Q4

Quarterly Report 2018

OMV Aktiengesellschaft

The energy for a better life. OMV

February 6, 2019

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February 6, 2019

OMV Group Report January–December and Q4 2018 including preliminary condensed consolidated financial statements as of December 31, 2018

Key Performance Indicators [1]

Group

- Clean CCS Operating Result increased by 53% to EUR 1,053 mn
- Clean CCS net income attributable to stockholders amounted to EUR 490 mn, clean CCS Earnings Per Share were EUR 1.50
- High cash flow from operating activities of EUR 1,117 mn
- Strong organic free cash flow after dividends of EUR 489 mn
- Clean CCS ROACE at 13%
- Cost savings of more than EUR 100 mn versus 2017 achieved
- Dividend Per Share of EUR 1.75 [2] proposed; increase of 17% compared to the previous year

Upstream

- Production rose by 70 kboe/d to 447 kboe/d
- Production cost decreased by 29% to USD 6.3/boe

Downstream

- OMV indicator refining margin stood at USD 5.2/bbl
- Natural gas sales increased by 5% to 32.7 TWh

Key events

- On January 31, 2019, OMV and Sapura Energy Berhad closed the agreement to form a strategic partnership. OMV paid USD 540 mn for its 50% interest in the new joint venture company SapuraOMV Upstream Sdn. Bhd. In addition, the parties agreed to an additional consideration of up to USD 85 mn. The new entity, SapuraOMV Upstream Sdn. Bhd. will be fully consolidated in OMV's financial statements.
- On January 27, 2019, OMV signed agreements for a 15% share in ADNOC Refining. The estimated purchase price for OMV amounts to approximately USD 2.5 bn based on 2018 year-end net debt. The final purchase price is dependent on the net debt as of closing and certain working capital adjustments.
- On December 28, 2018, OMV closed the acquisition of Shell's Upstream business in New Zealand comprising joint venture interests in Pohokura (48%) and Maui (83.75%) as well as related infrastructure. The economic effective date of the transaction was January 1, 2018. The purchase price was USD 579 mn.
- On December 17, 2018, OMV communicated the production start of the Aasta Hansteen gas field. Production will reach a plateau of approximately 20 kboe/d net to OMV. The total capital investment in the Aasta Hansteen project is approximately EUR 4 bn (EUR 600 mn net to OMV).

[1] Figures reflect the Q4/18 period; all comparisons described relate to the same quarter in the previous year except where otherwise mentioned
[2] As proposed by the Executive Board; subject to confirmation by the Supervisory Board and the Annual General Meeting 2019

Directors' Report (condensed, unaudited)

Group performance

Financial highlights

In EUR mn (unless otherwise stated)

