OMV

Letter to stockholders

Interim Report January – September 2001

- **Exploration and Production (E&P) and Refining and Marketing (R&M) contributed strongly to results. All businesses grew in the nine months either as a result of organic growth or the benefits of OMV's implemented cost reduction programs.**

- **Reported EBIT for the nine-month period increased by 46% to EUR 510 mn (1–9/00: EUR 350 mn) due to the significant improvement in R&M and the growth in E&P.**

- **Clean EBIT increased by 38% to EUR 545 mn.**

- **EBIT in E&P improved due to higher realized oil and gas prices and favorable exchange rate; R&M benefited from the turnaround of last year's loss making bulk business with higher product margins and sales volume; Gas showed a strong performance due to higher price levels and improved cost position; Chemicals and Plastics (C&P) benefited from strong margins and volume recovery.**

- **Consolidated sales for the period increased by 7% to EUR 5,773 mn mainly driven by high price levels.**

- **Net income increased by 33% to EUR 320 mn. EPS of EUR 11.84, clean EPS of EUR 12.72 and US GAAP EPS at EUR 11.46 reflect strong set of results.**

- **Improved full year results expected; strategic focus directed towards growth and efficiency increases.**

- **Segment headlines for the third quarter 2001:**

  E & P: Development of Patricia Baleen gas field in Australia and new exploration licenses in the UK.
  Gas: Extraordinary General Meeting on September 20 agrees to spin off gas business; transport capacities on the TAG Loop II pipeline extended.
  R & M: Turnaround of FCC in Schwechat successfully completed; the OMV network now has more than 600 international retail stations.
  C & P: Start of new melamine plant in Germany.

Stock price Q3/01 in EUR close: 89.05 high: 110.69 low: 83.76

close November 7, 2001: EUR 84.77

Dear stockholders,

OMV, the Central European oil and gas group, today announces its results for the first nine months and third quarter ended September 30, 2001.

All segments improved their performance in spite of the recently worsened economic conditions

Richard Schenz, CEO, said today: "The recently worsened economic conditions have not made life easy for us, but we have proved again that we have an excellent business mix and robust businesses. This strong set of results demonstrates the benefits of our earlier initiatives: our cost reduction program and investment policy will help us to achieve another improved performance at the end of the year and enable us to achieve our targets. We will continuously focus on further growth, restructuring programs, and efficiency increases, and our excellent strategic and financial position makes us an attractive partner in any potential consolidation."

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EBIT for Q3/01 increased by 48%; reported EBIT increased by 46%; clean EBIT up by 38% to EUR 545 mn

Market conditions for the businesses continued to be varied although there was a general trend of deterioration across almost all business areas. Average crude oil prices in the first nine months of 2001 continued to weaken. The average price of Brent crude over the first nine months of 2001 was USD 26.16/bbl, well below last year's price (1–9/00: USD 28.09/bbl). The impact is even more obvious when comparing third quarter figures: the crude price for Q3/01 was USD 25.30/bbl, more than 5 USD/bbl lower than last year (Q3/00: USD 30.53/bbl). The EUR to USD exchange rate decreased from EUR 0.94 to EUR 0.90 during the period (Q3/01: EUR 0.89; Q3/00: EUR 0.91).

Despite the deteriorating market conditions, all businesses again recorded improved performances. Refining and Marketing (R & M) showed further impressive growth by increasing its nine month EBIT (earnings before interest and tax) 2000 by almost three times mainly as a result of better bulk results and higher sales volume. Exploration and Production (E&P) increased its EBIT by 6% as a result of higher realized oil prices. Gas grew by 2% because of cost savings and higher prices. The largest improvement over 1–9/00 was in Chemicals and Plastics (C&P) where EBIT more than tripled due to strong demand and higher margins.

Income statement

Consolidated sales excluding excise petroleum tax for the nine months increased by 7% to EUR 5,772.84 mn (1–9/00: EUR 5,397.47 mn). Each business segment grew its turnover mainly as a result of high product price levels with the exception of E & P which recorded a small decline of 1%. R&M again contributed the largest part of sales, accounting for almost 75% of the total consolidated sales in the period under review. Gas accounted for approximately 16%, C & P for 6%, and E & P for 3%.

The Group's nine month **EBIT** increased by 46% to EUR 510 mn (1–9/00: EUR 349.97 mn), thus continuing the growth trend. This was predominantly due to the significant improvement in R&M and the strong result in E&P. Gas and C&P both recorded better results than in the first nine months of last year. Special charges for the nine-month period 2001 decreased to EUR 34.94 mn (1–9/00: EUR 45.42 mn) and mainly consisted of personnel related expenses. As a result, the growth rate for the clean figure is smaller than that of the reported one. Therefore, **clean EBIT** increased by 38% and amounted to EUR 544.93 mn (1–9/00: EUR 395.39 mn).

