OMV

Letter to stockholders

Results for January–December and fourth quarter 2003

Q4/03	Q4/02	%	in EUR million (mn)	2003	2002	%
167	183	(8)	**Earnings before interest and tax (EBIT)**	644	495	30
208	177	18	**Clean EBIT**	705	502	40
90	120	(25)	**Net income**	393	322	22
116	107	9	**Clean net income**	433	329	32

- **Volume growth drives OMV to record results**

- **EBIT** for the full year 2003 increased by 30% to EUR 644 mn due to markedly improved margins and higher sales volumes in Refining and Marketing as well as higher oil and gas production (2002: EUR 495 mn). The effect of the increased crude oil prices in Exploration and Production was substantially reduced by the stronger euro (EUR) exchange rate versus the US dollar (USD).

- **Exploration and Production** (E & P) benefited from significantly increased production volumes; the strong performance in **Refining and Marketing** including petrochemicals (R & M) reflected the substantial improvement in bulk and basic petrochemicals margins and an increase in sales volumes compared to last year; in **Gas**, EBIT was impacted by the new domestic transport tariff regulations and the trading being within EconGas instead of OMV Erdgas; in **Chemicals**, lower margins and the effects of the weaker US dollar were compensated for by increased sales volumes.

- **Consolidated sales** in the full year 2003 increased by 8% to EUR 7,644 mn compared to last year (2002: EUR 7,079 mn), mainly due to the BAYERNOIL and Preussag acquisitions as well as increased price levels.

- **Net income** increased by 22% to EUR 393 mn in 2003 (2002: EUR 322 mn). EPS (excluding minorities) were EUR 14.60 (2002: EUR 11.85) with clean EPS of EUR 16.10 (2002: EUR 12.08). Due to a very strong fourth quarter last year and the inclusion of special items this year net income for the fourth quarter 2003 declined by 25%, clean numbers however showed an increase of 9%.

- During the last quarter of the year under review OMV again completed another acquisition. The earlier acquisitions of the E&P assets of Preussag and the downstream assets of BAYERNOIL/BP were complemented by 139 Avanti retail stations. Furthermore OMV became the largest international gas operator in Pakistan after the beginning of full operation at the gas field Sawan.



Oil Gas Marketing Refining Chemicals Plastics

Wolfgang Ruttenstorfer, CEO of OMV, commented: **"These outstanding results show that OMV's growth strategy is paying off. Our goal remains to continue growing dynamically and profitably as an integrated oil and gas company. Our strategy is producing benefits, and we have now taken a major step towards reaching our goal of doubling our Group's size by 2008."**

Segmental highlights:

E & P: Acquisition of the international E & P portfolio of Preussag Energie GmbH successfully completed; sale of two exploration blocks in Sudan initiated; increased production of the Sawan gas field in Pakistan.

R & M: Inclusion of results for 6 months of BAYERNOIL/BP acquisition from Deutsche BP AG; purchase of 139 Avanti filling stations closed as of October 31, 2003.

Gas: EconGas GmbH well established and Gas business capitalizes on full value chain operations in Austria and abroad after start of market liberalization.

Chemicals: Improving market conditions led to increasing sales volumes, melamine capacity expansion well on track.

Key figures

Q4/03	Q4/02	%	in EUR million (mn)	2003	2002	%
167	183	(8)	**EBIT** [1]	644	495	30
208	177	18	**Clean EBIT** [2]	705	502	40
140	172	(19)	**Income from ordinary activities**	596	474	26
90	120	(25)	**Net income**	393	322	22
116	107	9	**Clean net income** [2]	433	329	32
103	98	5	**Net income according to US GAAP**	372	301	23
2,039	1,943	5	**Sales** [3]	7,644	7,079	8
247	158	56	**Cash flow** [4]	939	581	62
3.30	4.46	(26)	**EPS ACC** in EUR	14.60	11.85	23
4.30	3.97	8	**EPS ACC clean** in EUR	16.10	12.08	33
3.80	4.32	(12)	**EPS US GAAP** in EUR	13.33	11.21	19
9.19	5.90	56	**CFPS** in EUR [4]	34.95	21.60	62
6,137	5,828	5	**Employees** as of Dec. 31	6,137	5,828	5

[1] earnings before interest and tax
[2] adjusted for special, non-recurring items
[3] sales excluding petroleum excise tax
[4] net cash provided by operating activities

Dear stockholders,

OMV, the Central European oil and gas group, announces its financial results for the full year and the fourth quarter (Q4/03) ended December 31, 2003.

The strong fourth quarter in 2003 helped to achieve record results of EBIT of EUR 644 mn and net income of EUR 393 mn, mainly due to strong refining margins and — compared to the third quarter 2003 — stable results of the other businesses.

The **full year 2003** showed substantially improved results over the same period last year due to significantly improved margins and higher sales volumes in R&M, higher oil and gas production and stable income from Chemicals. These factors led to a 30% increase in EBIT to EUR 644 mn (1–12/02: EUR 495 mn). Clean EBIT rose by 40% to EUR 705 mn (1–12/02: EUR 502 mn). Net income showed an increase of 22% to EUR 393 mn (1–12/02: EUR 322 mn) and clean net income grew by 32% to EUR 433 mn (1–12/02: EUR 329 mn). Unfavorable exchange rate movements, mainly the US dollar versus the euro and higher interest charges negatively impacted net income. Although the results from the new investments were not fully accounted for, profitability improved again: ROACE for the Group increased from 11% to 12%, clean ROACE increased to 13%; ROfA was stable at 16%, and ROE increased from 14% to 15%.

Similarly, clean results for the **fourth quarter 2003** (Q4/03) have shown improvements: clean EBIT was EUR 208 mn, up by 18%, and clean net income was EUR 116 mn, up by 9% (Q4/02: EUR 177 mn and EUR 107 mn). Including special charges, the reported EBIT was down in Q4/03 by 8% to EUR 167 mn, and reported net income declined by 25% to EUR 90 mn.

The Executive Board will recommend a **dividend** of EUR 4.00 for 2003, to be approved at the Annual General Meeting on May 18, 2004. The increase over last year's dividend of EUR 3.50 is 14%.

Economic environment: oil prices (Brent) and exchange rates (EUR/USD)

After the previous year's stagnation **world oil demand** returned to growth, climbing by 1.4 mn bbl/d or 1.8% to 78.4 mn bbl/d. OECD countries accounted for 0.8 mn bbl/d of the increase and China for 0.6 mn bbl/d. **World crude production** rose twice as fast as demand. Output was 2.8 mn bbl/d or 3.6% up on 2002, at 79.3 mn bbl/d. After throttling back production in 2002 OPEC members pumped 30.5 mn bbl/d, lifting their market share to more than 38%. Output from Saudi Arabia, Iran and Kuwait hit record levels, more than compensating for production stoppages in Venezuela and Iraq (almost 1 mn bbl/d). Russia stepped up production by 10%. World crude inventories swelled by 0.9 mn bbl/d.