Q4/18	Q3/18	Q4/17	Δ% [1]		2018	2017	Δ%
6,640	5,607	4,906	35	Sales [2]	22,930	20,222	13
1,053	**1,050**	**688**	**53**	**Clean CCS Operating Result [3]**	**3,646**	**2,958**	**23**
578	554	344	68	Clean Operating Result Upstream [3]	2,027	1,225	66
445	484	356	25	Clean CCS Operating Result Downstream [3]	1,643	1,770	(7)
(7)	(9)	14	n.m.	Clean Operating Result Corporate and Other [3]	(21)	(16)	(31)
37	20	(27)	n.m.	Consolidation: elimination of intersegmental profits	(3)	(21)	87
36	38	28	30	Clean Group tax rate in %	39	25	56
643	628	448	43	Clean CCS net income [3]	2,108	2,035	4
490	**455**	**367**	**34**	**Clean CCS net income attributable to stockholders [3, 4]**	**1,594**	**1,624**	**(2)**
1.50	1.39	1.12	34	Clean CCS EPS in EUR [3]	4.88	4.97	(2)
1,053	**1,050**	**688**	**53**	**Clean CCS Operating Result [3]**	**3,646**	**2,958**	**23**
273	**(319)**	**(115)**	**n.m.**	**Special items [5]**	**(149)**	**(1,281)**	**88**
(67)	33	58	n.m.	CCS effects: inventory holding gains/(losses)	27	55	(51)
1,259	**763**	**631**	**99**	**Operating Result Group**	**3,524**	**1,732**	**103**
812	470	294	176	Operating Result Upstream	2,122	1,218	74
400	284	384	4	Operating Result Downstream	1,420	584	143
(22)	(11)	(13)	(64)	Operating Result Corporate and Other	(47)	(48)	3
68	20	(34)	n.m.	Consolidation: elimination of intersegmental profits	28	(21)	n.m.
(50)	(39)	(69)	28	Net financial result	(226)	(246)	8
1,209	725	562	115	Profit before tax	3,298	1,486	122
34	46	25	36	Group tax rate in %	40	43	(7)
793	393	421	89	Net income	1,993	853	134
608	221	311	96	Net income attributable to stockholders [4]	1,438	435	n.m.
1.86	0.68	0.95	96	Earnings Per Share (EPS) in EUR	4.40	1.33	n.m.
1,117	970	742	51	Cash flow from operating activities	4,396	3,448	28
368	523	(1,445)	n.m.	Free cash flow before dividends	1,043	1,681	(38)
281	523	(1,532)	n.m.	Free cash flow after dividends	263	1,013	(74)
489	493	146	n.m.	Organic free cash flow after dividends [6]	1,715	1,194	44
				Dividend Per Share (DPS) in EUR [7]	1.75	1.50	17
2,014	2,306	2,005	0	Net debt	2,014	2,005	0
13	16	14	(6)	Gearing ratio in %	13	14	(6)
1,120	470	2,290	(51)	Capital expenditure [8]	3,676	3,376	9
589	459	548	7	Organic capital expenditure [9]	1,893	1,636	16
13	12	14	(7)	Clean CCS ROACE in % [3]	13	14	(7)
12	11	6	96	ROACE in %	12	6	96
20,231	19,978	20,721	(2)	Employees	20,231	20,721	(2)

Figures in this and the following tables may not add up due to rounding differences.

[1] Q4/18 compared to Q4/17

[2] Sales excluding petroleum excise tax

[3] Adjusted for special items; clean CCS figures exclude fuels' inventory holding gains/losses (CCS effects) resulting from the fuels refineries and OMV Petrol Ofisi

[4] After deducting net income attributable to hybrid capital owners and net income attributable to non-controlling interests

[5] The disclosure of special items is considered appropriate in order to facilitate analysis of the ordinary business performance. To reflect comparable figures, certain items affecting the result are added back or deducted. Special items from equity-accounted companies are included. Starting with Q1/17, temporary effects from commodity hedging for material Downstream and Upstream transactions are included.

[6] Organic free cash flow after dividends is cash flow from operating activities less cash flow from investing activities, excluding disposals and material inorganic cash flow components (e.g. acquisitions), and less dividend payments.

[7] 2018: as proposed by the Executive Board; subject to confirmation by the Supervisory Board and the Annual General Meeting 2019

[8] Capital expenditure including acquisitions

[9] Organic capital expenditure is defined as capital expenditure including capitalized Exploration and Appraisal expenditure excluding acquisitions and contingent considerations.

Fourth quarter 2018 (Q4/18) compared to fourth quarter 2017 (Q4/17)

Consolidated sales significantly increased by 35% to EUR 6,640 mn, primarily driven by higher oil, gas and product prices, as well as higher sales volumes. The **clean CCS Operating Result** was substantially up by 53% from EUR 688 mn to EUR 1,053 mn, mainly due to a considerably higher Upstream result of EUR 578 mn (Q4/17: EUR 344 mn). The significantly better operational performance had a positive impact of EUR 139 mn. This was largely attributable to higher sales volumes in Russia and the United Arab Emirates. Net market effects had a positive impact of EUR 106 mn. Higher average oil and gas prices were partially offset by hedging losses. In Q4/18, the Downstream clean CCS Operating Result rose notably to EUR 445 mn (Q4/17: EUR 356 mn), mainly driven by an increased result contribution from the commercial and retail businesses as well as from the petrochemical business. The consolidation line amounted to EUR 37 mn in Q4/18. OMV Petrom's clean CCS Operating Result amounted to EUR 306 mn (Q4/17: EUR 122 mn).

The **clean Group tax rate** was 36% compared to 28% in Q4/17, due to a considerably stronger Upstream contribution, particularly from high tax rate fiscal regimes such as Norway and Libya. The **clean CCS net income** reached EUR 643 mn (Q4/17: EUR 448 mn). **Clean CCS net income attributable to stockholders** strongly increased to EUR 490 mn (Q4/17: EUR 367 mn). **Clean CCS Earnings Per Share** came in at EUR 1.50 (Q4/17: EUR 1.12).