In the third quarter 2001, the largest improvement was recorded in C&P which more than tripled its reported EBIT in Q3/00 mainly as a result of better prices. R&M increased its Q3 results by 63% over the corresponding period last year. Both E&P and Gas reported a decline in their quarterly EBIT by 39% and 16% respectively. Consequently, total reported EBIT for Q3/01 marginally declined by 3% to EUR 146.16 mn, and clean EBIT showed a decrease of 7% to EUR 163.29 mn. Special charges in Q3/01 increased slightly over Q2/01 because of additional contributions to the pension fund.

Balance sheet remained strong; gearing ratio improved and stood at 17%

Financial charges were EUR 35.69 mn (1–9/00: EUR 16.89 mn), resulting from lower income from investments (decrease from EUR 23.37 mn to EUR 12.36 mn). Equity income attributable to OMV from the Company's stake in Borealis decreased from EUR 18.42 mn to a loss of EUR 3.69 mn in the nine-month period under review. Borealis' results suffered from squeezed profit margins although this effect was mitigated by an increase in sales volume and improved plant operations.

Income from ordinary activities increased markedly by 42% to EUR 474.31 mn (1–9/00: EUR 333.09 mn). At EUR 154.04 mn **taxes on income** increased compared to the corresponding period last year, and the corporate tax rate rose from 28% to 32%. This is mainly due to the abolishment of an Austrian investment incentive, the lower results from Borealis (profits from this company generally reduce the average Group tax rate), and last year's benefit of the tax reform in Germany. Compared to Q2/01 the tax rate in Q3/01 at 27% was lower because of two reasons: firstly the unusually higher lifting quantities from Libya reduce the Group's tax rate because these earnings are not taxable in Austria, and secondly better earnings expectations for the use of the tax loss carry forwards for the deferred tax of our Chemicals activities. This led to a **net income** for the first nine months 2001 of EUR 320.27 mn which represents an increase of 33% (1–9/00: EUR 241.24 mn). Compared to the third quarter 2000, this year saw a decline of 16% to EUR 97.95 mn although this still represented a 3% improvement over Q2/01.

Balance sheet, capital expenditure and gearing

In the nine-month period, the Company's **balance sheet** remained strong. Total assets were stable at EUR 5.83 bn (December 31, 2000: EUR 5.83 bn). Similarly, fixed assets were also stable at EUR 3.92 bn (December 31, 2000: EUR 3.93 bn) because increases in the financial and intangible assets were compensated for by decreases in the tangible assets mainly due to the smaller number of fully consolidated companies. **Additions to fixed assets** amounted to EUR 390.11 mn (1–9/00: 434.05 mn), of which almost 80% resulted from additions to tangible assets (1–9/01: EUR 309.25 mn; 1–9/00: 354.82 mn). Additions to financial assets were EUR 55.21 mn (1–9/00: 62.22 mn) and additions to intangible assets were EUR 25.66 mn (1–9/00: 17.02 mn). **Current assets** increased marginally to EUR 1.73 bn (December 31, 2000: EUR 1.71 bn).

CAPEX down by 15%; focus on R&M, especially international Marketing

Capital expenditure slowed down, decreasing by 15% from EUR 416.90 to EUR 355.46 mn in the nine-month period. Of the total, 41% was invested in R&M, mainly in Marketing activities, and E&P and Gas received 24% and 21% respectively. The Corporate segment, including the financial investment in the Hungarian oil and gas company MOL of 10% that was reached during the first quarter of 2001, accounted for about 7%, and C&P 6% of the total.

Stockholders' equity improved by 10% mainly due to the strong earnings. The Group's **equity ratio** grew to 37% (December 31, 2000: 34%). Treasury stock increased to EUR 8.55 mn because of a share buy back of 26,000 shares in June and July (December 31, 2000: EUR 5.78 mn).

Liabilities decreased markedly not only because of the transfer of the long term special financing into deferred income but also because there were lower liabilities due to banks.

As of September 30, 2001, bank loans, overdrafts and Group clearing liabilities of EUR 597.40 mn (December 31, 2000: EUR 732,97 mn) compared with current financial assets and Group clearing receivables totaling EUR 240.90 mn (December 31, 2000: EUR 175.36 mn). Thus, **net debt** decreased markedly from EUR 557.61 mn to EUR 356.50 mn in the nine-month period. Consequently, the **gearing ratio** (net debt divided by stockholders' equity) also declined significantly from 28% at the end of 2000 to 17%.

Cash flows

Cash flow from operating activities grew significantly by 35%

Net cash provided by operating activities grew significantly from EUR 521.02 mn to EUR 703.70 mn. The increase resulted mainly from the growth in net income driven by the high results of the operating businesses, higher depreciation and non-cash earnings from deferred taxes. Sources of funds similarly showed a marked growth to EUR 570.53 mn (1–9/00: EUR 410.44 mn). This year's decrease in net working capital was higher at EUR 133.17 mn (1–9/00: decrease of EUR 110.58 mn), mainly due to increases in liabilities and short-term provisions, i.e. taxes, which added to the cash flow of operating activities.