Crude prices were mainly driven by psychological factors, rather than fundamentals. Spot Brent averaged USD 28.84/bbl — 15% up on 2002. Prices peaked at almost USD 35/bbl in mid-March, shortly before the start of the Iraq conflict. Increases in the OPEC output ceiling in January and February prevented a sharper price spike. After the outbreak of hostilities the oil price briefly dipped below the USD 23/bbl mark, but market expectations of a rapid restoration of security and quick repairs to the oil infrastructure in Iraq were not fulfilled. Oil prices remained at relatively high levels in the second half of the year. The Brent price in the fourth quarter of 2003 (Q4/03) was USD 29.42/bbl, an increase of almost 10% compared to last year's fourth quarter price of USD 26.78/bbl. **Rotterdam petroleum**

product prices only firmed slightly, as higher dollar prices were largely offset by the sliding US dollar exchange rate. Only automotive diesel recorded significant gains on a euro basis, putting on 12%.

The US dollar (USD) weakened steadily during the year, with the euro rising to above parity and averaging USD 1.131 for 1 EUR in 2003 (2002: USD 0.946). The average **exchange rate** in Q4/03 was 1.189 USD for 1 EUR (Q4/02: USD 1.0).

Business segments: Exploration and Production (E & P)

Q4/03	Q4/02	%	in EUR mn	2003	2002	%
69.04	79.51	(13)	EBIT	303.23	256.14	18
103.34	93.72	10	Clean EBIT [1]	343.78	261.75	31

[1] Special net charges are added back to EBIT; charges/income in 2003 relate to legal changes in Austria impacting pension plans, personnel restructuring costs, asset write-downs as well as asset sales and pension fund performance.

The acquisition of the international E&P portfolio from **Preussag Energie** of EUR 295 mn closed on June 23 backdated to January 1, 2003. The ultimate price for the assets was reduced by a refund of EUR 9 mn on assets in Qatar and by the on sale of a 10% share of Pohokura, a gas field in New Zealand which should come on stream in late 2006. This acquisition has added 77 mn boe of proved and 172 mn boe of proved and probable oil and gas reserves and a current production of 20,000 bbl/d. The new licenses, exploration, and production sites are predominantly located in OMV's existing core E & P regions, providing an optimal fit with the Group's portfolio and growth strategy. It enables the Group to achieve some 80% of its 2008 target production of 160,000 boe/d through its current E & P portfolio, after allowing for the assets of the non-core regions to be disposed of.

Segment sales in E & P increased by 18% to EUR 864.42 mn (2002: EUR 733.90 mn) mainly as a result of significantly higher production volumes and crude prices. The Company's average realized crude price in 2003 increased by 11% to USD 26.62/bbl (2002: USD 23.98/bbl).

EBIT increased by 18% to EUR 303.23 mn (2002: EUR 256.14 mn). In the period under review special charges were EUR 40.55 mn, relating mainly to write-downs in Albania and Australia and to personnel restructuring, and therefore clean EBIT was EUR 343.78 mn (2002: EUR 261.75 mn). The strong EBIT growth is predominately due to significantly higher oil and gas production volumes; the higher realized crude oil prices in 2003 were more than offset by a higher EUR/USD exchange rate, with the euro gaining by 20% in value. The major contributors to earnings were the Company's Austrian, Libyan and UK operations with positive contributions also from New Zealand and for the first time from Pakistan. The contribution from the Preussag acquisition was approximately EUR 21 mn after start-up costs of about EUR 6 mn, thus leading to a result before costs of EUR 27 mn. The joint venture partners for the Patos Marinza oil field in Albania, which was part of the Preussag portfolio, agreed after intensive discussions that the field was not able to achieve commercial production at forecasted rates. It was decided to cease their activities with effect from March 31, 2004, and in consequence OMV wrote off EUR 14.55 mn relating to this investment.

Production costs excluding royalties (OPEX) in 2003 increased to USD 5.24/boe (2002: USD 5.01/boe). Higher production volumes from fields with relatively low production costs could not compensate for the adverse effect of the weaker USD exchange rate and exchange rate movements in the UK between USD and sterling. However production costs in EUR terms would have actually declined by 13%.

Exploration expenditure increased by 30% to EUR 93.05 mn (2002: EUR 71.58 mn), due to an overall increased level of exploration activities, as well as additional exploration obligations from the Preussag assets.

Total production of oil, NGL (natural gas liquids) and gas rose by 43% to 43.6 mn boe representing an average production rate of 120,000 boe/d (2002: 30,45 mn boe or 83,000 boe/d). When eliminating the effect of the Preussag acquisition, the Group's E&P portfolio still showed a strong production increase of 19%. The Company is well on track to achieve its target oil and gas production of 160,000 boe/d by 2008. **Oil and NGL production** of 28.3 mn bbl was 45% above last year's level of 19.5 mn bbl, mainly due to the inclusion of the Preussag assets at some 20,000 bbl/d. The like-for-like comparison without the Preussag assets shows a production growth of 6%, as a result of higher production in New Zealand and higher output in Libya, where OPEC quotas have been increased. **Gas production** increased by 39% to 91.17 bcf or 2.44 bcm (2002: 65.47 bcf or 1.75 bcm) due to additional production from the fields Maui (New Zealand), Patricia Baleen (Australia), Miano (Pakistan), Jade and Skene (UK) as well as from the new field Sawan in Pakistan. **Proved reserves** rose by 20% from 343 mn to 410 mn boe, mainly due to the acquisition.

Compared to Q4/02, **EBIT in Q4/03** decreased by about 13% to EUR 69.04 mn from EUR 79.51 mn, however **clean EBIT** in Q4/03 increased by 10% to EUR 103.34 mn from EUR 93.72 mn reflecting special charges of EUR 34.30 mn relating mainly to write-downs. The positive effect of higher production volumes was partly offset by the higher EUR/USD exchange rate and higher exploration expenditure (Q4/03: EUR 23.95 mn; Q4/02: EUR 21.05 mn). The average realized crude price in the fourth quarter slightly increased to USD 26.87/bbl (Q4/02: USD 26.22/bbl). Production costs excluding royalties (OPEX) in Q4/03 of USD 5.24/boe were higher than in the comparable quarter last year (Q4/02: USD 4.61/boe) as significantly higher production volumes from fields with relatively low production costs could not compensate the effect from the weaker USD exchange rate. Also, as these costs fluctuate with the progress of ongoing projects, they cannot be evenly allocated over the four quarters. Production in Q4/03 increased by 30% from 98,000 boe/d in Q4/02 to 127,000 boe/d, in large part due to the Preussag acquisition. Excluding Preussag, production volumes were up by 8% mainly due to the additional production from Pakistan, New Zealand and Libya.

One of the **operational highlights** of Q4/03 was the inauguration of the **Sawan** gas field operated by OMV in southern Pakistan on October 22. The development of the Sawan natural gas field took place in two steps, for both of which supply contracts exist with the Pakistani gas transmission companies Sui Southern Gas Company and Sui Northern Gas Pipelines. The production start-up with a daily sales volume of 4.5 mn m³ was in June 2003 and with the beginning of the second phase production in October, the field now has a daily output of 9 mn m³ or 340 scf/d. OMV is now Pakistan's biggest international gas operator and this country is clearly a core E&P region for OMV (further information at www.omv.com/investor-relations >Data Desk >News Release from October 22, 2003).

