**
			2018		
Cash flow hedge reserve as of January 1 (net of tax)	81	(72)	—	—	**8**
Gains/(losses) of the period recognized in OCI	(21)	43	30	—	**52**
Amounts reclassified to profit or loss	—	152	—	—	**152**
Amounts transferred to cost of non-financial item	(132)	—	(32)	—	**(163)**
Tax effects	40	(50)	0	—	**(10)**
Cash flow hedge reserve as of December 31 (net of tax)	**(33)**	**73**	**(1)**	**—**	**39**

Sensitivity analysis

For open hedging contracts sensitivity analysis is performed to determine the effect of market price fluctuations (+/–10%) on market value. The sensitivity of OMV Group's overall earnings differs from the sensitivity shown below, since the contracts concluded are used to hedge operational exposures.

The effect of market price fluctuations on earnings or equity depends on the type of derivative used and on whether hedge accounting is applied. Market price sensitivity for derivatives to which cash flow hedge accounting is applied is shown in the sensitivity table for equity. Sensitivity to market price fluctuations for all other open derivatives is shown in the sensitivity tables for profit before tax.

Sensitivity analysis for open derivatives affecting profit before tax

In EUR mn

	2019		2018	
	Market price +10%	Market price (10)%	Market price +10%	Market price (10)%
Upstream				
Upstream Commodity Gas swaps	(2)	2	(40)	40
Downstream Oil				
Downstream Oil Commodity futures	(11)	11	6	(6)
Downstream Oil Commodity swaps	(7)	7	(2)	2
Downstream Gas				
Downstream Gas Commodity options	(0)	0	0	0
Downstream Gas Commodity swaps	2	(2)	1	(1)
Downstream Gas Commodity futures	(1)	1	4	(4)
Downstream Gas Commodity forwards	(37)	37	(51)	51

Sensitivity analysis for open derivatives affecting equity

In EUR mn

	2019		2018	
	Market price +10%	Market price (10)%	Market price +10%	Market price (10)%
Downstream Oil				
Downstream Oil Commodity swaps	**(80)**	**80**	26	(26)

For financial instruments, sensitivity analysis is performed for changes in foreign exchange rates. On Group level, the EUR-RON sensitivity not only includes the net RON exposure versus the EUR but also the net RON exposure versus the USD, since the USD-RON exposure can be split into a EUR-RON and EUR-USD exposure. The same is true for the EUR-NOK and EUR-NZD exposure.

Sensitivity analysis for financial instruments affecting profit before tax [1]

In EUR mn

	2019		2018	
	10% appreciation of the EUR	10% depreciation of the EUR	10% appreciation of the EUR	10% depreciation of the EUR
EUR-RON	(20)	20	(18)	18
EUR-USD	(22)	22	(51)	51
EUR-NZD	(15)	15	(7)	7
EUR-NOK	(6)	6	(9)	9
EUR-RUB	(30)	30	(11)	11

[1] Refers only to financial instruments and is not the same as the Group's overall foreign exchange rate sensitivity in terms of operating result.

Translation risk

Translation risk is also monitored on an ongoing basis at Group level, and the risk position is evaluated. Translation risk arises on the consolidation of subsidiaries with functional currencies different from EUR. The largest exposures result from changes in RON, USD, RUB, NOK and NZD denominated assets against the EUR.

Interest rate management

To facilitate management of interest rate risk, OMV's liabilities are analyzed in terms of fixed and floating rate borrowings, currencies and maturities. Appropriate ratios for the various categories are established, and where necessary, derivative instruments are used to hedge fluctuations outside predetermined ranges.

Interest rate swaps can be used to convert fixed rate debt into floating rate debt, and vice versa. As of December 31, 2019, OMV did not have any open position, since no interest rate swaps were entered during the year 2019 (2018: no open position).

Interest sensitivities

OMV Group holds financial assets whose market value would be affected by changes in interest rates. The effect of an interest rate increase of 0.5 percentage points on the financial assets measured FVTPL as of December 31, 2019, would have been a EUR (12) mn reduction in the market value of these financial assets (2018: EUR (15) mn). A 0.5 percentage points fall in the interest rate as of December 31, 2019 would have led to an increase in market value of EUR 12 mn (2018: EUR 15 mn).

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 rate are not considered to be a material risk.

Credit risk management

The main counterparty credit risks are assessed and monitored at Group level and Segment level using predetermined criteria and limits for all counterparties, banks and security providers. On the basis of a risk assessment, counterparties, banks and security providers are assigned a credit limit, an internal risk class and a specific limit validity. The risk assessments are reviewed at least annually or on an ad-hoc basis. The credit risk processes are governed by guidelines at OMV Group level stipulating the group-wide minimum requirements. The main counterparties with contracts involving derivative financial instruments have investment grade credit ratings.

Credit risk is the risk that OMV Group's counterparties will not meet their obligation under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk arising from credit exposures with customer accounts receivables (see Note 18 – Financial assets), from its operating activities as well as from its financial activities such as financial investments, including deposits with banks and financial institutions (see Note 26 – Statement of cash flows), foreign exchange transactions and other financial instruments (see Note 18 – Financial assets).

29 Fair value hierarchy

Fair value hierarchy of financial assets including assets held for sale

In EUR mn

	Carrying amount			Fair value level			
	At amortized cost	At fair value	**Total**	Level 1	Level 2	Level 3	**Total**
				2019			
Trade receivables	2,911	131	**3,042**	—	131	—	**131**
Investments in other companies designated as at FVOCI	—	24	**24**	—	—	24	**24**
Bonds	78	—	**78**	—	—	—	**—**
Derivatives designated and effective as hedging instruments	—	284	**284**	—	284	—	**284**
Other derivatives	—	2,391	**2,391**	241	2,150	—	**2,391**
Loans	855	—	**855**	—	—	—	**—**
Other sundry financial assets [1]	1,182	721	**1,903**	—	—	721	**721**
Net amount of assets and liabilities associated with assets held for sale	n.a.	8	**8**	—	8	—	**8**
Total	**5,026**	**3,559**	**8,585**	**241**	**2,573**	**745**	**3,559**
				2018			
Trade receivables	3,338	82	**3,420**	—	82	—	**82**
Investments in other companies designated as at FVOCI	—	21	**21**	—	—	21	**21**
Investment funds	—	6	**6**	6	—	—	**6**
Bonds	78	—	**78**	—	—	—	**—**
Derivatives designated and effective as hedging instruments	—	392	**392**	—	392	—	**392**
Other derivatives	—	2,384	**2,384**	1,206	1,178	—	**2,384**
Loans	671	—	**671**	—	—	—	**—**
Other sundry financial assets [1]	1,107	725	**1,833**	—	—	725	**725**
Net amount of assets and liabilities associated with assets held for sale	n.a.	—	**—**	—	—	—	**—**
Total	**5,195**	**3,610**	**8,805**	**1,212**	**1,651**	**747**	**3,610**

[1] Other sundry receivables include an asset from reserves redetermination rights related to the acquisition of interests in the field Yuzhno Russkoye and contingent considerations from the divestments of the 30% stake in the field Rosebank and of OMV (U.K.) Limited. Please see Note 18 – Financial assets – for further details.

Fair value hierarchy of financial liabilities

In EUR mn

	Carrying amount			Fair value level			
	At amortized cost	At fair value	Total	Level 1	Level 2	Level 3	Total
				2019			
Trade payables	4,155	—	**4,155**	—	—	—	—
Bonds	5,802	—	**5,802**	—	—	—	—
Lease liabilities	1,053	—	**1,053**	—	—	—	—
Other interest bearing debt	769	—	**769**	—	—	—	—
Liabilities on derivatives designated and effective as hedging instruments	—	237	**237**	—	237	—	**237**
Liabilities on other derivatives	—	2,241	**2,241**	266	1,976	—	**2,241**
Other sundry financial liabilities	642	—	**642**	—	—	—	—
Total	**12,420**	**2,478**	**14,898**	**266**	**2,213**	**—**	**2,478**
				2018			
Trade payables	4,401	—	**4,401**	—	—	—	—
Bonds	5,007	—	**5,007**	—	—	—	—
Other interest bearing debt	745	—	**745**	—	—	—	—
Liabilities on derivatives designated and effective as hedging instruments	—	348	**348**	—	348	—	**348**
Liabilities on other derivatives	—	2,452	**2,452**	1,192	1,260	—	**2,452**
Liabilities on finance lease	288	—	**288**	—	—	—	—
Other sundry financial liabilities	641	—	**641**	—	—	—	—
Total	**11,083**	**2,800**	**13,883**	**1,192**	**1,608**	**—**	**2,800**

Financial assets and liabilities for which fair values are disclosed

In EUR mn

	Fair Value	Fair value level		
		Level 1	Level 2	Level 3
		2019		
Bonds	77	5	72	—
Financial assets	**77**	**5**	**72**	**—**
Bonds	6,317	6,317	—	—
Other interest bearing debt	792	—	792	—
Financial liabilities	**7,109**	**6,317**	**792**	**—**
		2018		
Bonds	77	5	72	—
Financial assets	**77**	**5**	**72**	**—**
Bonds	5,323	5,323	—	—
Other interest bearing debt	759	—	759	—
Liabilities on finance lease	386	—	386	—
Financial liabilities	**6,467**	**5,323**	**1,144**	**—**

30 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset only when the Group has a current and legally enforceable right to set-off the recognized amounts and when there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

OMV enters in the normal course of business into various master netting arrangements in the form of International Swaps and Derivatives Association (ISDA) agreements or European Federation of Energy Traders (EFET) agreements or other similar arrangements that do not meet the criteria of offsetting in the statement of the financial position in accordance with IAS 32.

The tables hereafter show the carrying amounts of recognized financial assets and financial liabilities that are subject to various netting arrangements. The net column would be on the Group's statement of financial position, if all set-off rights were exercised.

Offsetting of financial assets

In EUR mn

	Note	Financial instruments (gross)	Amounts set off in the statement of financial position	**Financial instruments in the statement of financial position (net)**	Liabilities with right of set-off (not offset)	**Net**
				2019		
Derivative financial instruments	18	2,676	—	**2,676**	(2,264)	**412**
Trade receivables	18	3,056	(14)	**3,042**	(1,204)	**1,838**
Other sundry financial assets	18	1,903	—	**1,903**	(44)	**1,858**
Total		**7,634**	**(14)**	**7,620**	**(3,512)**	**4,108**
				2018		
Derivative financial instruments	18	2,776	—	**2,776**	(2,446)	**330**
Trade receivables	18	3,451	(31)	**3,420**	(1,656)	**1,764**
Other sundry financial assets	18	1,837	(4)	**1,833**	(27)	**1,806**
Total		**8,065**	**(36)**	**8,029**	**(4,129)**	**3,900**

Offsetting of financial liabilities

In EUR mn

	Note	Financial instruments (gross)	Amounts set off in the statement of financial position	**Financial instruments in the statement of financial position (net)**	Assets with right of set-off (not offset)	**Net**
				2019		
Derivative financial instruments	24	2,478	—	**2,478**	(2,288)	**190**
Trade payables	24	4,168	(14)	**4,155**	(1,204)	**2,951**
Other sundry financial liabilities	24	642	—	**642**	(20)	**622**
Total		**7,288**	**(14)**	**7,274**	**(3,512)**	**3,762**
				2018		
Derivative financial instruments	24	2,800	—	**2,800**	(2,471)	**329**
Trade payables	24	4,432	(31)	**4,401**	(1,656)	**2,745**
Other sundry financial liabilities	24	646	(4)	**641**	(2)	**639**
Total		**7,878**	**(36)**	**7,842**	**(4,129)**	**3,714**

31 Result on financial instruments

Result on financial instruments

In EUR mn

	Amount	Fair value through profit or loss	Equity instruments designated as at fair value through other comprehen-sive income	Financial assets at amortized cost	Financial liabilities at amortized cost
			2019		
Fair value changes of financial assets and derivatives	**241**	241	—	—	—
Net impairment losses on financial assets	**(33)**	—	—	(33)	—
Result on financial instruments within operating result	**208**	**241**	**—**	**(33)**	**—**
Dividend income	**5**	—	5	—	—
Interest income	**169**	—	—	152	—
Interest expense	**(304)**	—	—	—	(170)
Expenses on the sales of trade receivables	**(31)**	(31)	—	—	—
Impairments of financial instruments, net	**(1)**	—	—	(1)	—
Other	**(7)**	—	—	—	(7)
Result on financial instruments within financial result	**(169)**	**(31)**	**5**	**151**	**(177)**

Result on financial instruments

In EUR mn

	Amount	Fair value through profit or loss	Equity instruments designated as at fair value through other comprehen-sive income	Financial assets at amortized cost	Financial liabilities at amortized cost
			2018		
Fair value changes of financial assets and derivatives	**(321)**	(321)	—	—	—
Net impairment losses on financial assets	**(13)**	—	—	(13)	—
Result on financial instruments within operating result	**(334)**	**(321)**	**—**	**(13)**	**—**
Dividend income	**20**	—	20	—	—
Interest income	**117**	8	—	108	—
Interest expense	**(290)**	—	—	—	(131)
Expenses on the sales of trade receivables	**(31)**	(31)	—	—	—
Impairments of financial instruments, net	**1**	—	—	1	—
Other	**(30)**	—	—	—	(30)
Result on financial instruments within financial result	**(214)**	**(23)**	**20**	**109**	**(161)**

The **interest expense** not allocated mainly referred to the unwinding of provisions in amount of EUR 130 mn (2018: EUR 149 mn).