Net cash used in investing activities decreased from EUR 351.47 mn to EUR 296.68 mn and included inflows from disposals of EUR 56.61 mn (1–9/00: EUR 57.92 mn).

Net cash used in financing activities grew to an outflow of EUR 320.25 mn (1–9/00: EUR 174.91 mn) due to a decrease in short term financing activities. Cash and cash equivalents increased by EUR 86.97 mn to EUR 208.93 mn since the beginning of the year at EUR 121.96 mn (1–9/00: increase of EUR 0.17 mn to EUR 152.24 mn).

US GAAP

The main differences between net income and stockholders' equity as reported under the Austrian Commercial Code (ACC) and US GAAP derive from differing standards for the valuation of assets and liabilities, for the treatment of changes in the basis of valuation and for the timing of the recording of transactions. The largest reconciliation items for both positions comprise eg depreciation, restructuring expenses, pensions, severance and jubilee payments, and the deferred tax adjustments on these items.

The stockholders' **equity** according to US GAAP increased to EUR 2.29 bn (December 31, 2000: EUR 2.12 bn), some 8% higher than the corresponding ACC equity of EUR 2.14 bn. The main positive reconciliation items were depreciation, restructuring and other provisions whereas deferred tax and pension, severance and jubilee payments adjustments decreased the equity. **Net income** according to US GAAP for the nine months 2001 was EUR 308.39 mn (1–9/00: EUR 229.57 mn) thus only marginally lower than the ACC net income of EUR 318.82 mn. The positive effect of deferred tax adjustments mitigated the impact of higher depreciation under US GAAP regulations. US GAAP net income for the third quarter of 2001 at EUR 101.76 mn equaled the corresponding figure in 2000 and surpassed the preceding second quarter 2001 by over 20%.

Personnel

Due to the inclusion of new companies and increased staff in international E&P, the OMV Group's **headcount** was quite stable at 5,754 employees as of the end of September 2001 compared to 5,757 at the end of 2000. Compared to the first nine months of last year, the headcount reduced by 3% from 5,913 people mainly due to early retirement programs and changes in the number of consolidated companies.

The businesses:

Exploration and Production (E&P)

Q3/01	Q3/00	in EUR million	1–9/01	1–9/00	1–12/00
63.82	104.73	EBIT	246.07	233.08	319.54
69.43	114.13	Clean EBIT	254.71	248.94	372.79

Overall demand for crude oil in the first nine months of 2001 rose by about 1% to 75.9 mn bbl/d compared to the same period last year. For the full year 2001 the IEA prognosis is 76 mn bbl/d. Global production rose by 1% to 76.9 million bbl/d. This is solely attributable to CIS, as OPEC production remained at last year's level. The average Brent crude price of USD 26.16/bbl for the first three quarters of 2001 is USD 1.93/bbl (7%) lower than 1–9/00. During this year the price fluctuated between USD 30.6/bbl in February and USD 19.7/bbl in October. The price reactions were largely the result of OPEC's frequent adjustments of production to reflect market conditions. Owing to the sensitive international political situation, OPEC pursued a cautious strategy of "wait and see" instead of strictly applying the price mechanism to stabilize the oil price in a bandwidth of USD 22–28/bbl. The US currency continued to be strong and the euro exchange rate remained stable over the second quarter, averaging 0.90 USD/EUR in 1–9/01. In comparison to the three quarters of the year 2000 (0.94 USD/EUR), the euro lost almost 5% of its value.

EBIT increased by 6% as a result of higher realized oil prices and a strong USD/EUR exchange rate

Segment sales in E & P were relatively stable at EUR 629.74 mn (1–9/00: EUR 636.35 mn). **EBIT** improved by 6% to EUR 246.07 mn (1–9/00: EUR 233.08 mn). The Company's average realized crude price in the first three quarters of 2001 rose to USD 26.16/bbl (1–9/00: USD 25.31/bbl). Another positive factor was the stronger US dollar.
Operating expenditure (OPEX) in the nine-month period of USD 4.71/boe was at about last year's level (1–9/00: USD 4.72/boe). The major contributors to earnings were the Company's domestic, Libyan and UK operations. Exploration costs for the nine months almost doubled to EUR 55.58 mn (1–9/00: EUR 28.65 mn), due to additional activities in Austria, Libya, Ireland and Sudan.