Net **special items** of EUR 273 mn were recorded in Q4/18 (Q4/17: EUR (115) mn), mainly related to temporary hedging effects and unrealized commodity derivatives. **CCS effects** of EUR (67) mn were recognized in Q4/18. OMV Group's reported **Operating Result** almost doubled to EUR 1,259 mn (Q4/17: EUR 631 mn). OMV Petrom's contribution to the Group's reported Operating Result substantially increased to EUR 380 mn (Q4/17: EUR 193 mn).

The **net financial result** amounted to EUR (50) mn (Q4/17: EUR (69) mn). The increase was mainly related to higher interest income. With a **Group tax rate** of 34% (Q4/17: 25%), **net income** amounted to EUR 793 mn (Q4/17: EUR 421 mn). **Net income attributable to stockholders** nearly doubled to EUR 608 mn (Q4/17: EUR 311 mn). **Earnings Per Share** for the quarter substantially increased to EUR 1.86 (Q4/17: EUR 0.95).

Cash flow from operating activities grew from EUR 742 mn in Q4/17 to EUR 1,117 mn, supported by an improved market environment and positive net working capital effects. **Free cash flow after dividends** rose to EUR 281 mn compared to EUR (1,532) mn in Q4/17, as Q4/17 was significantly impacted by the acquisition of an interest in the Yuzhno Russkoye gas field that led to a cash outflow of EUR (1,644) mn.

On December 31, 2018, **net debt** amounted to EUR 2,014 mn compared to EUR 2,005 mn. On December 31, 2018, the **gearing ratio** stood at 13% (December 31, 2017: 14%).

Organic capital expenditure rose by 7% to EUR 589 mn (Q4/17: EUR 548 mn) and was undertaken primarily in Upstream, especially in Romania, Norway, Austria and the United Arab Emirates. In Downstream, organic capital expenditure slightly decreased in Q4/18, resulting primarily from Downstream Gas. Total **capital expenditure** amounted to EUR 1,120 mn (Q4/17: EUR 2,290 mn) and accounted for the acquisition of Shell's Upstream business in New Zealand in Q4/18. In Q4/17 OMV acquired a 24.99% interest in the Yuzhno Russkoye gas field.

January to December 2018 compared to January to December 2017

Consolidated sales increased by 13% to EUR 22,930 mn. Higher oil, gas and product prices as well as higher sales volumes were partially offset by the missing contribution from OMV Petrol Ofisi following its divestment in Q2/17. The **clean CCS Operating Result** rose from EUR 2,958 mn in 2017 to EUR 3,646 mn. This was mainly driven by a higher Upstream result of EUR 2,027 mn (2017: EUR 1,225 mn), due to a significantly better operational performance in the amount of EUR 582 mn. This was largely attributable to higher sales volumes from Russia, increased production from Libya and the production start-up in the United Arab Emirates. Net market effects had a positive impact of EUR 276 mn, reflecting higher average prices. The Downstream clean CCS Operating Result decreased to EUR 1,643 mn (2017: EUR 1,770 mn), mainly following a lower result in Downstream Oil, due to the divestment of OMV Petrol Ofisi in Q2/17. OMV Petrom's clean CCS Operating Result increased substantially to EUR 1,034 mn (2017: EUR 718 mn).

The **clean Group tax rate** in 2018 was 39% (2017: 25%), mainly related to a higher Upstream contribution driven by Norway and Libya. The **clean CCS net income** amounted to EUR 2,108 mn (2017: EUR 2,035 mn). **Clean CCS net income attributable to stockholders** slightly decreased to EUR 1,594 mn (2017: EUR 1,624 mn). **Clean CCS Earnings Per Share** marginally declined to EUR 4.88 (2017: EUR 4.97).

Net **special items** of EUR (149) mn were recorded in 2018. This was mainly related to the divestment of the Samsun power plant in Turkey and an impairment of the Borealis fertilizer business, partially offset by temporary hedging effects in Upstream. In 2017, net special items were EUR (1,281) mn, primarily due to the recycling of FX losses following the divestment of OMV Petrol Ofisi. **CCS effects** of EUR 27 mn were recognized in 2018. OMV Group's reported **Operating Result** doubled to EUR 3,524 mn (2017: EUR 1,732 mn). The contribution of OMV Petrom to the Group reported Operating Result increased considerably to EUR 1,131 mn (2017: EUR 733 mn).