32 Share based payments

Long Term Incentive (LTI) plans

LTI plans with similar conditions have been granted to the Executive Board and selected senior managers in the Group yearly. At vesting date, shares will be granted to the participants. The number of shares is determined depending on the achievement of defined performance criteria. Disbursement is made in cash or in shares. Executive Board members and senior managers as active participants of the plans are required to build up an appropriate volume of shares and to hold those shares until retirement or departure from the Company. For senior managers, if the LTIP eligibility lapses, but they are still in an active employment with the company, the shareholding requirement expires when the last LTIP is paid out. The shareholding requirement is defined as a percentage of the annual gross base salary, for the Executive Board, and as a percentage of the respective Target Long Term Incentive for the senior managers. Executive Board members have to fulfill the shareholding requirement within five years after the initial respective appointment. Until fulfillment of the shareholding requirement the disbursement is in form of shares whilst thereafter the plan participants can decide between cash or share settlement. As long as the shareholding requirements are not fulfilled the granted shares after deduction of taxes are transferred to a trustee deposit, managed by the Company.

For share-based payments the grant date fair values are spread as expenses over the three years performance period with a corresponding increase in shareholders' equity. In case of assumed cash-settlements a provision is made for the expected future costs of the LTI plans at statement of financial position date based on fair values.

Long Term Incentive Plans

	2019 plan	2018 plan	2017 plan	2016 plan
Start of plan	1/1/2019	1/1/2018	1/1/2017	1/1/2016
End of performance period	12/31/2021	12/31/2020	12/31/2019	12/31/2018
Vesting date	3/31/2022	3/31/2021	3/31/2020	3/31/2019
Shareholding requirement				
Executive Board Chairman	200% of annual gross base salary	200% of annual gross base salary	200% of annual gross base salary	200% of gross base salary
Executive Board Deputy Chairman	175% of annual gross base salary	175% of annual gross base salary	175% of annual gross base salary	175% of gross base salary
Other Executive Board members	150% of annual gross base salary	150% of annual gross base salary	150% of annual gross base salary	150% of gross base salary
Senior managers	75% of the respective Target Long Term Incentive	75% of the respective Target Long Term Incentive	75% of the respective Target Long Term Incentive	75% of annual gross base salary
Expected shares as of December 31, 2019	**295,037 shares**	**169,883 shares**	**379,120 shares**	**—**
Maximum shares as of December 31, 2019	**372,732 shares**	**278,266 shares**	**422,937 shares**	**—**
Fair value of plan (in EUR mn) as of December 31, 2019 [1]	**15**	**9**	**20**	**—**
Provision (in EUR mn) as of December 31, 2019 [1]	**4**	**5**	**16**	**—**
Estimated tax payments related to equity settled transactions (in EUR mn) [2]	**2**	**1**	**2**	**—**

[1] Excluding incidental wage costs

[2] This position includes estimated tax obligations of participants of the plan associated with equity settled transactions of the whole plan. This amount is paid by OMV in cash to the tax authority on behalf of participants after vesting date.

Personal investment held in shares

	12/31/2019	12/31/2018	12/31/2017	12/31/2016
Active Executive Board members				
Seele	91,974 shares	70,890 shares	48,435 shares	38,038 shares
Pleininger	45,032 shares	28,511 shares	19,333 shares	12,979 shares
Florey	24,351 shares	13,401 shares	8,335 shares	—
Gangl [1]	10,730 shares	—	—	—
Former Executive Board members [2]				
Leitner	44,211 shares	65,245 shares	59,335 shares	51,249 shares
Roiss	—	—	—	81,831 shares
Total — Executive Board	**216,298 shares**	**178,047 shares**	**135,438 shares**	**184,097 shares**
Other senior managers [2]	368,268 shares	299,997 shares	256,202 shares	317,840 shares
Total personal investment	**584,566 shares**	**478,044 shares**	**391,640 shares**	**501,937 shares**

[1] Thomas Gangl took part in LTIP 2016, 2017 and 2018 in his position as senior manager. In 2019 he took part in LTIP as both senior manager as well as Executive Board member.
[2] Personal investment of former Executive Board members and other senior managers are only included if shares are held in the OMV trustee deposit.

Equity Deferral

The Equity Deferral serves as a long-term compensation vehicle for the members of the Executive Board that promotes retention and shareholder alignment in OMV, combining the interests of management and shareholders via a long-term investment in restricted shares. The holding period of the Equity Deferral part is three years from vesting. The plan also seeks to prevent inadequate risk-taking.

The Annual Bonus is capped at 180% of the target Annual Bonus (until 2017: 200% of the annual gross salary). One third of the Annual Bonus (until 2017: 50% of the granted Annual Bonus) is granted in shares. The determined bonus achievement is settled per March 31 following the period end whereby at the statement of financial position date the target achievements and the share price is estimated (the latter on basis of market quotes). In case of major changes in external factors the Supervisory Board can adjust the threshold, target and/or maximum levels (but not the criteria as such nor the vesting) for the Financial Targets of the Annual Bonus. The granted shares after deduction of taxes are transferred to a trustee deposit, managed by the Company, to be held for three years.

In 2019 expenses amounting to EUR 2 mn were recorded with a corresponding increase in equity (2018: EUR 2 mn).

Total Expense

Expenses related to share based payment transactions including long-term incentive plans as well as equity deferral are summarized in the below table.

Expenses related to share based payment transactions [1]

In EUR mn

	2019	2018
Cash settled	21	6
Equity settled	4	6
Total expenses arising from share based payment transactions	**25**	**12**

[1] Excluding incidental wage costs

Other Information

33 Average number of employees

Average number of employees [1]

	2019	2018
OMV Group excluding Petrom Group	7,407	6,864
OMV Petrom Group	12,720	13,409
OMV Group	**20,127**	**20,272**

[1] Calculated as the average of the month's end numbers of employees during the year

The increase in the average number of employees of OMV Group (excl. Petrom Group) was mainly coming from the acquisition of SapuraOMV Upstream Sdn. Bhd. on January 31, 2019 as well as the acquisition of Shell´s Upstream business in New Zealand in December 2018.

The decrease related to OMV Petrom Group is a result of outsourced activities and of reorganization and restructuring programs as a consequence of process optimization and cost efficiency measures.

34 Expenses Group auditor

Expenses for services rendered by the Group auditor (including the international network in terms of section 271b UGB) comprised the following:

Expenses for services rendered by the Group auditor (including the international network)

In EUR mn

	2019		2018	
	Group auditor	thereof Ernst&Young Wirtschafts-prüfungsgesell-schaft m.b.H	Group auditor	thereof Ernst&Young Wirtschafts-prüfungsgesell-schaft m.b.H
Audit of Group accounts and year-end audit	3.15	1.39	2.94	1.34
Other assurance services	0.71	0.44	0.64	0.54
Tax advisory services	0.09	0.00	0.05	0.00
Other services	0.29	0.02	0.24	0.00
Total	**4.24**	**1.84**	**3.86**	**1.88**

35 Related parties

Under IAS 24, details of relationships with related parties and related enterprises not included in consolidation must be disclosed. Enterprises and individuals are considered to be related if one party is able to control or exercise significant influence over the business of the other. Österreichische Beteiligungs AG (ÖBAG), Vienna, holds an interest of 31.5% and Mubadala Petroleum and Petrochemicals Holding Company L.L.C., (MPPH) Abu Dhabi, holds an interest of 24.9% in OMV Aktiengesellschaft; both are related parties under IAS 24.

In 2019, there were following arm's-length supplies of goods and services between the Group and equity-accounted companies, except for gas purchases from OJSC Severneftegazprom which are not based on market prices but on cost plus defined margin.

Transactions with equity-accounted investments – Sales and Receivables

In EUR mn

	2019		2018	
	Sales and other income	Trade receivables	Sales and other income	Trade receivables
Borealis	1,284	58	1,432	55
Enerco Enerji Sanayi Ve Ticaret A.Ş.	0	0	4	1
Erdöl-Lagergesellschaft m.b.H.	76	5	41	—
GENOL Gesellschaft m.b.H. [1]	196	20	208	16
PEGAS CEGH Gas Exchange Services GmbH	1	0	1	0
Trans Austria Gasleitung GmbH	10	1	11	1
Total	**1,567**	**84**	**1,696**	**72**

[1] In 2019 transactions with GENOL Gesellschaft m.b.H. as well as GENOL Gesellschaft m.b.H. & Co KG are included, while 2018 transactions were only with GENOL Gesellschaft m.b.H & Co KG (business of GENOL Gesellschaft m.b.H. & Co KG was transferred to GENOL Gesellschaft m.b.H in October 2019, see Note 38 – Direct and indirect investments of OMV Aktiengesellschaft)

Transactions with equity-accounted investments – Purchases and Payables

In EUR mn

	2019		2018	
	Purchases and services received	Trade payables	Purchases and services received	Trade payables
Borealis	42	9	48	7
Deutsche Transalpine Oelleitung GmbH	34	3	30	3
Enerco Enerji Sanayi Ve Ticaret A.Ş.	9	—	157	8
EPS Ethylen-Pipeline-Süd GmbH & Co KG	2	—	2	—
Erdöl-Lagergesellschaft m.b.H.	59	29	62	30
GENOL Gesellschaft m.b.H. [1]	2	0	2	0
OJSC Severneftegazprom	179	20	161	18
Trans Austria Gasleitung GmbH	22	1	22	1
Total	**348**	**63**	**482**	**67**

[1] In 2019 transactions with GENOL Gesellschaft m.b.H. as well as GENOL Gesellschaft m.b.H. & Co KG are included, while 2018 transactions were only with GENOL Gesellschaft m.b.H & Co KG (business of GENOL Gesellschaft m.b.H. & Co KG was transferred to GENOL Gesellschaft m.b.H in October 2019, see Note 38 – Direct and indirect investments of OMV Aktiengesellschaft)

Dividend distributed from equity-accounted investments

In EUR mn

	2019	2018
Abu Dhabi Oil Refining Company	34	—
Borealis AG	297	360
Enerco Enerji Sanayi Ve Ticaret A.Ş.	—	1
GENOL Gesellschaft m.b.H. & Co KG	1	1
OJSC SEVERNEFTEGAZPROM	6	10
Pearl Petroleum Company Limited	31	34
PEGAS CEGH Gas Exchange Services GmbH	1	0
Trans Austria Gasleitung GmbH	14	15
Dividend distributed from equity-accounted investments	**384**	**422**

As of balance sheet date other financial receivables in an amount of EUR 7 mn (2018: EUR 6 mn) were outstanding from Freya Bunde-Etzel GmbH & Co. KG. Moreover, there was an outstanding dividend receivable from Abu Dhabi Oil Refining Company amounting to EUR 34 mn.

As per December 31, 2019 there were other financial liabilities in an amount of EUR 1 mn (2018: EUR 3 mn) with Trans Austria Gasleitung GmbH.

The balance of prepayments received, shown in line contract liabilities, from Erdöl-Lagergesellschaft m.b.H. amounted to EUR 170 mn at December 31, 2019 (2018: EUR 140 mn) and is related to a long-term contract for rendering of services.

Government-related entities

Based on the OMV ownership structure, the Republic of Austria has an indirect relationship with OMV via ÖBAG and is therefore, together with companies in which the Republic of Austria is a majority shareholder, considered a related party.

OMV has transactions at arm´s length in the normal course of business mainly with Österreichische Post AG, Verbund AG, Österreichische Bundesbahnen-Holding Aktiengesellschaft, Bundesbeschaffung GmbH and their subsidiaries.

Via MPPH, OMV has an indirect relationship with the Emirate of Abu Dhabi, which is, together with the companies under control of Abu Dhabi also considered a related party. In 2019, there were supplies of goods and services for instance with Compañía Española de Petróleos (CEPSA) and Abu Dhabi National Oil Company (ADNOC). OMV cooperates with ADNOC in several Upstream arrangements. Furthermore, on July 31, 2019 OMV and ADNOC closed the strategic equity partnerships covering both the existing ADNOC Refining business and a new Trading Joint Venture. For further details see Note 3 – Changes in group structure.