Compared on a quarterly basis, EBIT in Q3/01 decreased by 39% over Q3/00 to EUR 63.82 mn mainly as a result of the significantly lower realized crude oil price, lower production levels and increased exploration activities. The decline compared to Q2/01 at EUR 83.02 mn is attributable to lower price levels and to higher OPEX, which fluctuate with the progress of ongoing projects and therefore cannot be evenly allocated over the four quarters. Sales volume was higher than in Q2/01 stemming from differing quarterly lifting schedules. The storage fee that is charged by E&P to the Gas business has been increased in the course of the asset splitting during the spin off of the Gas business into a wholly owned subsidiary. It reflects the fair operating and capital cost associated with these storage assets, which remain in E&P. In the third quarter the cumulative amount of EUR 7 mn included and an addition of EUR 10.4 mn is expected for the full year. Therefore the storage fee in 2000 of EUR 19.6 mn (see Annual Report 2000, p. 83) will be increased to about EUR 30 mn.

Development of the Patricia Baleen gas field in Australia started; two more exploration licenses in the UK

Total production of oil, NGL (natural gas liquids) and gas rose by about 1% to 21.08 mn boe (1–9/00: 20.88 mn boe) representing a daily production rate of almost 77,000 boe/d (1–9/00: about 76,000 boe/d). Oil and NGL production was at last year's level of 14.75 mn bbl (1–9/00: 14.77 mn bbl). Higher output in Libya compensated for lower production in Australia and the UK. Gas production rose by almost 4% to 37.94 bcf (1–9/00: 36.65 bcf) due to an increase in domestic and UK volumes which compensated for the decline in Australian gas production.

In September the development of the Patricia Baleen gas field in Australia began with the first gas scheduled for delivery by September 2002. In the UK OMV obtained working interests in two exploration licenses which were awarded in the 19th license round.

Gas

Q3/01	Q3/00	in EUR million	1–9/01	1–9/00	1–12/00
20.68	24.59	EBIT	78.91	77.40	104.97
20.70	25.63	Clean EBIT	79.48	78.93	111.95

In the first three quarters of 2001, the consumption estimates of natural gas in Austria were approximately 5.3 bcm, a growth of 5% compared to last year. The cold weather conditions led to additional consumption by power plants and domestic users.

Segment sales of Gas increased by 15% in the period under review to EUR 964,39 mn (1–9/00: EUR 837.02 mn), mainly as a result of the higher gas prices that traditionally lag behind the crude price development on the world market. This led to higher revenues, in particular in the gas supply business.

On a quarterly basis, EBIT in the third quarter 2001 declined by almost 16% to EUR 20.68 mn versus the third quarter 2000 where EBIT reached EUR 24.59 mn. This decline is attributable to the higher storage fee which have been increased in the course of the asset splitting during the spin off as explained above in the E&P section. However this effect was partly offset by the improved performance in gas supply and marketing. Earnings in Q3/01 lagged behind Q2/01 due to the above mentioned higher storage fee, but sales volume and import revenues increased in line with the long-term seasonal demand patterns.

Favorable market conditions and good cost position lead to a strong performance in all business units

This was also the main reason for the slight improvement in **EBIT** which increased by 2% to EUR 78.91 mn (1–9/00: EUR 77.40 mn). All three business units – supply, carrier and marketing – showed a strong performance compared to the first three quarters of 2000 mainly due to a good cost position and favorable market conditions.

Over the first nine months of 2001 **import volumes** of 4.24 bcm were slightly above last years' volume (1–9/00: 4.23 bcm). The same trend was noted in sales volume (excluding own production), which slightly increased from 4.02 bcm to 4.04 bcm. When comparing third quarter volumes, import and sales volumes both increased by more than 2%. As of September 30, physical **storage** levels of gas reserves held for OMV customers decreased to 1.32 bcm (1–9/00: 1.45 bcm). The new **marketing** unit continued to prepare the ground for strengthening its position in the market with attractive proposals for existing and potential customers. By the beginning of October 2001 the first stage of the TAG Loop II has been completed, thus increasing the transport capacity of this system by 3 bcm.

Extraordinary General Meeting approved the spin off of OMV's Gas segment into a wholly owned subsidiary

At the Extraordinary General Meeting held on September 20, shareholders approved the spin off of OMV's Gas segment into a wholly owned subsidiary, effective as of December 31, 2000. The new company OMV Erdgas GmbH will cover gas transmission, storage and trading. This spin-off will bring a number of benefits for the OMV Group. Increased flexibility and swifter reactions to market opportunities will open the way for the long-term growth of OMV's gas business in the liberalized gas market. It will enhance opportunities for potential joint ventures, particularly in trading and distribution, aimed at expanding gas sales to large consumers in Austria and abroad. The production of gas and associated extraction activities as well as gas storage facilities are to remain with OMV Aktiengesellschaft.