The **net financial result** improved to EUR (226) mn (2017: EUR (246) mn) mainly due to higher interest income, partly compensated by higher interest expenses and other financing costs. With a **Group tax rate** of 40% (2017: 43%) the **net income** amounted to EUR 1,993 mn. **Net income attributable to stockholders** was EUR 1,438 mn compared to EUR 435 mn in 2017. **Earnings Per Share** more than tripled to EUR 4.40 compared to EUR 1.33 in 2017.

Cash flow from operating activities increased significantly to EUR 4,396 mn (2017: EUR 3,448 mn), supported by positive net working capital effects and an improved market environment. **Free cash flow after dividends** declined significantly to EUR 263 mn (2017: EUR 1,013 mn), substantially impacted by the acquisition of a 20% stake in an offshore concession in Abu Dhabi that led to an outflow of USD (1.5) bn. Furthermore, there was a cash outflow of EUR (350) mn related to the acquisition of Shell's Upstream business in New Zealand.

On December 31, 2018, **net debt** amounted to EUR 2,014 mn compared to EUR 2,005 mn. On December 31, 2018, the **gearing ratio** stood at 13% (December 31, 2017: 14%).

Organic capital expenditure rose by 16% to EUR 1,893 mn (2017: EUR 1,636 mn). The increase is allocated to Upstream reflecting higher organic capital expenditure in Romania, Norway and the United Arab Emirates. In Downstream, organic capital expenditure slightly decreased. Lower organic capital expenditure in Downstream Gas was partially offset by slightly higher organic capital expenditure in Downstream Oil. Total **capital expenditure** amounted to EUR 3,676 mn (2017: EUR 3,376 mn) reflecting the acquisition of a 20% stake in two offshore oil fields in Abu Dhabi from ADNOC in the amount of USD 1.5 bn in Q2/18 and Shell's Upstream business in New Zealand in the amount of USD 579 mn in Q4/18. In 2017, total capital expenditure was mainly related to the acquisition of the interest in the Yuzhno Russkoye gas field in Q4/17.

Special items and CCS effect

In EUR mn

Q4/18	Q3/18	Q4/17	Δ% [1]		2018	2017	Δ%
1,053	**1,050**	**688**	**53**	**Clean CCS Operating Result [2]**	**3,646**	**2,958**	**23**
273	**(319)**	**(115)**	**n.m.**	**Special items**	**(149)**	**(1,281)**	**88**
(17)	(5)	(13)	(32)	thereof personnel and restructuring	(40)	(31)	(27)
101	(10)	47	113	thereof unscheduled depreciation	51	16	n.m.
(2)	(1)	(8)	80	thereof asset disposal	3	(31)	n.m.
191	(303)	(141)	n.m.	thereof other	(164)	(1,235)	87
(67)	33	58	n.m.	CCS effects: inventory holding gains/(losses)	27	55	(51)
1,259	**763**	**631**	**99**	**Operating Result Group**	**3,524**	**1,732**	**103**

[1] Q4/18 compared to Q4/17
[2] Adjusted for special items; clean CCS figures exclude fuels' inventory holding gains/losses (CCS effects) resulting from the fuels refineries and OMV Petrol Ofisi

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

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

Cash flow

Summarized cash flow statement

In EUR mn

Q4/18	Q3/18	Q4/17	Δ% [1]		2018	2017	Δ%
1,021	1,242	925	10	Sources of funds	4,293	3,871	11
1,117	970	742	51	Cash flow from operating activities	4,396	3,448	28
(749)	(447)	(2,187)	66	Cash flow from investing activities	(3,353)	(1,766)	(90)
368	523	(1,445)	n.m.	Free cash flow	1,043	1,681	(38)
244	(35)	790	(69)	Cash flow from financing activities	(975)	27	n.m.
1	(12)	(7)	n.m.	Effect of exchange rate changes on cash and cash equivalents	(22)	(42)	46
612	476	(662)	n.m.	Net (decrease)/increase in cash and cash equivalents	45	1,667	(97)
3,414	2,938	4,643	(26)	Cash and cash equivalents at beginning of period	3,981	2,314	72
4,026	**3,414**	**3,981**	**1**	**Cash and cash equivalents at end of period**	**4,026**	**3,981**	**1**
-	1	9	n.a.	thereof cash disclosed within assets held for sale	-	9	n.a.
4,026	**3,413**	**3,972**	**1**	**Cash and cash equivalents presented in the consolidated statement of financial position**	**4,026**	**3,972**	**1**
281	**523**	**(1,532)**	**n.m.**	**Free cash flow after dividends**	**263**	**1,013**	**(74)**