Key management personnel compensation

Remuneration received by the Executive Board

In EUR mn

	2019								
	active members of the Executive Board as of December 31, 2019				former members of the Executive Board				
	Seele	Pleininger	Florey	Gangl [5]	Leitner [6]	Davies [7]	Huijskes [8]	Roiss [9]	Total
Short term benefits	**3.36**	**1.64**	**1.59**	**0.29**	**1.55**	**—**	**—**	**—**	**8.43**
Fixed (base salary)	1.10	0.75	0.70	0.29	0.70	—	—	—	**3.54**
Fixed (functional allowance)	1.00 [2]	—	—	—	—	—	—	—	**1.00**
Variable (cash bonus) [1]	1.25	0.87	0.84	—	0.84	—	—	—	**3.80**
Benefits in kind	0.01	0.01	0.04 [3]	0.01	0.01	—	—	—	**0.09**
Post employment benefits	**0.28**	**0.19**	**0.18**	**0.07**	**0.18**	**—**	**—**	**—**	**0.88**
Pension fund contributions	0.28	0.19	0.18	0.07	0.18	—	—	—	**0.88**
Termination benefits	**—**	**—**	**—**	**—**	**0.22 [4]**	**—**	**—**	**—**	**0.22**
Shared based benefits	**3.60**	**1.75**	**1.16**	**—**	**2.08**	**0.25**	**0.42**	**3.13**	**12.39**
Variable (Equity Deferral 2018)	0.70	0.49	0.47	—	0.47	—	—	—	**2.13**
Variable (LTIP)	2.90	1.26	0.69	—	1.61	0.25	0.42	3.13	**10.26**
Remuneration received by the Executive Board	**7.23**	**3.58**	**2.93**	**0.37**	**4.03**	**0.25**	**0.42**	**3.13**	**21.92**

1 The variable components relate to target achievement in 2018, for which bonuses were paid in 2019.
2 Rainer Seele received a payment for the interim responsibility for "Marketing and Trading" since July 1, 2019.
3 Including schooling costs and related taxes
4 Manfred Leitner received an annual leave compensation payment amounting to EUR 0.22 mn.
5 Thomas Gangl joined the Executive Board effectively July 1, 2019.
6 Manfred Leitner resigned from the Executive Board effectively June 30, 2019.
7 David C. Davies resigned from the Executive Board effectively July 31, 2016.
8 Jaap Huijskes resigned from the Executive Board effectively August 31, 2015.
9 Gerhard Roiss resigned from the Executive Board effectively June 30, 2015.

Remuneration received by the Executive Board

In EUR mn

	2018								
	active members of the Executive Board as of December 31, 2018				former members of the Executive Board				
	Seele	Pleininger	Florey	Leitner	Davies [6]	Floren [7]	Huijskes [8]	Roiss [9]	Total
Short term benefits	**2.01**	**1.34**	**1.35**	**1.41**	**0.15**	**—**	**—**	**—**	**6.26**
Fixed (base salary)	1.10	0.75	0.70	0.70	—	—	—	—	**3.25**
Variable (cash bonus) [1]	0.90	0.58	0.60	0.70	0.15	—	—	—	**2.92**
Benefits in kind	0.01	0.01	0.05 [5]	0.01	—	—	—	—	**0.09**
Post employment benefits	**0.28**	**0.19**	**0.18**	**0.18**	**—**	**—**	**—**	**—**	**0.81**
Pension fund contributions	0.28	0.19	0.18	0.18	—	—	—	—	**0.81**
Shared based benefits	**2.35**	**0.96**	**0.53**	**2.34**	**2.59**	**1.48**	**1.78**	**3.30**	**15.32**
Variable (Equity Deferral 2017) [2]	0.80	0.51	0.53	0.62	0.13	—	—	—	**2.59**
Variable (LTIP)	1.55 [3]	0.45 [4]	—	1.72	2.45	1.48	1.78	3.30	**12.73**
Remuneration received by the Executive Board	**4.64**	**2.49**	**2.06**	**3.93**	**2.74**	**1.48**	**1.78**	**3.30**	**22.40**

[1] The variable components relate to target achievement in 2017, for which bonuses were paid in 2018.
[2] The Equity Deferral from the Annual Bonus was renamed from "Share part of the Annual Bonus" at the grant date.
[3] Rainer Seele received pro-rated payout in shares for LTIP 2015 as he joined the Executive Board effectively July 1, 2015.
[4] Johann Pleininger received pro-rated payout in shares and in addition cash payment amounting to EUR 0.52 mn based on the senior manager LTIP 2015.
[5] Including schooling costs, moving costs and related taxes
[6] David C. Davies resigned from the Executive Board effectively July 31, 2016.
[7] Hans-Peter Floren resigned from the Executive Board effectively December 31, 2014.
[8] Jaap Huijskes resigned from the Executive Board effectively August 31, 2015.
[9] Gerhard Roiss resigned from the Executive Board effectively June 30, 2015.

Remuneration received by top executives (excl. Executive Board) [1]

In EUR mn

	2019	2018
Salaries and bonuses	17.1	23.2
Pension fund contribution	1.0	1.8
Severance benefits	0.6	0.8
Share-based benefits	15.3	21.7
Remuneration received by top executives (excl. Executive Board) [1]	**34.0**	**47.4**

[1] In 2019 there were 38 top executives (2018: 41).

The members of the Executive Board and the members of the Supervisory Board are covered by directors and officers liability insurance (D&O) and criminal legal expenses insurance. A large number of other OMV employees also benefit from these two forms of insurance, and the insurers levy lump-sum premiums, which are not specifically attributed to the Board members.

See Note 32 – Shared based payments – for details on Long Term Incentive Plans and Equity Deferral.

In 2019, remuneration expenses for the Supervisory Board amounted to EUR 0.6 mn (2018: EUR 0.6 mn).

36 Unconsolidated structured entities

OMV is selling trade receivables in a securitization program to Carnuntum DAC, based in Dublin, Ireland. In 2019, OMV transferred trade receivables amounting in total to EUR 4,805 mn to Carnuntum DAC (2018: EUR 4,868 mn).

As at December 31, 2019, OMV held seller participation and complementary notes in Carnuntum DAC amounting to EUR 160 mn (2018: seller participation and complementary notes of EUR 183 mn) shown in other financial assets. As of December 31, 2019, the maximum exposure to loss from the securitization transaction was EUR 108 mn (2018: EUR 150 mn).

The seller participation notes are senior to a loss reserve and a third party investor participation. The complementary notes are senior to seller participation notes and are of the same seniority as the senior notes issued by the program. The risk retained by OMV Group is insignificant and therefore the trade receivables sold are derecognized in their entirety. The receivables are sold at their nominal amount less a discount. The discount was recognized in profit or loss and amounted in total to EUR 29 mn in 2019 (2018: EUR 30 mn). Interest income on the notes held in Carnuntum DAC amounted to EUR 4 mn in 2019 (2018: EUR 4 mn). In addition, OMV received a service fee for the debtor management services provided for the receivables sold.

37 Subsequent events

In March 2020, the Altlichtenwarth Tief 1 exploration well (Austria) completed drilling. The final results did not confirm the presence of commercial quantities of hydrocarbons. The capitalized costs incurred for the well amounted to EUR 27 mn as of December 31, 2019.

On March 6, 2020, OPEC members and Russia failed to agree on a cut to oil production that would have responded to the sharp decrease in demand from the new coronavirus outbreak. Consequently, on March 8, 2020, oil prices dropped 30% after the market was opened, with Brent crude reaching USD 31 per barrel. OMV's view is that the supply surge, together with the massive uncertainty caused by the coronavirus outbreak will lead to a highly volatile market environment in the following months.

On March 11, 2020, the Supervisory Board of OMV has approved the acquisition of an additional 39% share in Borealis AG (Borealis) from Mubadala for a purchase price of USD 4.68 bn, whereby OMV is entitled to all dividends in relation to such additional share in Borealis distributed after December 31, 2019.

38 Direct and indirect investments of OMV Aktiengesellschaft

Changes in consolidated group

Name of company	Registered Office	Type of Change [1]	Effective date
Upstream			
SapuraOMV Upstream (Americas) Sdn. Bhd.	Seri Kembangan	First consolidation (A)	January 31, 2019
SapuraOMV Upstream (Australia) Sdn. Bhd.	Seri Kembangan	First consolidation (A)	January 31, 2019
SapuraOMV Block 30, S. de R.L. de C.V.	Mexico City	First consolidation (A)	January 31, 2019
SapuraOMV Upstream (Mexico) Sdn. Bhd.	Seri Kembangan	First consolidation (A)	January 31, 2019
SapuraOMV Upstream (Malaysia) Inc.	Nassau	First consolidation (A)	January 31, 2019
SapuraOMV Upstream (NZ) Sdn. Bhd.	Seri Kembangan	First consolidation (A)	January 31, 2019
SapuraOMV Upstream (Oceania) Sdn. Bhd.	Seri Kembangan	First consolidation (A)	January 31, 2019
SapuraOMV Upstream (PM) Inc.	Nassau	First consolidation (A)	January 31, 2019
SapuraOMV Upstream (Southeast Asia) Inc.	Nassau	First consolidation (A)	January 31, 2019
SapuraOMV Upstream (Sarawak) Inc.	Nassau	First consolidation (A)	January 31, 2019
SapuraOMV Upstream (Holding) Sdn. Bhd.	Kuala Lumpur	First consolidation (A)	January 31, 2019
SapuraOMV Upstream (Western Australia) Pty Ltd	Perth	First consolidation (A)	January 31, 2019
SapuraOMV Upstream Sdn. Bhd.	Seri Kembangan	First consolidation (A)	January 31, 2019
OMV (AFRICA) Exploration & Production GmbH in Liqu.	Vienna	Deconsolidation (L)	December 21, 2019
OMV (Berenty) Exploration GmbH	Vienna	Deconsolidation (I)	December 31, 2019
OMV (Mandabe) Exploration GmbH	Vienna	Deconsolidation (I)	December 31, 2019
Downstream Oil			
OMV Deutschland Services GmbH	Burghausen	First consolidation	July 2, 2019
ADNOC Global Trading LTD [2]	Abu Dhabi	First consolidation	July 29, 2019
Abu Dhabi Oil Refining Company [2]	Abu Dhabi	First consolidation (A)	July 31, 2019
OMV Supply & Trading Italia S.r.l.	Trieste	First consolidation	July 31, 2019
GENOL Gesellschaft m.b.H. [2]	Vienna	First consolidation [3]	October 18, 2019
GENOL Gesellschaft m.b.H. & Co KG [2]	Vienna	Deconsolidation (L) [3]	October 18, 2019
Deutsche Transalpine Oelleitung GmbH [2]	Munich	Increase in shares [4]	December 30, 2019
Transalpine Ölleitung in Österreich Gesellschaft m.b.H. [2]	Matrei in Osttirol	Increase in shares [4]	December 30, 2019
Società Italiana per l'Oleodotto Transalpino S.p.A. [2]	Trieste	Increase in shares [4]	December 30, 2019

[1] “First consolidation” refers to newly formed or existing subsidiaries, while “First consolidation (A)” indicates the acquisition of a company. Companies marked with “Deconsolidation (I)” have been deconsolidated due to immateriality, while those marked with “Deconsolidation (L)”were deconsolidated following a liquidation process.
[2] Company consolidated at-equity
[3] All assets as well as the business of GENOL Gesellschaft m.b.H. & Co KG (previously consolidated at-equity) have been transferred to GENOL Gesellschaft m.b.H., which triggered a change of consolidation method of GENOL Gesellschaft m.b.H. from not consolidated due to immateriality to at-equity consolidated.
[4] Acquisition of additional 7.26% shares in each company, leading to a new share in each company of 32.26% (previously 25.00% shares); The acquisition of additional interests did not lead to a change of consolidation method.

For further information on acquisitions and disposals refer to Note 3 – Changes in group structure.

Number of consolidated companies

	2019		2018	
	Full consolidation	Equity consolidation	Full consolidation	Equity consolidation
January 1	**99**	**17**	**98**	**15**
Included for the first time	15	3	13	2
Deconsolidated during the year	(3)	(1)	(12)	—
December 31	**111**	**19**	**99**	**17**
thereof domiciled and operating abroad	68	11	53	9
thereof domiciled in Austria and operating abroad	20	—	22	—

List of investments

List of subsidiaries, equity-accounted investments and other investments of OMV Aktiengesellschaft with an interest of at least 20%