Also at the end of October the government of Pakistan awarded a petroleum exploration license to a consortium comprising OMV (Pakistan) Exploration G.m.b.H (33.4%) as operator, ENI (Pakistan) Limited (33.3%) and Pakistan Petroleum Limited (33.3%) to undertake oil and gas exploration activities in South West Miano.

Refining and Marketing including petrochemicals (R & M)

Q4/03	Q4/02	%	in EUR mn	2003	2002	%
70.08	52.58	33	EBIT	265.13	124.73	113
79.39	50.63	57	Clean EBIT [1]	285.73	134.14	113

[1] Special net charges are added back to EBIT; charges/income in 2003 relate to legal changes in Austria impacting pension plans, personnel restructuring costs, asset write-downs as well as pension fund performance.

The highlight of 2003 in R&M was the acquisition of 313 **Aral** and **BP** filling stations in southern Germany, Hungary and the Slovak Republic, together with a 45% stake in the **BAYERNOIL** refining network and an additional 18% stake in the Transalpine Pipeline (TAL, total share now 25%) effective as of July 1, 2003. OMV also completed the purchase of 139 retail stations from the Austrian company **Avanti**, a well-established regional retail brand as of October 31. These retail stations are located in Austria (108), the Czech Republic (11) and in Slovakia (20). Both acquisitions further consolidate OMV's market leadership position in the Danube area (Austria, Bosnia-Herzegovina, Bulgaria, Croatia, Czech Republic, Germany, Hungary, north east Italy, Romania, Serbia-Montenegro, Slovakia, and Slovenia), increasing our market share to 12% and putting us on course to achieve our goal of a 20% market share by 2008.

Further operational successes in 2003: On July 1, 2003 OMV announced the planned extension of the basic **petrochemicals capacity** in Schwechat by investing some EUR 200 mn and upgrading the overall capacity from 650,000 t to 900,000 t per year by autumn 2005. At the same time Borealis, one of the world's leading plastics manufacturers, will invest a similar amount and also increase its capacity in Schwechat to approximately 1 mn t per year, thus putting Schwechat firmly on the map of leading locations in the European plastics industry. Furthermore in August 2003, OMV and YUKOS agreed to build a **crude pipeline** giving the Schwechat refinery direct access to the Druzhba pipeline. The capacity of the pipeline is expected to amount to approximately 3.6 mn t per year when operations begin in 2006 (further information at www.omv.com/investor-relations >Data Desk >News Release from December 18, 2003).

R&M **segment's sales** increased by 22% to EUR 6,023.45 mn (2002: EUR 4,923.04 mn) mainly due to product price increases, higher sales volumes along with the inclusion of the BP downstream assets.

Reported EBIT more than doubled from EUR 124.73 mn to EUR 265.13 mn reflecting markedly improved refining margins and increased total sales volumes. **Clean EBIT** increased to EUR 285.73 mn from EUR 134.14 mn reflecting special charges of EUR 20.61 mn relating to personnel restructuring and write-downs of some filling stations in Marketing. The contribution of the BP downstream assets was approximately EUR 7 mn in the first half year of its inclusion, after deducting start-up costs and write-downs of about EUR 25 mn, thus leading to a contribution before costs of some EUR 32 mn.

The primary drivers behind the improvement in results were increased margins in bulk refining and higher sales volumes. The benchmark bulk margin ex Rotterdam for Schwechat showed USD 2.60/bbl compared to last year's of USD 0.88/bbl. Furthermore, petrochemicals showed both strong margins and slightly higher sales volumes. In consequence the EBIT contribution of basic petrochemicals increased to EUR 91.85 mn (2002: EUR 57.55 mn).

The **fourth quarter** EBIT showed an increase by 33% over last year's quarter totalling EUR 70.08 mn (2002: EUR 52.58 mn). Clean EBIT for Q4/03 increased by 57% to EUR 79.39 mn, again mainly reflecting the effects of higher margins and volumes in Refining. The results in Marketing were impacted by pressure on margins and write-downs. EBIT of basic petrochemicals recovered in Q4/03 due to higher volumes to EUR 13.60 mn (Q4/02: EUR 7.72 mn).

Combined **production volumes in Refining** increased to 13.91 mn t compared to 11.67 mn t last year due to the additional volume of the 45% stake in BAYERNOIL of 2.47 mn t in the second half of 2003. At the end of 2002 third party processing arrangements were terminated at the Schwechat refinery and from then on this production has been sold directly by OMV. **Total volumes sold** by OMV as a consequence have shown a substantial increase over last year, rising by 36% from 10.49 mn t to 14.27 mn t (including Q4/03 contributions of BAYERNOIL of 1.25 mn t). The like-for-like comparison without BAYERNOIL showed an increase of 13%.

OMV's **refining input** rose to 15.48 mn t reflecting the addition of BAYERNOIL's processing of 2.65 mn t (2002: 13.10 mn t). **Capacity utilization** was stable at a normal level of 95%.

The Company's **Marketing** activities have grown significantly following recent acquisitions. Retail stations sales volumes were higher and commercial volumes also rose markedly, leading to an increase of 24% in total sales volumes to 9.92 mn t (2002: 7.98 mn t).

Since the end of 2002 the OMV **retail network** has increased by 550 to a total of 1,782 stations in operation (December 31, 2002: 1,232). In total 574 stations were added and 24 outlets were closed. This increase mainly stemmed from the acquisitions of the BP downstream retail networks in Germany, Hungary and Slovakia, the Avanti retail network in Q4/03 and some smaller German networks which were acquired in 2002 and were effective as of January 1, 2003. The proportion of international stations has continued to grow and reached 65% with 1,157 stations in operation outside of Austria (December 31, 2002: 58% with 715 stations). All acquired retail stations were converted into the OMV brand by the end of 2003.

According to preliminary figures, the average total **market share** held by the OMV Group for retail and commercial businesses in Central Europe (Austria, Germany, Bosnia-Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Italy, Romania, Serbia-Montenegro, Slovakia and Slovenia) increased to approximately 12% (2002: 10%).

Gas

Q4/03	Q4/02	%	in EUR mn	2003	2002	%
24.76	47.31	(48)	EBIT	78.64	115.38	(32)
23.52	35.18	(33)	Clean EBIT [1]	79.45	114.44	(31)

[1] Special charges are added to EBIT; special charges/income in 2003 relate to personnel restructuring and pension plans.

—— As of January 1, 2003 **EconGas GmbH,** the market leading Austrian gas supplier in which OMV holds a 50% stake, started its business operations with large corporate accounts. EconGas is a joint marketing company owned by OMV and 5 major gas distribution companies (Begas - 2.6%, EVN - 15.7%, Linz Gas/Wärme - 0.45%, OMV Erdgas - 50%, OÖ Ferngas - 15.55% and Wien Energie Gasnetz - 15.7%). Reporting the results of the Gas business has changed considerably. OMV's results which have been brought into EconGas no longer appear under EBIT but are now incorporated below the line as part of financial items.