[1] Q4/18 compared to Q4/17

Fourth quarter 2018 (Q4/18) compared to fourth quarter 2017 (Q4/17)

In Q4/18, **sources of funds** grew to EUR 1,021 mn (Q4/17: EUR 925 mn), supported by an improved market environment. Net working capital effects generated a cash inflow of EUR 95 mn (Q4/17: outflow of EUR (183) mn). **Cash flow from operating activities** increased to EUR 1,117 mn in Q4/18 (Q4/17: EUR 742 mn).

Cash flow from investing activities showed an outflow of EUR (749) mn compared to EUR (2,187) mn in Q4/17, containing a net cash outflow of EUR (303) mn related to the acquisition of Shell’s Upstream business in New Zealand. OMV did a prepayment of USD (58) mn related to the acquisition in Q1/18. Cash flow from investing activities in Q4/17 was significantly impacted by the acquisition of an interest in the Yuzhno Russkoye gas field that led to a cash outflow of EUR (1,644) mn.

Cash flow from financing activities recorded an inflow of EUR 244 mn compared to EUR 790 mn in Q4/17, mainly due to the re-payment of a EUR 750 mn Eurobond.

Free cash flow (defined as net cash from operating activities +/– net cash from investing activities) increased to EUR 368 mn (Q4/17: EUR (1,445) mn).

January to December 2018 compared to January to December 2017

In 2018, **sources of funds** rose to EUR 4,293 mn (2017: EUR 3,871 mn), supported by an improved market environment and higher dividends received from Borealis. Net working capital components generated a cash inflow of EUR 103 mn (2017: outflow of EUR (424) mn). **Cash flow from operating activities** amounted to EUR 4,396 mn, up by EUR 948 mn compared to 2017.

Cash flow from investing activities showed an outflow of EUR (3,353) mn in 2018 compared to EUR (1,766) mn in 2017, containing the acquisition of a 20% stake in an offshore concession in Abu Dhabi that led to an outflow of USD (1.5) bn and the acquisition of Shell’s Upstream business in New Zealand that led to a cash outflow of EUR (350) mn. Cash flow from investing activities in 2018 included a cash outflow of EUR (275) mn related to the financing agreements for the Nord Stream 2 pipeline project. In 2017, the divestments of OMV (U.K.) Limited and OMV Petrol Ofisi led to an inflow of EUR 1,689 mn, which was offset by the acquisition of an interest in the Yuzhno Russkoye gas field that led to an outflow of EUR (1,644) mn.

Cash flow from financing activities showed an outflow of EUR (975) mn compared to an inflow of EUR 27 mn in 2017, impacted by the re-payment of a EUR 750 mn hybrid bond and a EUR 750 mn Eurobond, partly compensated by a higher issuance of bonds.

Free cash flow (defined as net cash from operating activities +/– net cash from investing activities) significantly decreased to EUR 1,043 mn (2017: EUR 1,681 mn). **Free cash flow after dividends** strongly declined to EUR 263 mn in 2018 (2017: EUR 1,013 mn).

Risk management

As an international oil and gas company with operations extending from hydrocarbon exploration and production through to trading and marketing of mineral products and gas, OMV is exposed to a variety of risks, including market and financial risks, as well as operational and strategic risks. A detailed description of risks and risk management activities can be found in the 2017 Annual Report (pages 82–83).

The main uncertainties that can influence the OMV Group's performance are the commodity price risk, FX risk, operational risks and also political as well as regulatory risks. The commodity price risk is being monitored constantly and appropriate protective measures with respect to cash flow are taken, if required. The inherent exposure to safety and environmental risks is monitored through HSSE (Health, Safety, Security and Environment) and risk management programs, which have the clear commitment to keep OMV's risks in line with industry standards.