	Parent company	Type of consoli-dation [1]	Equity interest in % as of December 31, 2019	Equity interest in % as of December 31, 2018
Upstream				
Energy Infrastructure Limited, Wellington	NZEA	C	100.00	100
Energy Petroleum Holdings Limited, Wellington (EPHNZ)	OPLNZ	C	100.00	100
Energy Petroleum Investments Limited, Wellington (EPILNZ)	OSLNZ	C	100.00	100
Energy Petroleum Taranaki Limited, Wellington (EPTLNZ)	OPLNZ	C	100.00	100
ENERGY PRODUCTION ENHANCEMENT SRL, Bucharest [2]	PETROM	NC	99.99	99.99
	ROMAN		0.01	0.01
JSC GAZPROM YRGM Development, Salekhard [3]	OMVEP	C	0.00	0.00
KOM MUNAI LLP, Aktau	PETROM	C	100.00	100.00
Maui Development Limited, Wellington	EPTLNZ		38.75	38.75
	EPILNZ		20.00	20.00
	EPHNZ	NC	18.75	18.75
	NZEA		16.25	16.25
	TOPNZ		6.25	6.25
OJSC SEVERNEFTEGAZPROM, Krasnoselkup	OMVEP	AE	24.99	24.99
OMV Abu Dhabi E&P GmbH, Vienna	OMVEP	C	100.00	100.00
OMV Abu Dhabi Offshore GmbH, Vienna	OMVEP	C	100.00	100.00
OMV Abu Dhabi Production GmbH, Vienna	OMVEP	C	100.00	100.00
OMV (AFRICA) Exploration & Production GmbH in Liqu., Vienna	OWEAFR			100.00
OMV AUSTRALIA PTY LTD, Perth (OAUST)	OMV AG	C	100.00	100.00
OMV Austria Exploration & Production GmbH, Vienna (OEPA)	OMVEP	C	100.00	100.00
OMV Barrow Pty Ltd, Perth	OAUST	NC	100.00	100.00
OMV Beagle Pty Ltd, Perth	OAUST	NC	100.00	100.00
OMV (Berenty) Exploration GmbH, Vienna [4]	OMVEP	NC	100.00	100.00
OMV Bina Bawi GmbH, Vienna	PETEX	C	100.00	100.00
OMV Block 70 Upstream GmbH, Vienna	OMVEP	C	100.00	100.00
OMV East Abu Dhabi Exploration GmbH, Vienna	OMVEP	C	100.00	100.00
OMV (EGYPT) Exploration GmbH in Liqu., Vienna [2]	OMVEP	NC	100.00	100.00
OMV Exploration & Production GmbH, Vienna (OMVEP)	OMV AG	C	100.00	100.00
OMV EXPLORATION & PRODUCTION LIMITED, Douglas	OMVEP	NC	100.00	100.00
OMV (FAROE ISLANDS) Exploration GmbH in Liqu., Vienna [2, 5, 6]	OMVEP	NC	100.00	100.00
OMV GSB LIMITED, Wellington	NZEA	C	100.00	100.00
OMV (IRAN) onshore Exploration GmbH, Vienna	OMVEP	C	100.00	100.00
OMV Jardan Block 3 Upstream GmbH, Vienna	OMVEP	C	100.00	100.00
OMV (Mandabe) Exploration GmbH, Vienna [4]	OMVEP	NC	100.00	100.00
OMV Maurice Energy GmbH, Vienna	OMVEP	C	100.00	100.00
OMV Middle East & Africa GmbH, Vienna	OMVEP	C	100.00	100.00
OMV Myrre Block 86 Upstream GmbH, Vienna	OMVEP	C	100.00	100.00
OMV (Namibia) Exploration GmbH, Vienna	ONAFRU	C	100.00	100.00
OMV New Zealand Limited, Wellington (NZEA)	OMVEP	C	100.00	100.00
OMV New Zealand Production Limited, Wellington (OPLNZ)	NZEA	C	100.00	100.00
OMV New Zealand Services Limited, Wellington (OSLNZ)	NZEA	C	100.00	100.00
OMV (NORGE) AS, Stavanger	OMVEP	C	100.00	100.00

List of subsidiaries, equity-accounted investments and other investments of OMV Aktiengesellschaft with an interest of at least 20%

	Parent company	Type of consoli-dation [1]	Equity interest in % as of December 31, 2019	Equity interest in % as of December 31, 2018
OMV OF LIBYA LIMITED, Douglas	OMVEP	C	100.00	100.00
OMV Offshore (Namibia) GmbH, Vienna (ONAFRU)	OMVEP	C	100.00	100.00
OMV Offshore Bulgaria GmbH, Vienna	OMVEP	C	100.00	100.00
OMV Offshore Morondava GmbH, Vienna	OMVEP	C	100.00	100.00
OMV Oil and Gas Exploration GmbH, Vienna	OMVEP	C	100.00	100.00
OMV Oil Exploration GmbH, Vienna	OMVEP	C	100.00	100.00
OMV Oil Production GmbH, Vienna	OMVEP	C	100.00	100.00
OMV Orient Hydrocarbon GmbH, Vienna	OMVEP	NC	100.00	100.00
OMV Orient Upstream GmbH, Vienna	OMVEP	NC	100.00	100.00
OMV Oystercatcher Exploration GmbH in Liqu., Vienna [2, 5, 6]	OMVEP	NC	100.00	100.00
OMV Petroleum Exploration GmbH, Vienna (PETEX)	OMVEP	C	100.00	100.00
OMV Petroleum Pty Ltd, Perth	NZEA	NC	100.00	100.00
OMV Proterra GmbH, Vienna	OEPA	NC	100.00	100.00
OMV Russia Upstream GmbH, Vienna	OMVEP	C	100.00	100.00
OMV Taranaki Limited, Wellington	NZEA	C	100.00	100.00
OMV (Tunesien) Production GmbH, Vienna	OMVEP	C	100.00	100.00
OMV (TUNESIEN) Sidi Mansour GmbH, Vienna	OMVEP	NC	100.00	100.00
OMV Upstream International GmbH, Vienna (OUPI)	OMVEP	C	100.00	100.00
OMV (West Africa) Exploration & Production GmbH, Vienna (OWEAFR) [2, 5]	OMVEP	C	100.00	100.00
OMV (YEMEN) Al Mabar Exploration GmbH, Vienna	OMVEP	C	100.00	100.00
OMV (Yemen Block S 2) Exploration GmbH, Vienna	OMVEP	C	100.00	100.00
OMV (YEMEN) South Sanau Exploration GmbH, Vienna	OMVEP	NC	100.00	100.00
Pearl Petroleum Company Limited, Road Town	OUPI	AE	10.00	10.00
PEI Venezuela Gesellschaft mit beschränkter Haftung, Burghausen	OMVEP	NC	100.00	100.00
Petroleum Infrastructure Limited, Wellington	NZEA	C	100.00	100.00
PETROM EXPLORATION & PRODUCTION LIMITED, Douglas	PETROM	C	99.99	99.99
Preussag Energie International GmbH, Burghausen	OMVEP	C	100.00	100.00
SapuraOMV Upstream (Americas) Sdn. Bhd., Seri Kembangan (SEAMMY)	SEUPMY	C	100.00	
SapuraOMV Upstream (Australia) Sdn. Bhd., Seri Kembangan (SEAUMY)	SEOCMY	C	100.00	
SapuraOMV Block 30, S. de R.L. de C.V., Mexico City	SEUPMY	C	99.00	
	SEMXMY		1.00	
SapuraOMV Upstream (Mexico) Sdn. Bhd., Seri Kembangan (SEMXMY)	SEAMMY	C	100.00	
SapuraOMV Upstream (Malaysia) Inc., Nassau (SEMYBH)	SESABH	C	100.00	
SapuraOMV Upstream (NZ) Sdn. Bhd., Seri Kembangan (SENZMY)	SEOCMY	C	100.00	
SapuraOMV Upstream (Oceania) Sdn. Bhd., Seri Kembangan (SEOCMY)	SEUPMY	C	100.00	
SapuraOMV Upstream (PM) Inc., Nassau	SEMYBH	C	100.00	
SapuraOMV Upstream JV Sdn. Bhd., Seri Kembangan	SENZMY	C	100.00	
SapuraOMV Upstream (Southeast Asia) Inc., Nassau (SESABH)	SEUPMY	C	100.00	
SapuraOMV Upstream (Sarawak) Inc., Nassau	SEMYBH	C	100.00	

List of subsidiaries, equity-accounted investments and other investments of OMV Aktiengesellschaft with an interest of at least 20%

	Parent company	Type of consoli-dation [1]	Equity interest in % as of December 31, 2019	Equity interest in % as of December 31, 2018
SapuraOMV Upstream (Holding) Sdn. Bhd., Kuala Lumpur (SEUPMY)	SOUPMY	C	100.00	
SapuraOMV Upstream (Western Australia) Pty Ltd, Perth	SEAUMY	C	100.00	
SapuraOMV Upstream Sdn. Bhd., Seri Kembangan (SOUPMY)	OMVEP	C	50.00	
Taranaki Offshore Petroleum Company, Wellington (TOPNZ)	OPLNZ	C	100.00	100.00
TASBULAT OIL CORPORATION LLP, Aktau	PETROM	C	100.00	100.00
Downstream Oil				
Abu Dhabi Petroleum Investments LLC, Abu Dhabi (ADPINV)	OMVRM	AE2	25.00	25.00
Aircraft Refuelling Company GmbH, Vienna	OMVRM	NAE	33.33	33.33
Abu Dhabi Oil Refining Company, Abu Dhabi	OMVRM	AE	15.00	
ADNOC Global Trading LTD	OMVRM	AE	15.00	
Autobahn – Betriebe Gesellschaft m.b.H., Vienna	OMVRM	NAE	47.19	47.19
Avanti Deutschland GmbH, Berchtesgaden	FETRAT	C	100.00	100.00
Avanti GmbH, Anif (FETRAT)	OMVRM	C	100.00	100.00
Borealis AG, Vienna	OMVRM	AE2	32.67	32.67
	OMV AG		3.33	3.33
BSP Bratislava-Schwechat Pipeline GmbH, Vienna	OMVRM	NAE	26.00	26.00
BTF Industriepark Schwechat GmbH, Vienna	OMVRM	NAE	50.00	50.00
Deutsche Transalpine Oelleitung GmbH, Munich [7]	OMVD	AE	32.26	25.00
DUNATÀR Köolajtermék Tároló és Kereskedelmi Kft., Budapest	OHUN	C	48.28	48.28
	PDYNHU		51.72	51.72
E-Mobility Provider Austria GmbH, Vienna	OMVRM	AE2	40.00	40.00
EPS Ethylen-Pipeline-Süd GmbH & Co KG, Munich	OMVD	AE	20.66	20.66
Erdöl-Lagergesellschaft m.b.H., Lannach	OMVRM	AE1	55.60	55.60
FE-Trading trgovina d.o.o., Ljubljana	FETRAT	C	100.00	100.00
GENOL Gesellschaft m.b.H., Vienna [4]	OMVRM	AE	29.00	29.00
GENOL Gesellschaft m.b.H. & Co, Vienna	OMVRM	AE		29.00
Haramidere Depoculuk Anonim Şirketi, Istanbul	OMVRM	C	51.00	51.00
	GASTR		49.00	49.00
KSW Beteiligungsgesellschaft m.b.H., Vienna (SWJS)	OMVRM	NC	100.00	100.00
KSW Elektro- und Industrieanlagenbau Gesellschaft m.b.H., Feldkirch	SWJS	NAE	25.10	25.10
OMV Adriatic Marketing d.o.o., Zagreb	OMVRM	NC		100.00
OMV BULGARIA OOD, Sofia	PETROM	C	99.90	99.90
	OMVRM		0.10	0.10
OMV Česká republika, s.r.o., Prague	OMVRM	C	100.00	100.00
OMV Deutschland GmbH, Burghausen (OMVD)	OMVRM	C	90.00	90.00
	OMV AG		10.00	10.00
OMV Deutschland Services GmbH	OMVD	C	100.00	
OMV Hungária Ásványolaj Korlátolt Felelösségü Társaság, Budapest (OHUN)	OMVRM	C	100.00	100.00
OMV – International Services Ges.m.b.H., Vienna	OMVRM	C	100.00	100.00
OMV PETROM Aviation SRL, Otopeni	PETROM	C	99.99	99.99
	ROMAN		0.01	0.01
OMV PETROM MARKETING SRL, Bucharest (ROMAN)	PETROM	C	100.00	100.00
OMV Refining & Marketing GmbH, Vienna (OMVRM)	OMV AG	C	100.00	100.00

List of subsidiaries, equity-accounted investments and other investments of OMV Aktiengesellschaft with an interest of at least 20%

	Parent company	Type of consolidation [1]	Equity interest in % as of December 31, 2019	Equity interest in % as of December 31, 2018
OMV Refining & Marketing Middle East & Asia GmbH, Vienna	OMVRM	C	100.00	100.00
OMV SLOVENIJA trgovina z nafto in naftnimi derivati, d.o.o., Koper	OMVRM	C	92.25	92.25
OMV Slovensko s.r.o., Bratislava	OMVRM	C	99.96	99.96
OMV SRBIJA d.o.o., Belgrade	PETROM	C	99.96	99.96
	OMVRM		0.04	0.04
OMV Supply & Trading AG, Zug	OMVRM	C	100.00	100.00
OMV Supply & Trading Italia S.r.l., Trieste [4]	OMVRM	C	100.00	100.00
OMV Supply & Trading Limited, London (OTRAD)	OMVRM	C	100.00	100.00
OMV Supply & Trading Singapore PTE LTD., Singapore	OTRAD	NC	100.00	100.00
Pak-Arab Refinery Limited, Karachi	ADPINV	AE2	40.00	40.00
PETRODYNE-CSEPEL Zrt., Budapest (PDYNHU)	OHUN	C	100.00	100.00
Petrom-Moldova S.R.L., Chisinau	PETROM	C	100.00	100.00
Routex B.V., Amsterdam	OMVRM	NAE	20.00	20.00
Salzburg Fuelling GmbH, Salzburg	OMVRM	NAE	33.33	33.33
SMATRICS GmbH & Co KG, Vienna	OMVRM	AE2	40.00	40.00
Società Italiana per l'Oleodotto Transalpino S.p.A., Trieste [7]	OMVRM	AE	32.26	25.00
SuperShop Marketing GmbH, Budapest	OHUN	NAE	50.00	50.00
TGN Tankdienst-Gesellschaft Nürnberg GbR, Nuremberg	OMVD	NAE	33.33	33.33
TRANS GAS LPG SERVICES SRL, Bucharest	PETROM			80.00
Transalpine Ölleitung in Österreich Gesellschaft m.b.H., Matrei in Osttirol [7]	OMVRM	AE	32.26	25.00
Downstream Gas				
AGCS Gas Clearing and Settlement AG, Vienna	OGG	NAE	23.13	23.13
AGGM Austrian Gas Grid Management AG, Vienna	OGG	C	51.00	51.00
Central European Gas Hub AG, Vienna (HUB)	OGI	C	65.00	65.00
Enerco Enerji Sanayi Ve Ticaret A.Ş., Istanbul	OGI	AE	40.00	40.00
Freya Bunde-Etzel GmbH & Co. KG, Bonn	OGSG	AE	39.99	39.99
GAS CONNECT AUSTRIA GmbH, Vienna (OGG)	OGI	C	51.00	51.00
OMV Enerji Ticaret Anonim Şirketi, Istanbul (GASTR)	OGI	C	100.00	100.00
	ECOGAS		99.9	99.9
OMV Gas, Marketing & Trading Belgium BVBA, Brussels	ECONDE	C	0.01	0.01
OMV Gas & Power GmbH, Vienna (OGI)	OMV AG	C	100.00	100.00
OMV Gas Marketing & Trading d.o.o., Zagreb	ECOGAS	C	100.00	100.00
OMV Gas Marketing & Trading Deutschland GmbH, Regensburg (ECONDE)	ECOGAS	C	100.00	100.00
OMV Gas Marketing & Trading GmbH, Vienna (ECOGAS)	OGI	C	100.00	100.00
OMV Gas Marketing & Trading Hungária Kft., Budapest	ECOGAS	C	100.00	100.00
OMV Gas Marketing & Trading Italia S.r.l., Milan	ECOGAS	C	100.00	100.00
OMV Gas Marketing Trading & Finance B.V., Amsterdam	OFS	C	100.00	100.00
OMV Gas Storage Germany GmbH, Cologne (OGSG)	OGI	C	100.00	100.00
OMV Gas Storage GmbH, Vienna	OGI	C	100.00	100.00