—— Gas **segment sales** decreased by 46% to EUR 794.38 mn (2002: EUR 1,483.11 mn). This was largely due to the fact that trading now is within EconGas instead of OMV Erdgas and to a lesser extent, reduced tariffs for the domestic transport business regulated since October 2002. However the sum of OMV Erdgas' and EconGas' sales volumes increased by 21% to 8.54 bcm.

—— **EBIT** decreased by 32% from EUR 115.38 mn in 2002 to EUR 78.64 mn in the current period. This was partly due to the reporting changes regarding EconGas as well as to the now regulated domestic transport tariffs following the Austrian Gas Act Amendment, which became effective as of October 1, 2002. Higher transportation volumes and increased marketed storage products positively impacted EBIT in the period under review. In 2003 there were EUR 0.81 mn special charges relating to personnel restructuring costs and therefore **clean EBIT** was EUR 79.45 mn.

—— The start-up of the second phase of the TAG Loop II pipeline (Trans-Austria-Gasleitung) was a positive factor in the carrier business compensating to some extent for losses due to the regulation of the pipeline infrastructure needed for domestic transports. Total gas transmission capacity sold increased by 5% to 1,462 mn cbm/h*km compared to year-end 2002 at 1,396 mn cbm/h*km, mainly due to the expansion of the TAG capacity and higher capacities sold on the SOL (Süd-Ost-Leitung) pipeline to Slovenia/Croatia.

—— As of December 31, 2003, **contracted storage volumes** of natural gas held for OMV customers were stable at 1.72 bcm. The **supply** business benefited from higher import volumes, which increased by 15%.

—— In January 2004 OMV, EconGas and NIGEC (National Iranian Gas Export Company) signed a Memorandum of understanding to cooperate in natural gas export. It should assess the participation by NIGEC in the "Nabucco" pipeline project, a project currently being evaluated which would bring gas from the Caspian Sea Region to Austria and thus provide access for Europe to middle eastern reserves.

Chemicals [1]

Q4/03	Q4/02	%	in EUR mn	2003	2002	%
16.05	10.70	50	EBIT	42.90	42.75	0
14.37	5.03	186	Clean EBIT [1]	40.92	36.18	13

[1] and Plastics [2] Special income in 2003 relate to the sale of real estate and pension plans and was deducted from EBIT.

The capacity increase of the melamine plants in Germany are well on track and should come on stream in the second half of 2004.

Segment sales in Chemicals (including Plastics) rose by 5% to EUR 490.86 mn (2002: EUR 469.06 mn) mainly as a result of higher prices in melamine and record sales in the plastics business, where double digit increases were attained.

EBIT for the full year was stable at EUR 42.90 mn (2002: EUR 42.75 mn) although market conditions were demanding. **Clean EBIT**, eliminating mainly personnel restructuring and gains on the disposal of real estate, increased by 13% to EUR 40.92 mn (2002: EUR 36.18 mn). Q4/03 EBIT was very strong at EUR 16.05 mn (Q4/02: EUR 10.70 mn) mainly reflecting strong fertilizer sales that improved due to postponed stock purchases from the first half year.

In **melamine** sales volumes for the full year were slightly up by 2%. Margins were negatively affected by a 7% increase in the gas price and expenses relating to the construction of the new melamine plant in Germany which also reduced the melamine result. Q4/03 volumes were up by 10%, thus compensating prevailing lower margins.

The **fertilizer** business saw a 3% increase in sales volumes in the full year 2003. Largely stable prices did not prevent margins coming under pressure although they did improve in the later year. Gas as primary feedstock was more expensive and the devaluation of the Hungarian forint in the first half of 2003 impacted negatively. In Q4/03 however, strong demand for calcium ammonium nitrate and improving margins compensated for the extremely low volumes sold during the first half of 2003, due to postponed pre-seasonal stock purchases and the shortened fertilizer season caused by the drought in Central Europe.

Plastics saw a healthy increase in EBIT due to a 17% increase in sales volumes for the full year 2003. Margins however declined and mirrored the difficult situation in the public sector. Nevertheless the contribution was significantly higher than in 2002.

Group statements: Income statement

Consolidated sales excluding petroleum excise tax for the full year increased by 8% to EUR 7,644.43 mn (2002: EUR 7,079.40 mn) mainly due to the addition of the acquisitions as well as increased volumes and price levels. The segment R&M represented some 79% of total consolidated sales, Gas accounted for approximately 10%, Chemicals for some 6%, and E&P for almost 5% (sales being in large part inter-company sales rather than third party).

Group EBIT rose to EUR 643.61 mn (2002: EUR 494.76 mn), showing an increase of 30%. This rise was caused by the improvement in the R&M and E&P segment due to higher sales volumes and improved margins. **Clean EBIT** increased by 40% to EUR 704.79 mn (2002: EUR 502.29 mn). Special items of EUR 61.18 mn relate to legal changes in Austria impacting pension plans, personnel restructuring, and write-downs of assets in E&P and R&M (2002: EUR 7.53 mn).

Financial items comprise the net position of interest charges and interest income, income/losses from equity investments and other financial income/losses. In summary, total financial items for the full year 2003 represented an expense of EUR 47.11 mn (2002: EUR 20.89 mn). The EUR 26.22 mn rise was due to increases in net interest expense (EUR 30.77 mn) and the net loss on other financial items (EUR 2.76 mn) which were partly offset by a EUR 7.31 mn improvement in income from investments.

Net interest charges increased significantly by about EUR 30.77 mn to EUR 63.93 mn (2002: EUR 33.16 mn). This increase is mainly attributable to the fourth quarter 2003 and reflects interest charges for the two Corporate bonds, additional interest charges resulting from the acquisitions and from foreign exchange losses. Interest and similar expenses rose by EUR 26.64 mn to EUR 94.74 mn while interest receivable including income from securities fell by EUR 4.14 mn to EUR 30.81 mn. The interest components of pension obligations, disclosed under interest expense, amounted to EUR 31.06 mn (2002: EUR 33.80 mn).

Equity investment income amounted to EUR 26.05 mn (2002: EUR 18.74 mn). One of the most important equity income sources is the participation in Borealis. OMV consolidates its 25% share in Borealis' results as part of net financial items. For the full year this amounted to a profit of EUR 4.01 mn (2002: a profit of EUR 1.50 mn). Equity income from EconGas GmbH, the leading Austrian gas supplier established in 2003 in which OMV holds a 50% stake, amounted to EUR 8.01 mn for the year. Other **financial losses** showed an expense of EUR 9.23 mn (2002: expense EUR 6.46 mn).