In order to further align the corporate structure of the gas transports via the Trans-Austria-Gasleitung with the EU gas directive and the Austrian Gas Act, and in order to adapt to a liberalized gas industry, the following changes in corporate structure are envisaged: The transportation rights now held by TAG FINCO (headquartered in Hamilton/Bermudas; with shareholders SNAM 91.5% and OMV 8.5%) will be transferred to Trans-Austria-Gasleitung Gesellschaft m.b.H., headquartered in Vienna and 11% owned by OMV and 89% by SNAM. The new structure will ensure a direct response by local partners to transport inquiries. This transfer ultimately does not affect OMV's earnings situation, and ownership of the TAG-assets consisting of the pipeline system and the compressor stations will remain with OMV Erdgas GmbH. The filings required under Austrian competition law have been initiated already.

Refining and Marketing (R&M)

Q3/01	Q3/00	in EUR million	1–9/01	1–9/00	1–12/00
61.16	37.61	EBIT	177.48	61.45	79.21
72.87	44.93	Clean EBIT	203.61	83.31	191.71

Total demand in the Group's market for petroleum products increased, and the various product groups showed differing trends. **Austrian** consumption in the first nine months of 2001 is estimated to have grown to about 8.2 mn t (1–9/00: 7.8 mn t), thus compensating for the low purchases of last year induced by high prices. The growth was again recorded in middle distillates consumption only, with an increase in diesel of 5% and a marked increase in extra light heating oil by about 24%. Gasoline declined by about 4%. In **Germany** consumption estimates suggest another increase of about 2%, also mainly due to higher fuel oils sales. Gasoline and diesel sales continued to decrease. In **Central and Eastern Europe**, a stable market volume is expected with decreases in fuel oils but small increases in gasoline and diesel in the period under review. Hungary and the Czech Republic are likely to have seen a decrease in demand, consumption in Slovenia is expected to have been stable, and the other countries are likely to have shown a moderate growth of up to 2%.

Refining volumes returned to normal after the successful completion of the scheduled turnarounds in 2000

The **segment's sales** figure increased by 3% to EUR 4,304.24 mn (1–9/00: EUR 4,175.48 mn) due to higher product prices and sales volume. After the successful completion of the scheduled turnarounds of some refinery plants last year, volumes returned to normal levels in 2001. The change of the catalyst in the fluid catalytic cracker (FCC) at the Schwechat refinery was successfully completed from mid August to mid September 2001 and the plant now runs smoothly. This plant shutdown is estimated to have had an impact of about EUR 15 mn.

EBIT in R&M again improved markedly and stood at EUR 177.48 mn for the first nine months of 2001 (1–9/00: EUR 61.45 mn). This increase was mainly due to the robust bulk business, which was helped by the strong demand for middle distillates as the cold season began. The main drivers for the substantial improvement over the corresponding period last year were higher margins and volume sales in the bulk business, the growth in marketing, and the strong result in petrochemicals.

Satisfactory sales volume increase by 12%, especially in the international commercial business

The EBIT contribution of **petrochemicals** was EUR 71.31 mn with increased volumes compensating for the decrease in margins (1–9/00: EUR 56.22 mn). The comparison between the third quarter of 2001 and that of 2000 shows the same fundamental reasons for the increase, with the exception of petrochemicals where the decline in margins has continued and even the significantly increased sales volume could not compensate. When compared to the preceding quarter in 2001, the effect of lower margins and quantities sold are evident.

In **Marketing** conditions continued to improve compared to last year and therefore the quarters have consistently shown improved contributions. Of the total, the larger portion stems from the Group's international activities, in particular from commercial business.

Refining sales volume increased by 10% to 8.91 mn t (1–9/00: 8.14 mn t) due to the completion of last year's program of turnaround stops. Schwechat sold 6.46 mn t, including exports, petrochemicals and third party processing, an increase of 8% (1–9/00: 6.00 mn t). Burghausen sold 2.66 mn t, an increase of 15% (1–9/00: 2.45 mn t). Exports from Schwechat, mainly to our CEE marketing subsidiaries, showed a remarkable increase of 20% to 1.09 mn t (1–9/00: 0.91 mn t). OMV's refining crude input increased to 9.24 mn t and capacity utilization grew to 95% (1–9/00: 89%). The utilization rate in Schwechat rose to 93% (1–9/00: 87%) and Burghausen was again above full capacity (1–9/00: 93%). Crude input for third party processing in Schwechat decreased seasonally by 4% to 1.36 mn t (1–9/00: 1.42 mn t).

In **Marketing**, sales volume by the consolidated domestic and international companies increased by about 12% to 5.80 mn t (1–9/00: 5.17 mn t). Both the filling station and the commercial businesses contributed to this growth, with the main driver being the commercial business abroad. International sales volume increased markedly by 18% to 3.31 mn t (1–9/00: 2.81 mn t) and in Austria, total sales volume increased by 8% from 2.36 mn t to 2.49 mn t. The revitalized demand improved margins and volumes because consumers were not waiting any longer to replenish their fuel oil stocks. Austrian retail margins however came under pressure compared to the first nine months of last year.