More information on current risks can be found in the "Outlook" section of the Directors' Report.

Transactions with related parties

Please refer to the selected explanatory notes of the preliminary consolidated financial statements for disclosures on significant transactions with related parties.

Outlook

Market environment

For the year 2019, OMV expects the average Brent oil price to be at USD 65/bbl (2018: USD 71/bbl). In 2019, average European gas spot prices are anticipated to be lower compared to 2018.

Group

- In 2019, organic CAPEX (including capitalized E&A and excluding acquisitions) is projected to come in at EUR 2.3 bn (2018: EUR 1.9 bn).

Upstream

- OMV expects total production to be around 500 kboe/d in 2019 (2018: 427 kboe/d). Production at El Sharara in Libya is currently suspended. The field is expected to resume production as of March 2019, after which we assume a total contribution from Libya of 35 kboe/d (2018: 30 kboe/d) until year-end, depending on the security situation.

- Organic CAPEX for Upstream (including capitalized E&A and excluding acquisitions) is anticipated to come in at EUR 1.5 bn in 2019.

- In 2019, Exploration and Appraisal expenditure is expected to be at EUR 350 mn (2018: EUR 300 mn).

Downstream

Oil

- Refining indicator margin will be at the level of around USD 5/bbl (2018: USD 5.2/bbl).

- Petrochemical margins will be slightly lower than in 2018 (2018: EUR 448/t).

- Total refined product sales in 2019 are forecasted to be on similar level compared to 2018 (2018: 20.3 mn t). In OMV's markets, retail and commercial margins are predicted to be similar compared to those in 2018.

- There is no planned turnaround of the refineries in 2019. Therefore, the utilization rate of the refineries is expected to be higher than in 2018 (2018: 92%).

Gas

- Natural gas sales volumes in 2019 are projected to be above to those in 2018 (2018: 114 TWh).

- Natural gas sales margins are forecasted to be lower in 2019 compared to 2018.

- Due to the divestment of the Samsun power plant in Turkey in Q3/18, the net electrical output in 2019 will be lower than in 2018 (2018: 5.1 TWh). Net electrical output of the Brazi power plant in Romania is expected to be above to that in 2018.

- OMV will continue to finance the Nord Stream 2 pipeline.

Business Segments

Upstream

In EUR mn (unless otherwise stated)

Q4/18	Q3/18	Q4/17	Δ% [1]		2018	2017	Δ%
945	880	747	27	Clean Operating Result before depreciation and amortization, impairments and write-ups	3,370	2,677	26
578	554	344	68	Clean Operating Result	2,027	1,225	66
234	(83)	(50)	n.m.	Special items	95	(7)	n.m.
812	470	294	176	Operating Result	2,122	1,218	74
903	333	2,074	(56)	Capital expenditure [2]	3,075	2,781	11
93	70	84	11	Exploration expenditure	300	230	31
60	25	96	(38)	Exploration expenses	175	222	(21)
6.27	6.81	8.79	(29)	Production cost in USD/boe [3]	7.01	8.79	(20)
				Key Performance Indicators			
447	406	377	18	Total hydrocarbon production in kboe/d [3]	427	348	23
156	160	165	(5)	thereof OMV Petrom	160	168	(5)
18.3	16.3	16.6	10	Crude oil and NGL production in mn bbl	66.5	65.6	1
132.6	121.8	103.4	28	Natural gas production in bcf [3]	518.2	347.9	49
39.4	35.2	33.0	19	Total hydrocarbon sales volumes in mn boe [3]	148.7	118.3	26
68.81	75.16	61.26	12	Average Brent price in USD/bbl	71.31	54.19	32
62.28	67.75	55.61	12	Average realized crude price in USD/bbl	62.13	49.95	24
4.80	4.56	5.10	(6)	Average realized gas price in USD/1,000 cf [3]	4.72	5.10	(8)
13.72	12.86	14.26	(4)	Average realized gas price in EUR/MWh [3, 4]	13.06	14.77	(12)
1.141	1.163	1.177	(3)	Average EUR-USD FX rate	1.181	1.130	5

Notes: The net result from the equity-accounted investment in Pearl is reflected in the Operating Result in all presented periods. Following the closing of the acquisition of 24.99% interest in the Yuzhno Russkoye gas field on December 1, 2017, OMV's share of 24.99% in Severneftegazprom ("SNGP," operator of Yuzhno Russkoye) has been accounted for at-equity and the result of the JSC Gazprom YRGM Development ("Trader") in which OMV has a stake of 99.99% has been fully consolidated.