For the full year **income from ordinary activities** increased by 26% to EUR 596.50 mn (2002: EUR 473.87 mn). **Taxes on income** for the Group increased from EUR 151.69 mn to EUR 203.44 mn. Current taxes on income were EUR 118.91 mn, down on the 2002 amount at EUR 154.68 mn. Deferred taxes of EUR 84.54 mn were recognized as expense in 2003. Comparison with 2002 should be viewed in the light of the capitalization of substantial deferred tax assets arising from a one-time effect connected with the tax-free reversal of a provision for severance payments. Deferred tax expense rose by about the same amount due to a tax increase in the United Kingdom (catch-up effect) and a valuation allowance for capitalized tax-loss carry forwards in the light of an impending change in Australian fiscal legislation. Net deferred tax income of EUR 2.99 mn was recognized for 2002. The effective **corporate income tax rate**, based on pre-tax profits, increased slightly to 34% (2002: 32%). This year's tax rate was affected by the consolidation of the acquisitions which is estimated to have added about two percentage points for the full year. Therefore the quarterly tax rate in Q4/03 increased to 36%. **Net income** for the period increased by 22% to EUR 393.05 mn (2002: EUR 322.19 mn). Clean net income adjusted for special items amounted to EUR 433.37 mn, thus showing an increase of 32% (2002: EUR 328.54 mn).

Balance sheet, capital expenditure and gearing

Total assets increased by 22% to EUR 7.52 bn (December 31, 2002: EUR 6.15 bn). This significant increase is mainly due to the acquisition of the Preussag E&P assets and the acquisition of the BP downstream assets. Fixed assets grew to EUR 5.20 bn (December 31, 2002: EUR 4.25 bn). **Additions to fixed assets** amounted to EUR 814.11 mn (2002: EUR 725.39 mn), of which almost 82% resulted from additions to tangible assets (2003: EUR 666.61 mn; 2002: EUR 589.36 mn). Additions to financial assets were EUR 124.11 mn (2002: EUR 106.86 mn), and additions to intangible assets were EUR 23.39 mn (2002: EUR 29.17 mn). As of April 4, 2003 the Company's interest in the Hungarian oil and gas company MOL decreased from 10% to 9.09% due to MOL's share capital increase. **Current assets** (including deferred taxes and prepaid expenses and deferred charges) increased by 22% to EUR 2.31 bn (December 31, 2002: EUR 1.89 bn) mainly due to the opening inventory taken over on the acquisition of the stake in BAYERNOIL.

As a result of the investments in expansion, **capital expenditure** doubled to EUR 1,380.73 mn (2002: EUR 674.50 mn). The EUR 271.52 mn increase in capital expenditure in the E&P segment to EUR 498.37 mn chiefly reflected the purchase of Preussag Energie International GmbH (production properties in Albania, Ecuador, Qatar, Tunisia and Venezuela) and of exploration properties in New Zealand from TUI AG, as well as field development projects in Australia, Pakistan and the UK. The EUR 427.33 mn increase in capital expenditure in the R&M business to EUR 708.96 mn was principally due to the acquisition of a 45% interest in BAYERNOIL Raffineriegesellschaft mbH and of 313 filling stations in southern Germany, Hungary and Slovakia, as well as that from Deutsche BP AG of holdings (18%, respectively) in the Transalpine Ölleitung in Austria, Germany and Italy. Also included are 72 filling stations in Bavaria and Saxony; this acquisition was made in 2002, but was not completed until the start of 2003. In addition, OMV invested in the expansion and modernization of the existing filling station networks, and in the refineries. Most of the spending on refineries went to quality enhancement projects (product and process improvements). Capital expenditure in the Gas segment was largely devoted to the TAG Loop II transit pipeline expansion project. The 121% jump in investment by the Chemicals segment to EUR 108.53 mn was mainly caused by the construction of a melamine plant in Wittenberg, Germany.

The **gearing ratio** (net debt divided by stockholders' equity) increased to 40% at the end of December 2003 (December 31, 2002: 20%). **Net debt** increased from EUR 477.55 mn at the end of 2002 to EUR 1,080.97 mn as of December 31, 2003, financed through long-term bilateral bank loans and the issue of two bonds. In the second quarter 2003, OMV issued a EUR 250 mn Corporate bond with a maturity of seven years and US senior notes (private placement) with maturities of ten and twelve years raising USD 320 mn, thus increasing financial liabilities by EUR 503.37 mn as of the end of December 2003. Financial liabilities totaled EUR 1,411.74 mn (December 31, 2002: EUR 679.22 mn). Current financial assets (liquid funds) totaled EUR 330.77 mn (December 31, 2002: EUR 201.68 mn). Management remains committed to a longer term gearing target of 30% although the current accelerated growth phase means that a somewhat higher level of gearing is to be expected.

Stockholders' equity increased by some 11% and the Group's **equity ratio** came slightly down to 36% (December 31, 2002: 39%). The value of OMV **shares** owned by the Company slightly decreased to EUR 12.17 mn (December 31, 2002: EUR 12.18 mn). In 2003, 19,952 shares were purchased, whilst 25.961 shares were sold. The total share buy backs in 2000, 2001 and 2002 amounted to 130,170 shares. **Liabilities** increased to EUR 3.00 bn (December 31, 2002: EUR 1.91 bn) due to the higher borrowing levels.

Cash flows

Free cash flow (defined as the difference between cash flow from operating activities less cash flow from investing activities and dividend payments) for the full year 2003 amounted to an outflow of EUR 653.43 mn (2002: outflow of EUR 159.18 mn).

Sources of funds increased by almost 30% to EUR 803.33 mn (2002: EUR 619.38 mn), mainly resulting from higher net income, depreciation and deferred taxes. Net working capital contributed EUR 135.60 mn to the operating cash flow mainly due to significantly higher liabilities, albeit reduced by higher stocks, higher accounts receivable and lower short-term provisions in 2003. In 2002, the increase in net working capital of EUR 38.73 mn mainly resulted from increased trading stocks and an increase in accounts receivable. Overall, **net cash provided by operating activities** was EUR 938.93 mn (2002: EUR 580.64 mn).

Net cash used in investing activities increased from EUR 621.63 mn to EUR 1,496.01 mn including inflows from disposals of EUR 92.51 mn (2002: EUR 49.16 mn). This significant increase in investment reflects the Group's investment behind its growth strategy including the Preussag and BP acquisitions. **Net cash used in financing activities** showed an inflow of EUR 670.46 mn mainly due to the long-term refinancing for recent acquisitions. In addition, short term debt was reduced by EUR 86.55 mn, whereas in 2002 short term debt increased by EUR 70.14 mn resulting in an inflow of EUR 57.82 mn. **Cash and cash equivalents** increased by EUR 101.36 mn, from EUR 196.00 mn to EUR 297.36 mn since the beginning of the year 2003. In 2002, cash increased by EUR 6.86 mn to EUR 196.00 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 accounting changes and for the timing of the recording of transactions. The largest reconciliation items for both positions are depreciation, pensions, severance and jubilee payments, restructuring expenses, and the deferred tax adjustments on these items.

Stockholders' **equity** according to US GAAP increased to EUR 2.72 bn (December 31, 2002: EUR 2.45 bn), and was some 2% higher than the corresponding ACC equity (after minorities) of EUR 2.66 bn. The main positive reconciliation items were depreciation, securities, other provisions and restructuring, whereas adjustments for pension, severance and jubilee payments and deferred tax decreased the Group's equity.