OMV retail network with more than 600 international retail stations

Since the end of 2000, the Group's total **retail network** increased by 2 to a total of 1,138 stations. The planned closures of Austrian stations were compensated for by the international expansion. Since the end of 2000, 9 new stations were added in Romania. Italy saw 6 new OMV stations and 5 outlets were finished and put on the market in Bulgaria. After closures, the international network grew by a total of 14 stations. Compared to September 30, 2000 with 560 domestic and 572 international stations, at the end of September 2001 there were 536 Austrian and 602 international stations in operation. 6 new stations were added in the third quarter of 2001 (Q3/00: increase of 4 OMV stations).

According to preliminary figures, the average retail **market share** held by the OMV Group was stable at approximately 15%, with Austrian market share at about 20% and the international retail market share at about 12%.

Chemicals and Plastics (C&P)

Q3/01	Q3/00	in EUR million	1–9/01	1–9/00	1–12/00
11.96	3.65	EBIT	35.69	10.35	35.47
11.76	2.70	Clean EBIT	35.29	10.71	28.57

Increased product prices and margins caused EBIT improvement

Order levels and sales volume for **fertilizers** recovered from July and entirely compensated for the losses seen in the half year 2001. In addition, the permanent closure of about 4 mn t of production capacity in Western Europe helped to stabilize the price levels in the calcium ammonium nitrate and compound fertilizers markets. Demand for **melamine** in Q2/01 and especially in Q3/01 was significantly lower than in 2000 due to the current weak economic outlooks in the European and American markets. Nevertheless, prices continue to be at high levels.

Melamine revenues rose due to the continued high price levels which began to rise in the last quarter of 2000 but are now slowly falling again. The high prices more than compensated for the reduced sales volumes in comparison to 1–9/2000, mainly caused by lower demand from the European wood processing industry.

In the beginning of August, Agrolinz Melamin GmbH signed an agreement to construct a new melamine plant in Germany using its newest proprietary production technology, thus strengthening its global position.

Start of new melamine plant in Germany using the newest proprietary production technology

Segment sales in C&P rose by 7% to EUR 326.70 mn (1–9/00: EUR 305.29 mn) as a result of the recovered sales volume in fertilizers and higher product prices. Following the trend seen in the first half of the year, **EBIT** more than tripled to EUR 35.69 mn (1–9/00: EUR 10.35 mn) predominantly as a result of higher margins.

Compared to Q3/00, the result of the third quarter of 2001 more than trebled, reflecting these improved margins.

The **fertilizer** business unit developed in line with the industry and sales volume decreased by 13% compared to 1–9/00. The markedly falling sales in the first half of the year resulting from the bad weather conditions were fully offset in Q3. However, revenues improved significantly, in particular due to calcium ammonium nitrate.

In Plastics, the **geo-textile** business saw a marked increase in sales volume of 7% in the first nine months of

2001. This was offset by the pressure on margins resulting from the polypropylene prices which remained relatively high despite the decline in comparison with Q2/01. Overall, this led to a stable contribution to segment results, which increased by 15% compared to last year.

Outlook for 2001

Improved full year results expected; Q4/01 not likely to match Q3/01 due to lower oil, gas and monomer prices as well as pressure on Rotterdam bulk margin

The strong results over the first nine months and the robust results in the third quarter of the year reflect both the favorable environment, especially in the first half of 2001, and the benefits of cost reductions. This is supported by a continuous organic growth of the businesses. The management expects that it will significantly improve the Company's reported full year results of last year and that clean earnings levels could be close to the exceptionally good figures seen in 2000. The fourth quarter result is expected to follow the trend seen over the last quarters, and is therefore unlikely to match the third quarter. Management assumes lower average oil and gas prices, petrochemicals feedstock advantages that are partially offset by lower monomer prices, and Rotterdam bulk margin at low levels.

Focus on CAPEX towards growth, restructuring programs, and efficiency increases

In **E&P**, the impact of the dramatic fall in crude oil prices can only be partly offset will be mitigated by a stronger US Dollar and seasonally higher gas sales volume in Q4/01. the positive effects of lower production costs. Along with the production increase it should help to produce a comparable result to last year. The seasonally higher gas sales volume in Q4/01, in spite of the expectation of lower prices, should support the results. The factors influencing the **Gas** business are expected to remain largely unchanged from those experienced in 2000. Lower trading income should be largely offset by better earnings from transportation. In **R&M**, both business fields should improve their profitability. Petrochemical margins are anticipated to recover in the fourth quarter, and the absence of the large maintenance shutdowns and one-time charges witnessed in 2000 should lead to a significant overall improvement in Refining earnings this year. OMV anticipates higher earnings from Marketing in 2001 principally as a result of a better performance by the international subsidiaries and their investments in growth. Current trading conditions indicate a marked rise in earnings in the **C & P** segment. The low prices of plant nutrients, melamine and urea seen in recent years have recovered significantly, although continued slow demand is expected for the remainder of the year.