List of subsidiaries, equity-accounted investments and other investments of OMV Aktiengesellschaft with an interest of at least 20%

	Parent company	Type of consoli-dation [1]	Equity interest in % as of December 31, 2019	Equity interest in % as of December 31, 2018
OMV Gaz Iletim A.S., Istanbul	OGI	C	100.00	100.00
OMV Kraftwerk Haiming GmbH, Haiming	OGI	C	100.00	100.00
OMV PETROM GAS SRL, Bucharest	PETROM	C	99.99	99.99
OMV Switzerland Holding AG, Zug	OGI	C	100.00	100.00
PEGAS CEGH Gas Exchange Services GmbH, Vienna	HUB	AE	49.00	49.00
South Stream Austria GmbH, Vienna	OGI	NAE	50.00	50.00
Trans Austria Gasleitung GmbH, Vienna [8]	OGG	AE2	15.53	15.53
Corporate and Other				
ASOCIATIA ROMANA PENTRU RELATIA CU INVESTITORII, Bucharest	PETROM	NAE	20.00	20.00
Diramic Insurance Limited, Gibraltar	OMV AG	C	100.00	100.00
OMV Clearing und Treasury GmbH, Vienna	SNO	C	100.00	100.00
OMV Finance Services GmbH, Vienna (OFS)	SNO	C	100.00	100.00
OMV Finance Services NOK GmbH, Vienna	SNO	C	100.00	100.00
OMV Finance Solutions USD GmbH, Vienna	SNO	C	100.00	100.00
OMV Insurance Broker GmbH, Vienna	OMV AG	NC	100.00	100.00
OMV International Oil & Gas GmbH, Baar	OMV AG	C	100.00	100.00
OMV Petrom Global Solutions SRL, Bucharest	SNO	C	75.00	75.00
	PETROM		25.00	25.00
OMV Solutions GmbH, Vienna (SNO)	OMV AG	C	100.00	100.00
PETROMED SOLUTIONS SRL, Bucharest	PETROM	C	99.99	99.99
Petrom				
OMV PETROM SA, Bucharest (PETROM) [9]	OMV AG	C	51.01	51.01

[1] Type of consolidation:
- C Consolidated subsidiary
- AE Associated companies accounted for at-equity
- AE1 Despite majority interest not consolidated due to absence of control
- AE2 Joint venture accounted at-equity
- NC Not-consolidated subsidiary; shell or distribution companies of relative insignificance individually and collectively to the consolidated financial statements
- NAE Other not consolidated investment; associated companies of relatively little importance to the assets and earnings of the consolidated financial statements

[2] In liquidation
[3] Economic share 99.99%
[4] Type of consolidation was changed compared to 2018.
[5] Company name changed compared to 2018.
[6] Liquidation process was finalized as per January 9, 2020.
[7] Equity interest changed compared to 2018.
[8] Economic share 10.78%
[9] OMV Petrom SA is assigned to the relevant segments in the segment reporting.

All the subsidiaries which are not consolidated either have low business volumes or are distribution companies; the total sales, net income/losses and equity of such companies represent less than 1% of the Group totals.

Material joint operations (IFRS 11)

Name	Nature of activities	Operating segment	Principal place of business	% ownership 2019	% ownership 2018
Nafoora – Augila [1]	Onshore development of hydrocarbon reservoirs	Upstream	Libya	100	100
Concession 103 [1]	Onshore development and production of hydrocarbons	Upstream	Libya	100	100
Pohokura	Offshore production of hydrocarbons	Upstream	New Zealand	74	74
Neptun Deep	Offshore exploration for hydrocarbons	Upstream	Romania	50	50
Nawara	Onshore development of hydrocarbons reservoirs	Upstream	Tunisia	50	50
Block S(2)	Onshore development and production of hydrocarbons	Upstream	Yemen	44	44

[1] The percentage disclosed represents the Second Party Share. The state owned Libyan national oil corporation NOC is entitled to 88-90% of the production ("primary split").

Other significant arrangements

Name	Nature of activities	Operating segment	Principal place of business	% ownership 2019	% ownership 2018
NC 115 [1]	Onshore development and production of hydrocarbons	Upstream	Libya	30	30
NC 186 [1]	Onshore development and production of hydrocarbons	Upstream	Libya	24	24
Maari [2]	Offshore production of hydrocarbons	Upstream	New Zealand	69	69
SK 408 [3]	Offshore exploration for and development of hydrocarbons	Upstream	Malaysia	40	
Aasta Hansteen	Offshore production of hydrocarbons	Upstream	Norway	15	15
Edvard Grieg	Offshore production of hydrocarbons	Upstream	Norway	20	20
Gudrun	Offshore production of hydrocarbons	Upstream	Norway	24	24
Gullfaks	Offshore production of hydrocarbons	Upstream	Norway	19	19
Wisting	Offshore exploration for hydrocarbons	Upstream	Norway	25	25
Sarb & Umm Lulu	Offshore development and production of hydrocarbons	Upstream	Abu Dhabi	20	20
Ghasha	Offshore exploration	Upstream	Abu Dhabi	5	5

[1] The percentage disclosed represents the Second Party Share. The state owned Libyan national oil corporation is entitled to 88-90% of the production ("primary split").
[2] OMV does not have control nor joint control over the Maari fields as there is more than one combination of parties which ensures the necessary majority (75%) for relevant decisions. In 2019 Maari was reclassified to "held for sale". For further details refer to Note 20 – Assets and liabilities held for sale.
[3] Part of the OMVSapura acquisition; for further details refer to Note 3 – Changes in group structure.

Oil and Gas Reserve Estimation and Disclosures (unaudited)

The following tables provide supplementary information in respect of the Group's oil and gas activities. In the absence of detailed disclosure rules in this area under IFRS, the Group has elected to voluntarily disclose the data that would have been required under the ASC 932 as if it was reporting under US GAAP.

To the extent that information refers to financial statements data, the information is based on the primary financial statements (IFRS financial statements).

The regional structure is presented below [1]:

Romania and Black Sea	Bulgaria, Kazakhstan and Romania
Austria	Austria
Russia	Russia
North Sea	Norway and United Kingdom (until 2017)
Middle East and Africa	Iran (evaluation on hold), Kurdistan Region of Iraq, Libya, Madagascar, Tunisia, United Arab Emirates, Yemen, Pakistan (until 2018)
New Zealand and Australia	Australia and New Zealand
Malaysia	SapuraOMV [2]

[1] Regions listed in the Director's Report 'Central and Eastern Europe' (includes Romania and Black Sea as well as Austria) and 'Asia-Pacific' (includes New Zealand and Australia as well as Malaysia) are split further in this disclosure to provide the information in a more detailed manner.
[2] Includes not only Malaysia but also SapuraOMV subsidiaries in New Zealand, Australia and Mexico.

Acquisitions

On January 31, 2019, OMV acquired a 50% stake of the issued share capital in SapuraOMV Upstream Sdn. Bhd. As OMV has the decision power over relevant activities, the new entity and its subsidiaries are fully consolidated.

Besides future growth in daily production in Malaysian offshore gas fields, this transaction gives OMV access to exploration blocks in New Zealand, Australia and Mexico.

SapuraOMV Upstream Sdn. Bdn. and its subsidiaries are depicted in the Malaysia region in the upcoming tables.

For further details on acquisitions see Note 3 – Changes in group structure.

On April 29, 2018, OMV signed an agreement for the acquisition of a 20% stake in the offshore concession consisting of two main fields, SARB and Umm Lulu, in Abu Dhabi, as well as the associated infrastructure.

On December 19, 2018, a concession agreement was signed awarding OMV with 5% interest in the Ghasha concession offshore Abu Dhabi comprising the Ghasha mega project.

On December 28, 2018, OMV completed the acquisition of Shell's Upstream business in New Zealand comprising interests in Pohokura (48%) and Maui (83.75%) as well as related infrastructure for production, storage and transportation. Furthermore on the same date, OMV acquired from Todd Petroleum Mining Company Limited their 6.25% share in Maui. As a result of the transaction, OMV obtained 100% interest in Maui field and assumed control.

Disposals

There were no major disposals during 2019.

On June 28, 2018, the sale of the Upstream companies active in Pakistan was closed.

On December 21, 2018, the sale of OMV Tunisia Upstream GmbH, was finalized, comprising part of OMV's Upstream business in Tunisia.

Non-controlling interest

As OMV holds 51% of OMV Petrom, it is fully consolidated; figures therefore include 100% of OMV Petrom assets and results.

OMV has a share of 50% in SapuraOMV and it is fully consolidated; figures therefore include 100% of SapuraOMV assets and results.

Equity-accounted investments

OMV holds a 10% interest in Pearl Petroleum Company Limited (Middle East and Africa region).

OMV has a 24.99% interest in OJSC Severneftegazprom (Russia region).

The disclosures of equity-accounted investments in below tables represent the interest of OMV in the companies.

The subsequent tables may contain rounding differences.

Tables

a) Capitalized costs

Capitalized costs represent the sum of capitalized oil and gas assets, including other intangible assets and property, plant and equipment such as land, plant and machinery, concessions, licenses and rights.

Capitalized costs – subsidiaries

In EUR mn

	2019	2018	2017
Unproved oil and gas properties	3,211	2,587	2,116
Proved oil and gas properties	26,830	24,510	22,372
Total	**30,041**	**27,097**	**24,489**
Accumulated depreciation	(15,484)	(13,961)	(13,487)
Net capitalized costs	**14,557**	**13,136**	**11,002**

Capitalized costs – equity-accounted investments

In EUR mn

	2019	2018	2017
Unproved oil and gas properties	173	249	262
Proved oil and gas properties	315	202	157
Total	**489**	**451**	**420**
Accumulated depreciation	(67)	(35)	(22)
Net capitalized costs	**421**	**417**	**397**

b) Costs incurred

Costs incurred include all costs, capitalized or expensed, during the year in the Group's oil and gas property acquisition, exploration and development activities.

Costs incurred

In EUR mn

	Romania and Black Sea	Austria	Russia	North Sea	Middle East and Africa	New Zealand and Australia	Malaysia	Total
					2019			
Subsidiaries								
Acquisition of proved properties	—	—	—	1	—	1	604	**605**
Acquisition of unproved properties	—	—	—	—	12	—	683	**695**
Exploration costs	93	53	—	121	32	40	20	**360**
Development costs	411	58	—	174	222	65	90	**1,021**
Costs incurred	**504**	**112**	**—**	**296**	**266**	**105**	**1,398**	**2,681**
Equity-accounted investments	**—**	**—**	**30**	**—**	**15**	**—**	**—**	**45**
					2018			
Subsidiaries								
Acquisition of proved properties	—	—	—	—	1,014	788	—	**1,801**
Acquisition of unproved properties	—	—	—	—	321	386	—	**707**
Exploration costs	118	61	—	99	12	9	—	**300**
Development costs	412	59	—	210	196	10	—	**887**
Costs incurred	**531**	**120**	**—**	**309**	**1,542**	**1,193**	**—**	**3,695**
Equity-accounted investments	**—**	**—**	**9**	**—**	**12**	**—**	**—**	**21**
					2017			
Subsidiaries								
Acquisition of proved properties	—	—	521	2	—	—	—	**523**
Acquisition of unproved properties	—	—	584	—	—	—	—	**584**
Exploration costs	83	16	—	55	62	14	—	**230**
Development costs	327	53	—	265	108	4	—	**756**
Costs incurred	**410**	**68**	**1,106**	**322**	**170**	**18**	**—**	**2,093**
Equity-accounted investments	**—**	**—**	**117**	**—**	**5**	**—**	**—**	**122**

c) Results of operations of oil and gas producing activities

The following tables represent only those revenues and expenses which occur directly in connection with OMV´s oil and gas producing operations. The results of oil and gas activities should not be equated to Upstream net income since interest costs, general corporate overhead costs and other costs are not allocated. Income taxes are hypothetically calculated, based on the statutory tax rates and the effect of tax credits on investments and loss carryforwards.