In the past, changes in valuation methods and in the assumptions upon which valuation is based have necessitated various cumulative retroactive adjustments. The main effect of the prolongation of the useful lives of processing plants in the R&M segment, resulting in considerably higher depreciation bases, was an increase of EUR 29.57 mn in depreciation (2002: EUR 40.64 mn). The depreciation of fixed assets item also reflects the reversal of goodwill amortization which had a positive income effect of EUR 6.61 mn (2002: EUR 5.41 mn). The change in the accounting treatment of raw materials and supplies under ACC, which necessitated a cumulative retroactive adjustment — whereas US GAAP requires a prospective approach — largely accounts for the upward adjustment of EUR 2.34 mn in the reconciliation for 2003, following a downward adjustment to US GAAP net income of EUR 10.70 mn in 2002.

The different treatment of E & P assets under US GAAP added EUR 28.59 mn to net income (2002: EUR 1.16 mn). This is the balance of EUR 69.55 mn in income from the recognition of assets in connection with decommissioning obligations which commenced in 2003 and a EUR 23.51 mn increase in depreciation arising from other differences in the valuation of E & P assets, as well as another expense item of EUR 17.45 mn which was balanced by an income item stated under other provisions. Income from decommissioning obligations is netted against expenses of EUR 44.58 mn carried under other provisions, and in consequence the overall positive impact on pretax US GAAP income from decommissioning obligations, as compared to ACC, was EUR 24.97 mn.

The different method of calculating provisions for severance payments, pensions and jubilee payments, and separation expenses reduced net income under US GAAP by EUR 44.90 mn as compared to ACC (2002: increase of EUR 31.88 mn). One of the main reasons for this was the different treatment of the new legislation governing the early retirement age in Austria. The retroactive adjustments for longer bridging periods for staff, whose employment had already been terminated, took immediate effect under both standards. While the effect of the later retirement age on the provisions for defined benefit pension plans and for severance payments, and the EUR 23.74 mn increase in provisions for jubilee payments were immediately expensed under ACC, under US GAAP the effect is on the actuarial result. Additional charges under US GAAP arose from the current payments and the realization of actuarial losses. In 2002 period expense under US GAAP chiefly related to provisions for pension fund top-up payments and funding shortfalls which were EUR 26.99 mn less than the amount reported under ACC.

The rules for accounting for provisions are more restrictive under US GAAP. The provision for personnel reduction programs under ACC — which are not recognized under US GAAP — were EUR 74.72 mn at year end 2002. In 2003, all but EUR 2.62 mn of the ACC provision for separation expenses, one-time settlements of employee benefits and retroactive separation expenses was utilized. A new EUR 20 mn personnel separation program was launched during the year, but did not qualify for a provision because the necessary signatures pursuant to SFAS 88 had not been obtained by balance sheet date. Staff terminations and one-time settlements increased expense by EUR 52.10 mn in the US GAAP presentation, whereas in 2002 the elimination of allocations to provisions added EUR 22.93 mn to net income.

Net income according to US GAAP for 2003 was EUR 371.97 mn (2002: EUR 301.44 mn), 5% lower than the ACC net income of EUR 392.11 mn (excluding minorities).

EPS under US GAAP grew by 19% to EUR 13.33 (2002: EUR 11.21), and the EPS figure for Q4/03 was EUR 3.80 (Q4/02: EUR 4.32), partly reflecting the personnel restructuring measures mentioned above. Reported **EPS according to ACC** rose to EUR 14.60 (2002: EUR 11.85) and the fourth quarter EPS was lower at EUR 3.30 than last year's quarter demonstrating the very strong fourth quarter of last year (Q4/02: EUR 4.46).

Personnel

As of the end of December 2003, the OMV Group **headcount** increased by 309 to 6,137 employees (December 31, 2002: 5,828), mainly resulting from expansion in E & P (especially in Pakistan) and R & M.

Outlook for 2004

We are rapidly integrating the major acquisitions of the past year, in order to smooth the path for further growth which will take us towards our goal of doubling in size by 2008. The drivers of Group performance — crude and natural gas prices, refining margins and exchange rates, among others — are subject to continuing uncertainty this year. As regards **crude oil prices**, we anticipate a reduction from current levels. During the nineties our benchmark, Brent, tended to move in a band between USD 10/bbl and USD 20/bbl, and over the past three years it has ranged between USD 19/bbl and USD 31/bbl. At the start of 2004 the grade has settled at around USD 30/bbl, but there are widespread expectations of lower price levels later in the year. The **USD exchange rate** plays an important role, because crude is quoted in dollars, and the weaker the dollar is, the cheaper oil becomes within the Eurozone. We are basing our planning on a softer dollar in 2004, which will have a dampening impact on our E&P activities.

In 2003 we acquired and integrated the international **E&P** operations of Preussag Energie GmbH. We can now look forward to growth combined with a sustained contribution to earnings in the absence of the start-up costs experienced in 2003. The focus of our **E&P** business will be on its five core regions, and the divestment of assets outside these areas is under consideration. In 2003 for example, we took the decision to divest exploration blocks in Sudan, and expect to complete the sale in the first half of 2004.

Our **Marketing** business operates in a mature market. We will seek to differentiate ourselves by growing our non-oil business. We will be looking for significant increases in our shop and catering revenues over the next few years. In the growth markets the focus will be on growing our market share by building new outlets, along with growth by smaller acquisitions. We anticipate a decline in earnings from our **Refining** business, as planned shutdowns at Schwechat will inevitably affect results. The main reasons for these are investments in improved quality and maintenance turnarounds, both of which will result in reduced throughput. Similarly we expect bulk margins to retreat from last year's high levels. The results of the BAYERNOIL/BP assets will be included for twelve months.

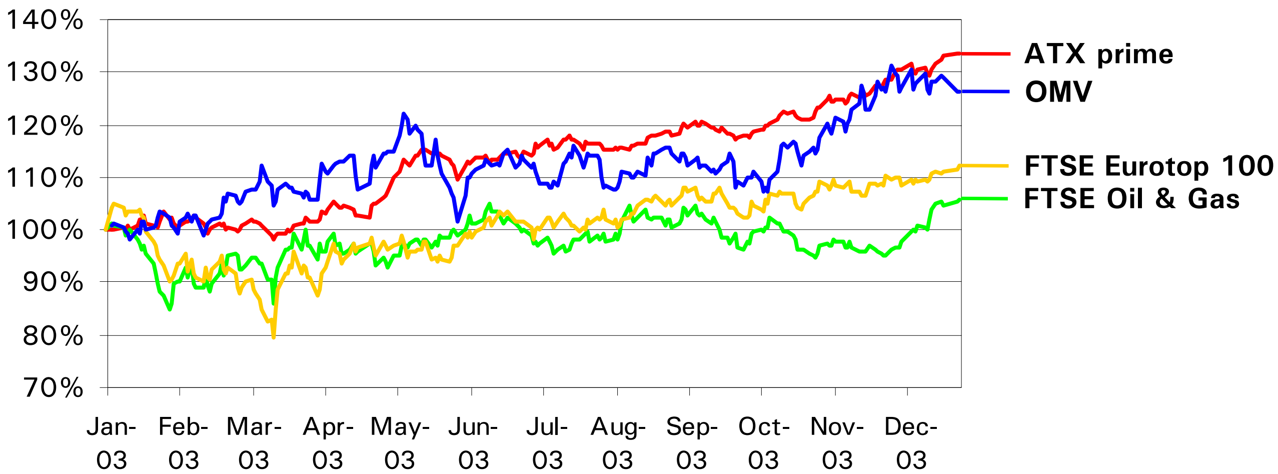
The earnings of our **Gas** segment should stabilize with the present business units being now firmly established. We also expect the EconGas joint venture — the results are now reported under the financial items instead of EBIT — to post stable or slightly higher earnings. We see the **Chemicals** segment generating increased earnings. The main reason for this is the additional volume that will result from commissioning of a new plant in Germany.