[1] Q4/18 compared to Q4/17

[2] Capital expenditure including acquisitions, notably the acquisition of a 20% stake in two offshore oil fields in Abu Dhabi from ADNOC in the amount of USD 1.5 bn in Q2/18.

[3] Including OMV's interest in the Yuzhno Russkoye gas field, starting from December 1, 2017.

[4] The average realized gas price is converted to MWh using a standardized calorific value across the portfolio.

Fourth quarter 2018 (Q4/18) compared to fourth quarter 2017 (Q4/17)

- Strong increase of clean Operating Result to EUR 578 mn
- Production increased to 447 kboe/d, up by 70 kboe/d
- Production cost decreased by 29% to USD 6.3/boe

The **clean Operating Result** substantially improved from EUR 344 mn in Q4/17 to EUR 578 mn, due to a significantly better operational performance in the amount of EUR 139 mn. This was largely attributable to higher sales volumes following the acquisition of the interest in the Yuzhno Russkoye gas field in Q4/17 and the acquisition of a 20% stake in two offshore oil fields in Abu Dhabi in Q2/18. This was partially offset by lower quantities in Romania as well as the missing contribution from Pakistan, following the divestment of OMV's Upstream companies in Q2/18. Net market effects had a positive impact of EUR 106 mn. Higher average oil and gas prices were partially offset by hedging losses. In Q4/18, OMV Petrom contributed EUR 170 mn to the clean Operating Result compared to EUR 70 mn in Q4/17.

Net **special items** amounted to EUR 234 mn in Q4/18 mainly associated with temporary hedging effects of EUR 185 mn. The **Operating Result** nearly tripled to EUR 812 mn (Q4/17: EUR 294 mn).

At USD 6.3/boe, **production cost** excluding royalties declined by 29% as a result of higher production supported by cost-saving programs and optimization initiatives as well as positive FX impacts. Production cost of OMV Petrom decreased by 14% to USD 10.7/boe, mainly due to various cost optimization initiatives.

Total hydrocarbon production rose by 18% to 447 kboe/d, primarily due to Russia's contribution of 106 kboe/d and the acquisition of a 20% stake in two offshore oil fields in Abu Dhabi in Q2/18. This was partially offset by lower production from Romania due to natural decline, the divestment of OMV's Upstream companies in Pakistan in Q2/18 as well as a lower contribution from New Zealand due to repair works at the Pohokura pipeline. OMV Petrom's total production was down by 5% to 156 kboe/d mostly because of natural decline. **Total sales volumes** were up by 19% and mainly attributable to the contribution from Russia and supported by higher sales volumes in the United Arab Emirates. This was partially offset by lower sales volumes in Romania, Pakistan and New Zealand.

In Q4/18, the **average Brent price** rose by 12% to around USD 69/bbl, as OPEC announced production cuts in order to reverse global surplus production ahead of softer than expected Iran sanctions, while fears of slowing global economic growth impacted prices negatively. The Group's **average realized** crude price increased by 12%. The **average realized gas price** in USD/1,000 cf decreased by 6% as Q4/18 reflects the full contribution from Russia. Realized oil and gas prices were impacted by a hedging loss of EUR (58) mn in Q4/18.

Capital expenditure including capitalized E&A decreased to EUR 903 mn in Q4/18 (Q4/17: EUR 2,074 mn). This includes the acquisition of Shell's Upstream business in New Zealand. In Q4/17, capital expenditure including capitalized E&A was mainly attributable to the acquisition of the interest in the Yuzhno Russkoye gas field. Organic capital expenditure was undertaken primarily in Romania, Norway, Austria and the United Arab Emirates. **Exploration expenditure** rose by 11% to EUR 93 mn and was mainly related to activities in Romania, Austria and Norway.