Results of operations of oil and gas producing activities

In EUR mn

	Romania and Black Sea	Austria	Russia	North Sea	Middle East and Africa	New Zealand and Australia	Malaysia	Total
				2019				
Subsidiaries								
Sales to unaffiliated parties [1]	94	19	550	891	527	335	171	**2,586**
Intercompany sales	1,909	324	—	379	822	191	—	**3,624**
	2,002	**343**	**550**	**1,270**	**1,348**	**526**	**171**	**6,210**
Production costs	(500)	(82)	—	(158)	(124)	(98)	(30)	**(991)**
Royalties	(250)	(62)	—	—	(103)	(65)	(16)	**(496)**
Exploration expenses	(53)	(45)	—	(73)	(16)	(24)	(18)	**(229)**
Depreciation, amortization, impairments and write-ups [2]	(553)	(119)	(91)	(414)	(233)	(199)	(73)	**(1,681)**
Other costs [3]	(93)	(29)	(429)	(132)	(45)	(20)	(13)	**(761)**
	(1,449)	**(336)**	**(520)**	**(777)**	**(520)**	**(407)**	**(149)**	**(4,159)**
Results before income taxes	**553**	**7**	**30**	**493**	**828**	**119**	**21**	**2,051**
Income taxes [4]	(88)	1	(5)	(402)	(675)	(25)	(28)	**(1,222)**
Results from oil and gas production	**465**	**8**	**24**	**91**	**153**	**94**	**(7)**	**829**
Results of equity-accounted investments	**—**	**—**	**34**	**—**	**11**	**—**	**—**	**45**
				2018				
Subsidiaries								
Sales to unaffiliated parties [1]	105	(194)	605	1,051	520	84	—	**2,172**
Intercompany sales	1,981	418	—	394	427	132	—	**3,351**
	2,086	**224**	**605**	**1,445**	**947**	**216**	**—**	**5,523**
Production costs	(509)	(86)	—	(156)	(72)	(50)	—	**(872)**
Royalties	(267)	(79)	—	—	(21)	(25)	—	**(392)**
Exploration expenses	(58)	(33)	—	(50)	(26)	(8)	—	**(175)**
Depreciation, amortization, impairments and write-ups [2]	(420)	(114)	(90)	(409)	(129)	(64)	—	**(1,226)**
Other costs [3]	(51)	(21)	(406)	(102)	(7)	(10)	—	**(598)**
	(1,304)	**(333)**	**(496)**	**(717)**	**(255)**	**(157)**	**—**	**(3,263)**
Results before income taxes	**781**	**(109)**	**109**	**729**	**691**	**59**	**—**	**2,261**
Income taxes [4]	(138)	26	(21)	(549)	(474)	(21)	—	**(1,178)**
Results from oil and gas production	**643**	**(83)**	**89**	**179**	**217**	**37**	**—**	**1,083**
Results of equity-accounted investments	**—**	**—**	**14**	**—**	**26**	**—**	**—**	**40**

Results of operations of oil and gas producing activities

In EUR mn

	Romania and Black Sea	Austria	Russia	North Sea	Middle East and Africa	New Zealand and Australia	Malaysia	Total
				2017				
Subsidiaries								
Sales to unaffiliated parties [1]	95	(50)	56	810	301	116	—	**1,329**
Intercompany sales	1,698	382	—	316	258	137	—	**2,791**
	1,792	**333**	**56**	**1,126**	**559**	**253**	**—**	**4,118**
Production costs	(550)	(89)	—	(191)	(62)	(45)	—	**(937)**
Royalties	(203)	(70)	—	—	(5)	(33)	—	**(311)**
Exploration expenses	(98)	(17)	—	(52)	(40)	(14)	—	**(222)**
Depreciation, amortization, impairments and write-ups [2]	(529)	(115)	(10)	(485)	(80)	(79)	—	**(1,298)**
Other costs [3]	(52)	(10)	(41)	(39)	(26)	(9)	—	**(177)**
	(1,433)	**(300)**	**(51)**	**(767)**	**(214)**	**(180)**	**—**	**(2,946)**
Results before income taxes	**359**	**32**	**5**	**359**	**345**	**72**	**—**	**1,173**
Income taxes [4]	(58)	(9)	(1)	(276)	(287)	(17)	—	**(648)**
Results from oil and gas production	**300**	**24**	**4**	**83**	**58**	**55**	**—**	**524**
Results of equity-accounted investments	**—**	**—**	**(1)**	**—**	**108**	**—**	**—**	**107**

[1] Includes hedging effects; Austria Region includes hedging effects of centrally managed derivatives (2019: EUR 2 mn, 2018: EUR (219) mn, 2017: EUR (72) mn).
[2] Including exploration and appraisal
[3] Includes inventory changes
[4] Income taxes in North Sea and Middle East and Africa include corporation tax and special petroleum tax.

d) Oil and gas reserve quantities

Proved reserves are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulation before the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain.

Proved developed reserves are those proved reserves that can be expected to be recovered through existing wells with existing equipment and operating methods, or in which the costs of the required equipment are relatively minor compared with the cost of a new well and through installed extraction equipment and infrastructure operational at the time of the reserves estimate. It should be reasonably certain that the required future expenditure will be made to safeguard existing equipment within the current budget.

Proved undeveloped reserves are those proved reserves that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion or substantial new investment is required in order to safeguard or replace ageing facilities.

Crude oil and NGL

In mn bbl

	Romania and Black Sea	Austria	Russia	North Sea	Middle East and Africa	New Zealand and Australia	Malaysia	**Total**
Proved developed and undeveloped reserves – Subsidiaries								
January 1, 2017	**351.5**	**41.2**	**—**	**78.7**	**138.9**	**8.5**	**—**	**618.9**
Revisions of previous estimates	19.5	1.4	—	15.1	2.1	(0.6)	—	**37.5**
Disposal	(2.3)	—	—	(27.5)	(3.5)	—	—	**(33.4)**
Extensions and discoveries	—	—	—	—	0.4	—	—	**0.4**
Production	(27.3)	(4.6)	—	(18.7)	(11.2)	(2.9)	—	**(64.8)**
December 31, 2017	**341.4**	**38.0**	**—**	**47.6**	**126.7**	**5.0**	**—**	**558.6**
Revisions of previous estimates	9.5	3.3	—	15.8	(1.8)	1.0	—	**27.7**
Purchases	—	—	—	—	100.3	6.3	—	**106.6**
Disposal	—	—	—	—	(2.4)	—	—	**(2.4)**
Extensions and discoveries	0.3	—	—	2.2	0.8	—	—	**3.3**
Production	(26.8)	(4.3)	—	(17.1)	(15.3)	(2.1)	—	**(65.6)**
December 31, 2018	**324.4**	**37.0**	**—**	**48.4**	**208.3**	**10.2**	**—**	**628.3**
Revisions of previous estimates	20.2	2.1	—	13.3	26.7	6.0	—	**68.4**
Purchases	—	—	—	—	—	—	9.5	**9.5**
Disposal	(3.4)	—	—	—	—	—	—	**(3.4)**
Extensions and discoveries	0.1	—	—	6.0	—	—	—	**6.1**
Production	(26.1)	(4.0)	—	(16.6)	(21.8)	(4.6)	(2.1)	**(75.2)**
December 31, 2019	**315.2**	**35.2**	**—**	**51.1**	**213.2**	**11.6**	**7.4**	**633.7**
Proved developed and undeveloped reserves – Equity-accounted investments								
December 31, 2017	—	—	—	—	12.2	—	—	**12.2**
December 31, 2018	—	—	—	—	13.3	—	—	**13.3**
December 31, 2019	—	—	—	—	15.3	—	—	**15.3**
Proved developed reserves – Subsidiaries								
December 31, 2017	309.5	36.5	—	38.9	112.7	5.0	—	**502.5**
December 31, 2018	295.9	35.5	—	42.6	162.1	9.1	—	**545.2**
December 31, 2019	287.2	35.2	—	37.2	179.7	7.8	5.7	**552.7**
Proved developed reserves – Equity-accounted investments								
December 31, 2017	—	—	—	—	12.2	—	—	**12.2**
December 31, 2018	—	—	—	—	13.3	—	—	**13.3**
December 31, 2019	—	—	—	—	14.9	—	—	**14.9**

Gas

In bcf

	Romania and Black Sea	Austria	Russia	North Sea	Middle East and Africa	New Zealand and Australia	Malaysia	Total
Proved developed and undeveloped reserves – Subsidiaries								
January 1, 2017	**1,375.9**	**230.3**	**—**	**360.5**	**93.9**	**72.8**	**—**	**2,133.4**
Revisions of previous estimates	24.1	23.0	—	92.8	(1.1)	5.5	—	**144.4**
Disposals	(3.0)	—	—	(16.6)	(1.7)	—	—	**(21.3)**
Extensions and discoveries	—	—	—	—	1.4	—	—	**1.4**
Production	(182.9)	(34.2)	—	(61.6)	(18.2)	(20.0)	—	**(316.9)**
December 31, 2017 [1]	**1,214.1**	**219.1**	**—**	**375.0**	**74.3**	**58.4**	**—**	**1,941.0**
Revisions of previous estimates	77.4	8.6	—	110.3	17.3	27.1	—	**240.7**
Purchases	—	—	—	—	—	166.1	—	**166.1**
Disposals	—	—	—	—	(26.6)	—	—	**(26.6)**
Extensions and discoveries	3.5	—	—	4.9	0.3	—	—	**8.8**
Production	(170.4)	(30.9)	—	(60.9)	(9.9)	(16.0)	—	**(288.1)**
December 31, 2018 [1]	**1,124.7**	**196.8**	**—**	**429.4**	**55.5**	**235.6**	**—**	**2,041.9**
Revisions of previous estimates	58.2	10.1	—	76.0	9.6	145.4	—	**299.3**
Purchases	—	—	—	—	—	—	351.2	**351.2**
Disposals	(6.3)	—	—	—	—	—	—	**(6.3)**
Extensions and discoveries	2.2	—	—	7.4	—	—	—	**9.5**
Production	(158.0)	(29.2)	—	(90.0)	(3.2)	(65.2)	(15.5)	**(360.9)**
December 31, 2019 [1]	**1,020.7**	**177.8**	**—**	**422.8**	**61.9**	**315.8**	**335.7**	**2,334.7**
Proved developed and undeveloped reserves – Equity-accounted investments								
December 31, 2017	—	—	1,166.3	—	209.0	—	—	**1,375.3**
December 31, 2018	—	—	1,392.0	—	212.6	—	—	**1,604.7**
December 31, 2019	—	—	1,376.8	—	277.3	—	—	**1,654.1**
Proved developed reserves – Subsidiaries								
December 31, 2017	1,071.9	141.7	—	159.7	29.2	58.4	—	**1,460.9**
December 31, 2018	1,026.6	120.3	—	410.6	7.3	202.3	—	**1,767.1**
December 31, 2019	923.0	110.2	—	407.8	57.4	203.2	124.0	**1,825.5**
Proved developed reserves – Equity-accounted investments								
December 31, 2017	—	—	1,166.3	—	209.0	—	—	**1,375.3**
December 31, 2018	—	—	997.3	—	212.6	—	—	**1,209.9**
December 31, 2019	—	—	880.2	—	262.9	—	—	**1,143.1**

[1] 2019: Including approximately 67.6 bcf of cushion gas held in storage reservoirs
2018: Including approximately 68.4 bcf of cushion gas held in storage reservoirs
2017: Including approximately 68.4 bcf of cushion gas held in storage reservoirs

e) Standardized measure of discounted future net cash flows

The future net cash flow information is based on the assumption that the prevailing economic and operating conditions will persist throughout the time during which proved reserves will be produced. Neither the effects of future pricing changes nor expected changes in technology and operating practices are considered.

Future cash inflows represent the revenues received from production volumes, including cushion gas held in storage reservoirs, assuming that the future production is sold at prices used in estimating year-end quantities of proved reserves (12 months average price). Future production costs include the estimated expenditures for production of the proved reserves plus any production taxes without consideration of future inflation. Future decommissioning costs comprise the net costs associated with decommissioning wells and facilities. Future development costs include the estimated costs of development drilling and installation of production facilities. For all three categories year-end costs without consideration of inflation are assumed. Future income tax payments are calculated on the basis of the income tax rate applicable in each of the countries in which the Group operates. The present cash value results from the discounting of the future net cash flow at a discount rate of 10% per year. The standardized measure does not purport to be an estimate of the fair value of the Group’s proven reserves. An estimate of fair value would also take into account, amongst many other factors, the expected recovery of reserves in excess of proved reserves, anticipated changes in future prices and costs as well as a discount factor representative of the risks inherent in the production of oil and gas.