The reduction in the corporate tax rate from 34% to 25%, which the Austrian government plans to introduce in 2005, will in all likelihood negatively impact earnings in 2004 due to the necessary adjustment of deferred taxes, though from 2005 on we would expect the corporate tax to decrease.

To summarize, on the basis of current conditions and outlook we anticipate that overall results for financial 2004, including special income such as the proceeds of the Sudan disposal, should be broadly similar to those for 2003.

During the year under review we invested EUR 1.38 bn, an amount well above the average for recent — and future — years. In order to reach our target of doubling the size of our upstream and downstream operations our investment budget should total some EUR 3 bn for the three years through 2006. These investments will be financed in large part from expected cash flow. The gearing ratio, defined as the ratio of net debt to stockholders' equity, will probably be above the long-term target level of 30%, but lower than in 2003; this will not deflect us from our medium-term objective for this indicator. Management takes a value based approach to all investment decisions. We are aware that this is essential if we are to hit our long-term target of a return on average capital employed (ROACE) 3% higher than the weighted average cost of capital (WACC).

■ Stock watch: January – December 2003



2003 was a successful year for the stock markets worldwide. The share prices of oil and gas companies increased too, although to a smaller extent. The European oil and gas companies in particular could not profit fully from high oil prices, as this was largely offset by the weaker US dollar. The FTSE Oil & Gas Index increased by 4% underperforming major indices (FTSE 100 13%, CAC 40 15%, Nikkei 21%, Dow Jones 25%, DAX 37%, NASDAQ 50%). The Austrian Trade Index (ATX) increased by 34% making it one of the top-performing indices worldwide.

For the third consecutive year **OMV shares** outperformed the FTSE Oil & Gas Index ending the year up by 26%. Taking the dividend of EUR 3.50 into account, the total shareholder return was 30% in 2003.

In the **fourth quarter 2003** optimism about the strength of the worldwide economy grew, thus boosting the stock markets (Nikkei 3%, FTSE 100 9%, FTSE Eurotop 12%, Dow Jones 13%, ATX 14%, DAX 22%). The FTSE Oil & Gas Index increased by 10%, while the OMV share price rose by 15% in Q4/03 after having hit its year high at EUR 122.80 on December 1.

OMV share **turnover volumes** on the Vienna Stock Exchange rose by 25% to EUR 518 mn in Q4/03 from EUR 414 mn in Q3/03 and by 33% compared to Q4/02. The total OMV stock turnover volumes in 2003 increased by 32% to EUR 2,088 mn (2002: EUR 1,583 mn). The OTC (over the counter) turnover in Q4/03 for OMV shares was EUR 286 mn, or about 36% of OMV's total turnover volume of EUR 805 mn. By comparison, the turnover volumes for the total equity market of the Vienna Stock Exchange were EUR 5,321 mn in Q4/03 (Q3/03: EUR 5,972 mn). In 2003 turnover volumes increased by 52% to 19,311 mn (2002: EUR 12,734 mn) reflecting the positive environment, capital increases and new listings.

Key ratios of OMV stock (January–December 2003)		
WKN: 74305	Market capitalization (December 31)	EUR 3,188 mn
Vienna SE: OMV	Stock exchange turnover (2003)	EUR 2,088 mn
Reuters: OMV.VI	Last (December 30)	EUR 118.08
Bloomberg: OMV AV	High (December 1)	EUR 122.80
ADR Level I: OMVKY	Low (January 10)	EUR 92.00

For further information, please contact:
OMV
Brigitte H. Juen, Investor Relations — Tel. +43 1 404 40-21622; e-mail: investor.relations@omv.com
Bettina Gneisz, Press Office — Tel. +43 1 40 440-21660; e-mail: bettina.gneisz@omv.com
Thomas Huemer, Press Office — Tel. +43 1 40 440-21660; e-mail: thomas.huemer@omv.com
Homepage: www.omv.com

Cubitt Consulting
Noga Villalón, London — Tel. +44 (207) 367-5100; e-mail: noga.villalon@cubitt.com
Mark Kollar, New York — Tel. +1 (212) 896-1201; e-mail: mark.kollar@cubitt.com

Financial calendar 2004:

May 12	Results January–March 2004 at 8:30 (CET)
May 18	Annual General Meeting at 14:00 (CET), AUSTRIA CENTER VIENNA, 1220 Vienna
August 17	Results January–June and Q2 2004 at 8:30 (CET)
November 11	Results January–September and Q3 2004 at 8:30 (CET)

Tables follow:

Financial statements

According to ACC (Austrian Commercial Code) in EUR; audited figures for full year results; unaudited figures for quarterly results, rounded figures sometimes do not add up.

Abbreviations: ACC: Austrian Commercial Code; bbl: barrel(s); bcf: billion cubic feet; bcm: billion cubic meters; bn: billion; boe: barrels of oil equivalent; boe/d: boe per day; cbm/h/km: cubic meter per hour per kilometer; E & P: Exploration and Production; EPS: earnings per share; EUR: euro; m: meter; mn: million; R & M: Refining and Marketing including petrochemicals; t: tons; USD: US dollar

Q4/03	Q4/02	Sales in EUR 1,000	2003	2002
231,444	224,604	Exploration and Production	864,415	733,901
1,721,901	1,309,519	Refining and Marketing [1]	6,023,451	4,923,044
115,857	443,964	Gas	794,381	1,483,108
120,899	109,652	Chemicals [2]	490,858	469,060
34,489	22,198	Corporate and Other	110,882	95,121
2,224,590	**2,109,937**	**Segment subtotal**	**8,283,987**	**7,704,234**
(186,089)	(167,247)	less: internal sales	(639,555)	(624,832)
2,038,501	**1,942,690**	**OMV Group**	**7,644,432**	**7,079,402**

Q4/03	Q4/02	EBIT in EUR 1,000	2003	2002
69,043	79,514	Exploration and Production	303,229	256,142
70,077	52,580	Refining and Marketing [1]	265,126	124,725
24,757	47,314	Gas	78,644	115,376
16,048	10,699	Chemicals [2]	42,901	42,748
(12,610)	(7,468)	Corporate and Other	(46,291)	(44,230)
167,315	**182,639**	Segment subtotal	**643,609**	**494,761**
40,884	(5,554)	Special items [3]	61,184	7,526
34,298	*14,201*	*thereof: Exploration and Production*	*40,548*	*5,611*
9,317	*(1,955)*	*Refining and Marketing [1]*	*20,607*	*9,415*
(1,242)	*(12,132)*	*Gas*	*808*	*(932)*
(1,680)	*(5,673)*	*Chemicals [2]*	*(1,980)*	*(6,573)*
191	*5*	*Corporate and Other*	*1,201*	*5*
208,199	**177,085**	**OMV Group clean EBIT**	**704,793**	**502,287**

[1] including petrochemicals [2] and Plastics
[3] Special items are added back or deducted from EBIT; for more details please refer to each specific segment.