At-equity income from the stake in Borealis is expected to be well below last year's level. Borealis will face lower demand during the last quarter and margins will remain under pressure, further demonstrating the cyclical downswing in 2001.

Capital expenditure plans remain unchanged for the next three years, with about 70% of total capital expenditure (CAPEX) of EUR 2.00 bn being scheduled for R&M – mainly reserved for international Marketing – and E&P and about 20% for Gas. For 2001 CAPEX (excluding any acquisitions) is likely to be slightly lower than the annual average of the three-year-budget due to delays in some development projects in E&P and in some projects in R&M. The focus is directed towards growth, restructuring programs, and efficiency increases. These remain the management's strategic cornerstones aimed at improving OMV's earning power.

Vienna, November 8, 2001
The Executive Board

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Financial calendar:

Full year and fourth quarter results 2001	March 7, 2002
Results for January–March and first quarter 2002	May 14, 2002
Annual General Meeting	May 24, 2002
Results for January–June and second quarter 2002	August 13, 2002
Results for January–September and third quarter 2002	November 12, 2002
Full year and fourth quarter results 2002	Early March 2003

Concept and content:
OMV Aktiengesellschaft,
Investor Relations

Interim Report January–September 2001

Statements according to ACC in EUR

1 EUR = ATS 13.7603; rounded figures sometimes do not add up

Q3/01	Q3/00	Sales in EUR 1,000	1–9/01	1–9/00	FY 2000
205,613	241,455	E & P	629,735	636,352	954,027
285,978	274,238	Gas	964,393	837,024	1,242,546
1,397,272	1,668,292	R & M	4,304,236	4,175,476	5,625,292
115,926	98,988	C & P	326,695	305,291	426,895
53,596	1,098	Corporate and Other	64,165	8,365	10,051
2,058,385	**2,284,071**	**Segment subtotal**	**6,289,224**	**5,962,508**	**8,258,810**
(200,845)	(219,664)	less: internal sales	(516,384)	(565,038)	(804,342)
1.857,540	**2,064,407**	**OMV Group**	**5,772,840**	**5,397,470**	**7,454,468**

Q3/01	Q3/00	EBIT in EUR 1,000	1–9/01	1–9/00	FY 2000
63,820	104,729	E & P	246,073	233,076	319,535
20,678	24,585	Gas	78,912	77,404	104,969
61,161	37,608	R & M	177,482	61,452	79,213
11,963	3,648	C & P	35,690	10,349	35,472
(11,467)	(13,873)	Corporate and Other	(28,159)	(32,310)	(48,696)
146,155	**156,697**	**Segment subtotal**	**509,998**	**349,971**	**490,49**
17,135	21,905	Special items	34,935	45,421	176,732
5,607	*9,398*	*thereof: E & P*	*8,635*	*15,860*	*53,255*
21	*1,046*	*Gas*	*570*	*1,527*	*6,983*
11,708	*7,319*	*R & M*	*26,130*	*21,857*	*112,498*
(200)	*(945)*	*C & P*	*(400)*	*363*	*(6,904)*
0	*5,087*	*Corporate and Other*	*0*	*5,814*	*10,900*
163,290	**178,602**	**OMV Group clean**	**544,933**	**395,392**	**667,225**

Q3/01	Q3/00	Consolidated statement of income in EUR 1,000	1–9/01	1–9/00
2,341,691	**2,473,959**	**Sales including excise petroleum tax**	**7,163,632**	**6,573,937**
(484,151)	(409,555)	Petroleum excise tax	(1,390,792)	(1,176,470)
1,857,540	**2,064,404**	**Sales excluding excise petroleum tax**	**5,772,840**	**5,397,467**
(25,409)	(21,103)	Direct selling expenses	(73,628)	(64,637)
(1,561,096)	(1,749,039)	Cost of goods sold	(4,812,475)	(4,613,780)
271,335	**294,262**	**Gross profit**	**886,737**	**719,050**
17,510	17,297	Other operating income	33,113	33,559
(65,254)	(65,658)	Selling expenses	(198,342)	(193,890)
(31,445)	(50,115)	Administrative expenses	(97,068)	(114,795)
(14,370)	(9,528)	Exploration expenses	(44,684)	(22,886)
(5,367)	(4,215)	Research and development	(15,881)	(12,844)
(26,254)	(25,044)	Other operating expenses	(53,877)	(58,222)
146,155	**156,699**	**Earnings before interest and tax**	**509,998**	**349,972**
(12,066)	(6,348)	Financial expenses	(35,690)	(16,887)
134,089	**150,351**	**Income from ordinary activities**	**474,308**	**333,085**
(36,136)	(33,968)	Taxes on income	(154,042)	(91,848)
97,953	**116,383**	**Net income for the period**	**320,266**	**241,237**