Standardized measure of discounted future net cash flows

In EUR mn

	Subsidiaries and equity-accounted investments							
	Romania and Black Sea	Austria	Russia	North Sea	Middle East and Africa	New Zealand and Australia	Malaysia	Total
Subsidiaries					**2019**			
Future cash inflows	19,932	2,554	3,402	4,432	12,597	1,972	1,246	**46,135**
Future production and decommissioning costs	(9,156)	(1,704)	(2,779)	(2,196)	(3,398)	(1,785)	(461)	**(21,480)**
Future development costs	(2,081)	(370)	—	(527)	(563)	(325)	(36)	**(3,901)**
Future net cash flows, before income taxes	**8,696**	**479**	**622**	**1,709**	**8,637**	**(138)**	**749**	**20,754**
Future income taxes	(819)	(21)	(125)	(959)	(5,188)	101	(178)	**(7,191)**
Future net cash flows, before discount	**7,877**	**458**	**497**	**750**	**3,448**	**(37)**	**570**	**13,563**
10% annual discount for estimated timing of cash flows	(3,918)	(47)	(117)	(286)	(1,025)	184	(126)	**(5,334)**
Standardized measure of discounted future net cash flows	**3,960**	**411**	**381**	**464**	**2,424**	**147**	**444**	**8,230**
Equity-accounted investments	**—**	**—**	**101**	**—**	**136**	**—**	**—**	**238**
Subsidiaries					2018			
Future cash inflows	20,818	3,436	3,673	5,477	12,932	1,843	—	**48,179**
Future production and decommissioning costs	(9,738)	(1,933)	(2,902)	(1,982)	(3,154)	(1,734)	—	**(21,443)**
Future development costs	(1,921)	(401)	—	(166)	(613)	(69)	—	**(3,171)**
Future net cash flows, before income taxes	**9,158**	**1,102**	**771**	**3,329**	**9,164**	**40**	**—**	**23,564**
Future income taxes	(846)	(92)	(155)	(2,117)	(5,422)	61	—	**(8,571)**
Future net cash flows, before discount	**8,312**	**1,010**	**616**	**1,212**	**3,742**	**101**	**—**	**14,993**
10% annual discount for estimated timing of cash flows	(4,036)	(413)	(140)	(120)	(1,145)	166	—	**(5,689)**
Standardized measure of discounted future net cash flows	**4,275**	**597**	**476**	**1,092**	**2,597**	**267**	**—**	**9,304**
Equity-accounted investments	**—**	**—**	**166**	**—**	**152**	**—**	**—**	**318**

Standardized measure of discounted future net cash flows

In EUR mn

	Subsidiaries and equity-accounted investments							
	Romania and Black Sea	Austria	Russia	North Sea	Middle East and Africa	New Zealand and Australia	Malaysia	**Total**
Subsidiaries					2017			
Future cash inflows	18,067	2,803	3,080	4,131	6,390	551	—	**35,021**
Future production and decommissioning costs	(9,927)	(1,856)	(2,176)	(1,922)	(1,346)	(489)	—	**(17,716)**
Future development costs	(1,811)	(381)	—	(273)	(418)	(24)	—	**(2,907)**
Future net cash flows, before income taxes	**6,329**	**566**	**904**	**1,936**	**4,626**	**38**	**—**	**14,398**
Future income taxes	(447)	(43)	(223)	(677)	(2,929)	11	—	**(4,308)**
Future net cash flows, before discount	**5,882**	**523**	**681**	**1,259**	**1,697**	**48**	**—**	**10,091**
10% annual discount for estimated timing of cash flows	(2,643)	(119)	(167)	(192)	(714)	44	—	**(3,790)**
Standardized measure of discounted future net cash flows	**3,239**	**404**	**515**	**1,067**	**983**	**92**	**—**	**6,300**
Equity-accounted investments	**—**	**—**	**82**	**—**	**143**	**—**	**—**	**225**

f) Changes in the standardized measure of discounted future net cash flows

Changes in the standardized measure of discounted future net cash flows

In EUR mn

Subsidiaries	**2019**	2018	2017
Beginning of year	**9,304**	**6,300**	**3,872**
Oil and gas sales produced, net of production costs	(3,942)	(2,323)	(1,365)
Net change in prices and production costs	(1,810)	4,183	4,140
Net change due to purchases and sales of minerals in place	531	2,706	309
Net change due to extensions and discoveries	72	133	—
Development and decommissioning costs incurred during the period	674	669	795
Changes in estimated future development and decommissioning costs	(398)	(420)	(536)
Revisions of previous reserve estimates	1,216	983	748
Accretion of discount	828	550	324
Net change in income taxes (incl. tax effects from purchases and sales)	1,646	(3,310)	(1,780)
Other [1]	108	(168)	(207)
End of year	**8,230**	**9,304**	**6,300**
Equity-accounted investments	**238**	**318**	**225**

[1] Contains movements in foreign exchange rates vs. the EUR

Vienna, March 11, 2020

The Executive Board

Rainer Seele m.p.
Chairman of the Executive Board
Chief Executive Officer and
Chief Marketing Officer

Reinhard Florey m.p.
Chief Financial Officer

Johann Pleininger m.p.
Deputy Chairman of the Executive Board
and Chief Upstream Operations Officer

Thomas Gangl m.p.
Chief Downstream Operations Officer

5

FURTHER INFORMATION

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Consolidated Report on the Payments Made to Governments

Section 267c of the Austrian Commercial Code

Section 267c of the Austrian Commercial Code (UGB) requires that large undertakings and public interest entities that are active in the extractive industry or logging of primary forests prepare the following consolidated report on payments to governments. This section implements Chapter 10 of EU Accounting Directive (2013/34/EU). The "Basis of preparation" paragraph provides information to the reader about the contents of the report. This also includes information on the type of payment for which disclosure is required and how OMV has implemented the regulations in the preparation of the report.

Basis of preparation

Reporting entities

Under the requirements of the regulation, OMV Aktiengesellschaft is required to prepare a consolidated report covering payments made to governments for each financial year in relation to extractive activities by itself and any subsidiary undertakings included in the consolidated Group financial statements.

Activities within the scope of the report

Payments made by the OMV Group (hereafter OMV) to governments that arose from exploration, prospection, discovery, development and extraction of minerals, oils and natural gas deposits or other materials within extractive activities are presented in this report.

Government

A "government" is defined as any national, regional or local authority of a country and includes a department agency or entity undertaking that is controlled by the government authority and includes national oil companies.

In cases where a state-owned entity engages in activities outside of its designated home jurisdiction, then it is not deemed to be a reportable governmental body for these purposes and thus payments made to such an entity in these circumstances are not reportable.

Project definition

The regulation also requires payments to be reported on a "project" basis as well as on a government and governmental body basis. A project is defined as the operational activities that are governed by a single contract, license, lease, concession or similar legal agreement and form the basis for payment liabilities to the government. Where these agreements as per the aforementioned definition are substantially interconnected, these agreements are treated for the purpose of these regulations as a single project. "Substantially interconnected" is defined as a set of operationally and geographically integrated contracts, licenses, leases or concessions or related agreements with substantially similar terms that are signed with a government, giving rise to payment liabilities. Such agreements can be governed by a single contract, joint venture agreement, production sharing agreement or other overarching legal agreement.

There may be instances – for example, corporate income taxes, where it is not possible to attribute the payment to a single project and therefore these payments are shown at the country level.

Cash and payments in kind

In accordance with the regulation, payments have to be reported on a cash basis. This means that they are reported in the period in which they are paid and not in the period in which they are accounted for on an accruals basis.

Refunds are also reported in the period in which they are received and will either be offset against payments made in the period or be shown as negative amounts in the report.

Payments in kind made to a government are converted to an equivalent cash value based on the most appropriate and relevant valuation method for each payment type. This can be at cost or market value and an explanation is provided in the report to help explain the valuation method. Where applicable, the related volumes are also included in the report.

Payment reporting methodology

The regulations require that payments are to be reported where they are made to governments by OMV. It is required that the report reflect the substance of each transaction and activity. Based on these requirements, OMV has considered its reporting obligation as:

- Where OMV makes a payment directly to the government, these payments will be reported in full, irrespective of whether this is made in the sole capacity of OMV or in OMV's capacity as the operator of a joint operation.

- In cases where OMV is a member of a joint operation for which the operator is a state-owned entity (i.e. a government), payments made to that state-owned entity will be disclosed where it is possible to identify the reportable payment from other cost recovery items.

- For host government production entitlements, the terms of the agreement have to be considered; for the purpose of reporting in this report, OMV will disclose host government entitlements in their entirety where it is the operator.

Materiality
Payments made as a single payment or a series of related payments that are below EUR 100,000 within a financial year are excluded from this report.

Reporting currency
Payments made in currencies other than euros are translated for the purposes of this report at the average rate of the reporting period.

Payment types disclosed

Production entitlements
Under production sharing agreements (PSAs), the host government is entitled to a share of the oil and gas produced and these entitlements are often paid in kind. The report will show both the value and volume of the government's production entitlement for the relevant period in barrels of oil equivalent (boe).

The government share of any production entitlement will also include any entitlements arising from an interest held by a state-owned entity as an investor in projects within its sovereign jurisdiction. Production entitlements arising from activities or interests outside of a state-owned entity's sovereign jurisdiction are excluded.

Taxes
Taxes levied on income, production or profits of companies are reported. Refunds will be netted against payments and shown accordingly. Consumption taxes, personal income taxes, sales taxes, property taxes and environmental taxes are not reported under the regulations. Although there is a tax group in place, the reported corporate income taxes for Austria relate entirely to the extractive activities in Austria of OMV's subsidiaries, with no amounts being reported relating to OMV's non-extractive activities in Austria.

Royalties
Royalties relating to the extraction of oil, gas and minerals paid to a government are to be disclosed. Where royalties are paid in kind, the value and volume are reported.

Dividends
In accordance with the regulations, dividends are reported when paid to a government in lieu of production entitlements or royalties. Dividends that are paid to a government as an ordinary shareholder are not reported, as long as the dividends are paid on the same terms as that of other shareholders.

For the year that ended December 31, 2019, OMV had no such reportable dividend payments to a government.

Bonuses
Bonuses include signature, discovery and production bonuses in each case to the extent paid in relation to the relevant activities.

Fees
These include license fees, rental fees, entry fees and all other payments that are paid in consideration for access to the area where extractive activities are performed.

The report excludes fees paid to a government that are not specifically related to extractive activities or access to extractive resources. In addition payments paid in return for services provided by a government are also excluded.

Infrastructure improvements
The report includes payments made by OMV for infrastructural improvements, such as the building of a road or bridge that serves the community, irrespective of whether OMV pays the amounts to non-government entities. These are reported in the period during which the infrastructure is made available for use by the local community.

Payments overview

The overview table below shows the relevant payments to governments that were made by OMV in the year that ended December 31, 2019.

Of the seven payment types that are required by the Austrian regulations to be reported upon, OMV did not pay any dividends, bonuses or infrastructure improvements that met the defined accounting directive definition and therefore these categories are not shown.

Payments overview

In EUR 1,000

Country	Production Entitlements	Taxes	Royalties	Fees	Total
Austria		26,600	70,326	118	97,044
Kazakhstan		16,625		1,031	17,656
Madagascar				3,691	3,691
Malaysia	181,017	14,968	39,705	26,308	261,998
Norway		400,178		2,328	402,506
New Zealand		48,040	63,634	6,387	118,061
Romania		219,433	159,952	31,015	410,400
Tunisia		13,807	8,878	99	22,784
United Arab Emirates		47,425	100,952	80,313	228,690
Yemen	77,138		7,340	9,874	94,352
Total	**258,155**	**787,076**	**450,787**	**161,164**	**1,657,182**

No payments have been reported for Libya for the year 2019 as OMV was not the operator.

On November 30, 2017, OMV acquired a stake of 24.99% in OJSC Severneftegazprom (SNGP). As SNGP is an associated company and therefore accounted for using the equity method in OMV Group Consolidated Financial Statements it does not meet the definition of a reporting entity in the context of the Austrian Commercial Code.

On January 31, 2019, OMV and Sapura Energy Berhad closed the agreement to form a strategic partnership. The new entity, SapuraOMV Upstream Sdn. Bhd., and its subsidiaries are fully consolidated in OMV's Group financial statements.