Changes in stockholders' equity in EUR 1,000

	Capital stock OMV AG	Capital reserves OMV AG	Revenue reserves	Translation difference	Own shares	Minority interest	Unappropri-ated income OMV AG	Stockholders' equity
Jan. 1, 2003	**196,290**	**417,663**	**1,694,063**	**(29,986)**	**12,181**	**26,628**	**94,356**	**2,411,195**
Net income			284,832			945	(227)	285,550
Dividend recommendation							107,503	107,503
Changes in min.			10		(10)	1,501		1,501
Dividend paid						(2,930)	(94,044)	(96,974)
Foreign exchange differences				(23,439)				(23,439)
Dec. 31, 2003	**196,290**	**417,663**	**1,978,905**	**(53,425)**	**12,171**	**26,144**	**107,588**	**2,685,336**

Consolidated balance sheet in EUR 1,000		
Assets	**Dec. 31, 2003**	**Dec. 31, 2002**
A. Fixed assets		
I. Intangible assets	160,284	138,316
II. Tangible assets	3,858,141	3,139,969
III. Financial assets	1,185,468	975,902
	5,203,893	**4,254,187**
B. Current assets		
I. Inventories	707,237	458,902
II. Accounts receivable and other assets	1,237,182	1,049,468
III. Cash in hand and cash at bank, securities	341,554	213,847
	2,285,973	**1,722,217**
C. Deferred taxes	0	140,601
D. Prepaid expenses and deferred charges	26,820	31,773
	7,516,686	**6,148,778**
Stockholders´ equity and liabilities	**Dec. 31, 2003**	**Dec. 31, 2002**
A. Stockholders´ equity		
I. Capital stock	196,290	196,290
II. Capital and revenue reserves, unappropriated income	2,450,731	2,176,096
III. Own shares	12,171	12,181
IV. Minority interests	26,144	26,628
	2,685,336	**2,411,195**
B. Provisions		
I. Provisions for severance payments and pensions	673,886	718,265
II. Other provisions	375,513	399,502
	1,049,399	**1,117,767**
C. Liabilities	3,002,294	1,905,513
D. Accrued decommissioning and restoration costs	298,679	228,223
E. Deferred income	480,978	486,080
	7,516,686	**6,148,778**

Q4/03	**Q4/02**	**Consolidated statement of income** in EUR 1,000	**2003**	**2002**
2,728,713	**2,499,363**	**Sales including excise petroleum tax**	**10,036,757**	**9,175,219**
(690,212)	(556,673)	Petroleum excise tax	(2,392,325)	(2,095,817)
2,038,501	**1,942,690**	**Sales excluding excise petroleum tax**	**7,644,432**	**7,079,402**
(42,079)	(25,625)	Direct selling expenses	(130,566)	(101,972
(1,657,769)	(1,585,817)	Cost of goods sold	(6,274,421)	(5,913,548)
338,653	**331,248**	**Gross profit**	**1,239,445**	**1,063,882**
81,324	63,314	Other operating income	147,182	107,163
(124,092)	(73,249)	Selling expenses	(355,706)	(297,290)
(42,246)	(48,178)	Administrative expenses	(175,714)	(162,849)
(11,938)	(17,968)	Exploration expenses	(74,181)	(61,139)
(4,375)	(5,696)	Research and development	(22,724)	(22,813)
(70,011)	(66,832)	Other operating expenses	(114,693)	(132,193)
167,315	**182,639**	**Earnings before interest and tax**	**643,609**	**494,761**
(27,204)	(10,189)	Financial items	(47,114)	(20,888)
140,111	**172,450**	**Income from ordinary activities**	**596,495**	**473,873**
(50,578)	(52,297)	Taxes on income	(203,442)	(151,688)
89,533	**120,153**	**Net income for the period**	**393,053**	**322,185**

Q4/03	Q4/02	**Summarized statement of cash flows** in EUR 1,000	2003	2002
89,533	120,153	Net income for the period	393,053	322,185
129,962	86,144	Depreciation	434,511	346,836
(16,432)	(53,624)	Other	(24,230)	(49,643)
203,063	**152,673**	**Sources of funds**	**803,334**	**619,378**
43,833	5,796	(Increase) decrease in net working capital	135,596	(38,734)
246,896	**158,469**	**Net cash provided by operating activities**	**938,930**	**580,644**
(248,842)	(221,922)	Capital expenditure	(1.588,519)	(670,792)
43,410	6,937	Proceeds from the sale of fixed assets and subsidiaries	92,512	49,160
(205,432)	**(214,985)**	**Net cash used in investing activities**	**(1.496,007)**	**(621,632)**
86,330	**111,976**	**Net cash provided by (used in) financing activities**	**670,459**	**57,819**
(6,834)	(3,825)	Effect of exchange rate changes	(12,021)	(9,972)
120,960	**51,635**	**Net increase (decrease) in cash and cash equivalents**	**101,361**	**6,859**
176,402	144,366	Cash and cash equivalents at beginning of period	196,001	189,142
297,362	196,001	Cash and cash equivalents at end of period	297,362	196,001

■ US GAAP reconciliation of net income and stockholders' equity

(Rounded figures sometimes do not add up.)

Stockholders' equity		**US GAAP reconciliation**	Net income	
Dec. 31, 2003	Dec. 31, 2002	in EUR 1,000	2003	2002
2,685,336	**2,411,195**	**Equity and net income according to ACC**	**393,053**	**322,185**
(26,144)	(26,628)	Income attributable to minority interests	(945)	(3,643)
2,659,192	**2,384,567**	**Equity and net income after minority interests**	**392,108**	**318,542**
98,898	121,939	Depreciation of fixed assets (other than E & P)	(22,963)	(35,235)
91,932	64,428	Depreciation of fixed assets in E & P	28,590	1,161
(12,171)	(12,181)	Own shares	(559)	234
(532)	0	Stock option plans	(532)	0
0	0	Sale and leaseback transactions	0	1,074
(7,938)	(10,703)	Purchases of associates	2,738	2,260
(177,253)	(164,701)	Severance payments, pensions and jubilee payments	(44,901)	31,876
22,620	74,724	Restructuring costs	(52,104)	22,930
43,905	60,018	Other provisions	(16,340)	(140)
11,817	1,082	Foreign currency translations and transactions	33,462	(897)
55,770	38,677	Securities	(322)	4,811
(13,178)	(12,124)	Derivative instruments	(1,054)	(30,962)
(7,579)	(9,920)	Changes in accounting principles: plant upgrades	2,341	(10,699)
(42,123)	(81,017)	Deferred taxes	51,502	(3,511)
64,168	**70,222**	**Total reconciliation**	**(20,142)**	**(17,098)**
2,723,360	**2,454,789**	**Equity and net income according to US GAAP**	**371,966**	**301,444**