Statements according to ACC in EUR

rounded figures, sometimes do not add up

Q3/01	Q3/00	Summarized statement of cash flows in EUR 1,000	1–9/01	1–9/00
97,953	116,383	Net income for the period	320,266	241,237
98,757	62,667	Depreciation and other	250,266	169,200
196,710	179,050	Sources of funds	570,532	410,437
(73,482)	(16,368)	Decrease (increase) in net working capital	133,170	110,585
123,228	**162,682**	**Net cash provided by operating activities**	**703,702**	**521,022**
(81,114)	(204,389)	Capital expenditure	(353,283)	(409,387)
13,688	6,359	Proceeds from the sale of fixed assets and subsidiaries	56,606	57,916
(67,426)	**(198,030)**	**Net cash used in investing activities**	**(296,677)**	**(351,471)**
(11,213)	**(22,159)**	**Net cash used in financing activities**	**(320,245)**	**(174,907)**
(3,944)	3,411	Effect of exchange rate changes	185	5,523
40,545	(54,096)	Net increase (decrease) in cash and cash equivalents	86,965	167
168,383	206,340	Cash and cash equivalents at beginning of period	121,964	152,077
208,929	152,244	Cash and cash equivalents at end of period	208,929	152,244

Consolidated balance sheet in EUR 1,000 **Assets**	Sept. 30, 2001	Dec. 31, 2000
A. Fixed assets		
I. Intangible assets	120,217	115,448
II. Tangible assets	2,886,611	2,946,428
III. Financial assets	912,368	867,021
	3,919,196	**3,928,897**
B. Current assets		
I. Inventories	443,014	422,523
II. Accounts receivable and other assets	1,032,947	1,111,634
III. Cash in hand and cash at bank, securities	249,419	171,264
	1,725,380	**1,705,421**
C. Deferred taxes	149,218	167,289
D. Prepaid expenses and deferred charges	34,187	32,210
	5,827,981	**5,833,817**

Stockholders´ equity and liabilities in EUR 1,000	Sept. 30, 2001	Dec. 31, 2000
A. Stockholders´ equity		
I. Capital stock	196,290	196,290
II. Capital and revenue reserves, unappropriated income	1,936,116	1,742,582
III. Treasury stock	8,549	5,775
IV. Minority interests	23,591	23,077
	2,164,546	**1,967,724**
B. Provisions		
I. Provisions for severance payments and pensions	717,187	719,847
II. Other provisions	441,782	400,502
	1,158,969	**1,120,349**
C. Liabilities	1,841,551	2,412,244
D. Accrued decommissioning and restoration costs	220,453	222,329
E. Deferred income	442,462	111,171
	5,827,981	**5,833,817**

US GAAP reconciliation of net income and stockholders' equity

rounded figures, sometimes do not add up

Stockholders' equity Sept. 30, 2001	Dec. 31, 2000	US GAAP reconciliation in EUR 1,000	Net income 1–9/01	1–9/00	FY 2000
2,164,546	**1,967,724**	**Equity and net income according to ACC**	**320,266**	**241,237**	**322,562**
(23,591)	(23,077)	Income attributable to minority interests	(1,447)	(570)	(1,448)
2,140,955	**1,944,647**	**Equity and net income after minority interests**	**318,819**	**240,667**	**321,114**
166,128	195,697	Depreciation of fixed assets (other than E & P)	(29,569)	(30,605)	(40,334)
40,528	41,021	Depreciation of fixed assets in E & P	(440)	(775)	2,674
(8,549)	(5,775)	Treasury stock	(704)	–	704
(1,609)	(3,217)	Sale and leaseback	1,608	1,608	2,143
(13,201)	(13,838)	Purchases of associates	676	762	1,016
(55,278)	(60,154)	Severance payments, pensions and jubilee payments	4,876	(4,749)	2,974
74,522	74,945	Restructuring costs	(423)	–	74,945
57,264	53,901	Other provisions	3,371	2,688	(2,123)
224	2,588	Foreign currency translations and transactions	(2,363)	293	1,840
(24,984)	(1,940)	Securities	(4,329)	143	766
7,501	–	Derivative instruments	7,648	16,522	16,635
1,044	2,017	Changes in accounting principles: plant upgrades	(973)	(8,921)	(11,894)
(96,894)	(113,023)	Deferred taxes	10,196	11,940	(11,524)
146,696	**172,223**	**Total reconciliation**	**(10,426)**	**(11,094)**	**37,822**
2,287,651	**2,116,870**	**Equity and net income according to US GAAP**	**308,393**	**229,573**	**358,935**