Payments by country

Payments by country

In EUR 1,000

	Production Entitlements	Taxes	Royalties	Fees	Total
Austria					
Governments					
Federal Ministry for Digital and Economic Affairs			70,326		70,326
Federal Ministry of Finance		26,600			26,600
Federal Ministry for Sustainability and Tourism				118	118
Total		**26,600**	**70,326**	**118**	**97,044**
Projects					
Lower Austria		26,600	70,326	118	97,044
Total		**26,600**	**70,326**	**118**	**97,044**
Kazakhstan					
Governments					
State Revenue Committee		16,625		247	16,872
Training centers universities				305 [1]	305
Licenced Research and Development Organisations				479 [2]	479
Total		**16,625**		**1,031**	**17,656**
Projects					
Tasbulat		5,967		797	6,764
Komsomolskoe		10,658		234	10,892
Total		**16,625**		**1,031**	**17,656**

[1] Financing of various expenses with regard to university training centers as agreed within the concession agreement
[2] Various expenses with regards to research and development works

	Production Entitlements	Taxes	Royalties	Fees	Total
Madagascar					
Governments					
Office des Mines Nationales et des Industries Stratégiques				3,691	3,691
Total				**3,691**	**3,691**
Projects					
Explorations				3,691	3,691
Total				**3,691**	**3,691**

Payments by country

In EUR 1,000

	Production Entitlements	Taxes	Royalties	Fees	Total
Malaysia					
Governments					
Petroliam Nasional Berhad	94,368 [1]		39,705 [3]	24,530	158,603
Ketua Pengarah Hasil Dalem Negeri		14,968			14,968
Petronas Carigali SDN BHD	86,649 [2]			1,778	88,427
Total	**181,017**	**14,968**	**39,705**	**26,308**	**261,998**
Projects					
Block PM323/PM329	137,137 [4]	4,904	24,907 [6]	20,020	186,968
Block PM318		6,504		748	7,252
Block AAKBNLP				3,089	3,089
Block SK408/SK310	43,880 [5]	3,448	14,798 [7]	2,451	64,577
Payments not attributable to projects		112			112
Total	**181,017**	**14,968**	**39,705**	**26,308**	**261,998**

[1] Includes payments in kind for 1,706,019 bbl of crude oil valued using the average monthly price per boe
[2] Includes payments in kind for 2,652,414 bbl of crude oil valued using the average monthly price per boe
[3] Includes payments in kind for 1,138,911 bbl of crude oil valued using the average monthly price per boe
[4] Includes payments in kind for 2,182,255 bbl of crude oil valued using the average monthly price per boe
[5] Includes payments in kind for 2,176,178 bbl of crude oil valued using the average monthly price per boe
[6] Includes payments in kind for 395,205 bbl of crude oil valued using the average monthly price per boe
[7] Includes payments in kind for 743,706 bbl of crude oil valued using the average monthly price per boe

	Production Entitlements	Taxes	Royalties	Fees	Total
Norway					
Governments					
Oljedirektoratet				2,306	2,306
Skatteetaten		400,178		12	400,190
Miljodirektoratet				10	10
Total		**400,178**		**2,328**	**402,506**
Projects					
Gulfaks		44			44
Gudrun		44			44
Norway Exploration Projects				2,322	2,322
Payments not attributable to projects		400,090		6	400,096
Total		**400,178**		**2,328**	**402,506**
New Zealand					
Governments					
Inland Revenue		48,040			48,040
Maritime Safety Authority				10	10
Ministry of Business and Innovation			63,634	5,969	69,603
Environmental Protection Authority				408	408
Total		**48,040**	**63,634**	**6,387**	**118,061**
Projects					
Maari			14,295	133	14,428
Maui			4,804		4,804
Pohokura			44,535		44,535
New Zealand exploration projects				515	515
Payments not attributable to projects		48,040		5,739	53,779
Total		**48,040**	**63,634**	**6,387**	**118,061**

Payments by country

In EUR 1,000

	Production Entitlements	Taxes	Royalties	Fees	Total
Romania					
Governments					
State budget		219,433	159,952		379,385
Local councils				4,123	4,123
National Agency for Mineral Resources (ANRM)				2,200	2,200
National Company of Forests				13,777	13,777
CONPET SA				90	90
National Authority for Electricity Regulation (ANRE)				9,912	9,912
Offshore Operations Regulatory Authority (ACROPO)				913	913
Total		**219,433**	**159,952**	**31,015**	**410,400**
Projects					
Onshore production zones			121,544	20,138	141,682
Onshore Joint Ventures			1,281		1,281
Offshore Black Sea		20,635	37,127	965	58,727
Payments not attributable to projects		198,798		9,912	208,710
Total		**219,433**	**159,952**	**31,015**	**410,400**
Tunisia					
Governments					
Receveur des Finances		13,167		99	13,266
Receveur des Douanes		640			640
Entreprise Tunisienne d'Activités Pétrolières			6,606[1]		6,606
Tresorerie Generale de Tunisie			2,272		2,272
Total		**13,807**	**8,878**	**99**	**22,784**
Projects					
South Tunisia		13,807	8,878[1]	99	22,784
Total		**13,807**	**8,878**	**99**	**22,784**

[1] Includes payments in kind for 115,900 bbl of crude oil valued using the average monthly price per boe

In Tunisia where OMV is not the operator, it's proportional contribution to the host government's royalties for 2019 would have been EUR 1.52 mn for 26,595 bbl of crude oil valued using the average monthly price per boe.

Payments by country

In EUR 1,000

	Production Entitlements	Taxes	Royalties	Fees	Total
United Arab Emirates					
Governments					
Abu Dhabi National Oil Company (ADNOC)				80,313	80,313
Emirate of Abu Dhabi – Finance Department		47,425	100,952		148,377
Total		**47,425**	**100,952**	**80,313**	**228,690**
Projects					
Umm Lulu and SARB		47,425	100,952	828	149,205
United Arab Emirates exploration projects				79,485	79,485
Total		**47,425**	**100,952**	**80,313**	**228,690**
Yemen					
Governments					
Ministry of Oil & Minerals	77,138[1]		7,340[2]	9,874	94,352
Total	**77,138**		**7,340**	**9,874**	**94,352**
Projects					
Block S2	77,138[1]		7,340[2]	6,511	90,989
Block 86				3,363	3,363
Total	**77,138**		**7,340**	**9,874**	**94,352**

[1] Payments in kind for 1,354,213 BOE valued at prices set by the Yemen Crude Oil Marketing Directorate
[2] Payments in kind for 128,853 BOE valued at prices set by the Yemen Crude Oil Marketing Directorate

Vienna, March 11, 2020

The Executive Board

Rainer Seele m.p.

Chairman of the Executive Board, Chief Executive Officer and Chief Marketing Officer

Johann Pleininger m.p.

Deputy Chairman of the Executive Board and Chief Upstream Operations Officer

Reinhard Florey m.p.

Chief Financial Officer

Thomas Gangl m.p.

Chief Downstream Operations Officer

Abbreviations and Definitions

A

ACC
Austrian Commercial Code

ACCG
Austrian Code of Corporate Governance

AGM
Annual General Meeting

B

bbl
Barrel (1 barrel equals approximately 159 liters)

bbl/d
Barrels per day

bcf
Billion standard cubic feet (60 °F/16 °C)

bcm
Billion standard cubic meters (32 °F/0 °C)

bn
Billion

boe
Barrel of oil equivalent

boe/d
Barrel of oil equivalent per day

C

CAPEX
Capital Expenditure

capital employed
Equity including non-controlling interests plus net debt

cbm
Standard cubic meters (32 °F/0 °C)

cf
Standard cubic feet (60 °F/16 °C)

CCS/CCS effects/inventory holding gains/(losses)
Current Cost of Supply; inventory holding gains and losses represent the difference between the cost of sales calculated using the current cost of supply and the cost of sales calculated using the weighted average method after adjusting for any changes in valuation allowances in case the net realizable value of the inventory is lower than its cost. In volatile energy markets, measurement of the costs of petroleum products sold based on historical values (e.g. weighted average cost) can have distorting effects on reported results (Operating Result, net income, etc.). The amount disclosed as CCS effect represents the difference between the charge to the income statement for inventory on a weighted average basis (adjusted for the change in valuation allowances related to net realizable value) and the charge based on the current cost of supply. The current cost of supply is calculated monthly using data from supply and production systems at the Downstream Oil level

CEE
Central and Eastern Europe

CEGH
Central European Gas Hub

CGU
Cash generating unit

Clean CCS Operating Result
Operating Result adjusted for special items and CCS effects. Group clean CCS Operating Result is calculated by adding the clean CCS Operating Result of Downstream Oil, the clean Operating Result of the other segments and the reported consolidation effect adjusted for changes in valuation allowances, in case the net realizable value of the inventory is lower than its cost

Clean CCS EPS
Clean CCS Earnings Per Share is calculated as clean CCS net income attributable to stockholders divided by weighted number of shares

Clean CCS net income attributable to stockholders
Net income attributable to stockholders, adjusted for the after tax effect of special items and CCS

Clean CCS ROACE
Clean CCS Return On Average Capital Employed is calculated as NOPAT (as a sum of current and last three quarters) adjusted for the after-tax effect of special items and CCS, divided by average capital employed (%)

Co&O
Corporate and Other

E

ECL
Expected credit losses

EPS
Earnings Per Share; net income attributable to stockholders divided by total weighted average shares

EPSA
Exploration and Production Sharing Agreement

equity ratio
Equity divided by balance sheet total, expressed as a percentage

EU
European Union

EUR
Euro

F

FVOCI
Fair value through other comprehensive income

FVTPL
Fair value through the statement of profit or loss

FX
Foreign exchange

G

G2P
Gas-to-power

GDP
Gross Domestic Product

gearing ratio
Net debt divided by equity, expressed as a percentage

H

HSSE
Health, Safety, Security, and Environment

I

IASs
International Accounting Standards

IFRSs
International Financial Reporting Standards

K

kbbl/d
Thousand barrels per day

kboe
Thousand barrels of oil equivalent

kboe/d
Thousand barrels of oil equivalent per day

km²
Square kilometer

KPI
Key Performance Indicator

KStG
Austrian Corporate Income Tax Act

L

LNG
Liquefied Natural Gas

LTIR
Lost-Time Injury Rate per million hours worked

M

min
Minute

mn
Million

MPPH
Mubadala Petroleum and Petrochemicals Holding Company L.L.C

MW
Megawatt

MWh
Megawatt hour

N

n.a.
Not available

NCI
Non-controlling interests

n.m.
Not meaningful

net assets
Intangible assets, property, plant and equipment, equity-accounted investments, investments in other companies, loans granted to equity-accounted investments, total net working capital, less provisions for decommissioning and restoration obligations

net debt
Interest-bearing debts including bonds and finance lease liabilities less liquid funds (cash and cash equivalents)

net income
Net operating profit or loss after interest and tax

NGL
Natural Gas Liquids; natural gas that is extracted in liquid form during the production of hydrocarbons

NOK
Norwegian krone

NOPAT
Net Operating Profit After Tax;
Net income
+ Net interest related to financing
– Tax effect of net interest related to financing
NOPAT is a KPI that shows the financial performance after tax, independent of the financing structure of the company.

NZD
New Zealand dollar

O

OCI
Other comprehensive income

OECD
Organisation for Economic Cooperation and Development

ÖBAG
Österreichische Beteiligungs AG

P

payout ratio
Dividend per share divided by earnings per share, expressed as a percentage

Pearl
Pearl Petroleum Company Limited

Q

Q1, Q2, Q3, Q4
First, second, third, fourth quarter of the year

R

ROACE
Return On Average Capital Employed; NOPAT divided by average capital employed expressed as a percentage

ROE
Return On Equity; net income/loss for the year divided by average equity, expressed as a percentage

ROFA
Return On Fixed Assets, EBIT divided by average intangible and tangible assets expressed as a percentage

RON
New Romanian leu

RRR
Reserve Replacement Rate; total changes in reserves excluding production, divided by total production

RUB
Russian ruble

S

sales revenues
Sales excluding petroleum excise tax

Special items
Special items are expenses and income reflected in the financial statements that are disclosed separately, as they are not part of underlying ordinary business operations. They are being disclosed separately in order to enable investors to better understand and evaluate OMV Group's reported financial performance

T

t
Metric ton

toe
Metric ton of oil equivalent

TSR
Total Shareholder Return

TWh
Terawatt hour

U

UAE
United Arab Emirates

USD
US dollar

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Publisher
OMV Aktiengesellschaft, Vienna

Concept and design
klar. & Erdgeschoss & Schreibkraft, Vienna

Photos
Andreas Jakwerth
Pages 24/25: Keith Finnerty

Notes
Produced inhouse with FIRE.sys

Further publications

OMV Factbook
- www.omv.com/factbook

OMV Sustainability Report
- www.omv.com/sustainability-report

Notes:
Figures in the tables and charts may not add up due to rounding differences. Differences between percentages are displayed as percentage points throughout the document.

In the interest of a fluid style that is easy to read, non-gender-specific terms have been used in the notes chapter of this annual report.

Disclaimer regarding forward-looking statements
This report contains forward-looking statements. Forward-looking statements usually may be identified by the use of terms such as “outlook,” “believe,” “expect,” “anticipate,” “intend,” “plan,” “target,” “objective,” “estimate,” “goal,” “may,” “will” and similar terms, or by their context. These forward-looking statements are based on beliefs, estimates and assumptions currently held by and information currently available to OMV. By their nature, forward-looking statements are subject to risks and uncertainties, both known and unknown, because they relate to events and depend on circumstances that will or may occur in the future and are outside the control of OMV. Consequently, the actual results may differ materially from those expressed or implied by the forward-looking statements. Therefore, recipients of this report are cautioned not to place undue reliance on these forward-looking statements. Neither OMV nor any other person assumes responsibility for the accuracy and completeness of any of the forward-looking statements contained in this report. OMV disclaims any obligation and does not intend to update these forward-looking statements to reflect actual results, revised assumptions and expectations, and future developments and events. This report does not contain any recommendation or invitation to buy or sell securities in OMV.

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