January to December 2018 compared to January to December 2017

The **clean Operating Result** substantially increased from EUR 1,225 mn in 2017 to EUR 2,027 mn in 2018 due to a significantly better operational performance in the amount of EUR 582 mn. This was largely attributable to higher sales volumes following the acquisition of the interest in the Yuzhno Russkoye gas field in Q4/17 as well as the increased volumes from Libya. In addition, the contribution from the United Arab Emirates, as a result of the acquisition of a 20% stake in two offshore oil fields in Abu Dhabi in Q2/18, impacted this result positively. These effects were partially offset by lower production contributions from Romania and New Zealand as well as the missing contribution from Pakistan following the divestment of OMV's Upstream companies in Q2/18. Net market effects had a positive impact of EUR 276 mn. Higher average prices were partially offset by hedging losses and the negative FX impact due to the depreciation of the US dollar against the euro. The 2017 result included a positive one-time effect of EUR 90 mn. OMV Petrom contributed EUR 693 mn in 2018 to the clean Operating Result compared to EUR 363 mn in 2017.

Net **special items** in 2018 amounted to EUR 95 mn (2017: EUR (7) mn) and were mainly associated with temporary hedging effects of EUR 89 mn. The **Operating Result** improved substantially to EUR 2,122 mn (2017: EUR 1,218 mn).

At USD 7.0/boe, **production cost** excluding royalties were down by 20% as a result of higher production coupled with the ongoing cost reduction program, partly offset by negative FX impacts due to the US dollar devaluation. At OMV Petrom, production cost increased by 3% to USD 11.2/boe mainly due to lower volumes.

Total hydrocarbon production rose by 23% to 427 kboe/d primarily due to Russia's contribution of 100 kboe/d. This was partially offset by lower production from Romania and Norway, due to natural decline, New Zealand, due to repair works at the Pohokura pipeline, and Pakistan, following the divestment of OMV's Upstream companies in Q2/18. OMV Petrom's total daily production went down by 8 kboe/d to 160 kboe/d mainly due to natural decline. **Total sales volumes** improved by 26%, mainly attributable to the contribution from Russia and higher sales in Libya, and partially offset by lower sales in Romania, New Zealand and Austria as well as Pakistan.

In 2018, the **average Brent price** reached USD 71/bbl, an increase of 32%, mainly driven by robust demand growth, declining production in Venezuela and fears of global market tightness ahead of effectiveness of US Iran sanctions despite a change in market sentiment from undersupply to oversupply toward year-end. The Group's **average realized crude price** rose by 24%. The **average realized gas price** in USD/1,000 cf went down by 8% as 2018 reflects the contribution from Russia. Realized prices in 2018 were impacted by a realized hedging loss of EUR (308) mn.

Capital expenditure including capitalized E&A rose in 2018 to EUR 3,075 mn (2017: EUR 2,781 mn) and also accounts for the acquisition of a 20% stake in two offshore oil fields in Abu Dhabi from ADNOC in the amount of USD 1.5 bn and Shell's Upstream business in New Zealand in the amount of USD 579 mn. In 2017, capital expenditure including capitalized E&A was mainly related to the acquisition of the interest in the Yuzhno Russkoye gas field in Q4/17. Organic capital expenditure was undertaken primarily in Romania, Norway and the United Arab Emirates. **Exploration expenditure** increased by 31% to EUR 300 mn and was mainly related to activities in Romania, Norway and Austria.

Proved reserves (1P) as of December 31, 2018 increased to 1,270 mn boe (thereof OMV Petrom [3]: 532 mn boe). With 180%, the one-year Reserve Replacement Rate (RRR) was in the same order of magnitude than last year (2017: 191%) and far above the average in the past. The three-year average RRR grew to 160% (2017: 116%).The increase in proved reserves was mainly induced by the acquisition of a 20% share in the offshore concessions Umm Lulu and SARB in the United Arab Emirates and the successful development of the Turonian reservoir in the Russian gas field Yuzhno Russkoye. Further significant revisions were made due to the increase of our shares in New Zealand as well as the positive production performance and successful development activities in Norway. **Proved and probable reserves (2P)** increased to 2,157 mn boe (thereof OMV Petrom [3]: 810 mn boe) mostly due to the acquisitions in the United Arab Emirates and New Zealand.

[3] OMV Petrom covers Romania and Kazakhstan.

Downstream

In EUR mn (unless otherwise stated)

Q4/18	Q3/18	Q4/17	Δ% [1]		2018	2017	Δ%
566	598	475	19	Clean CCS Operating Result before depreciation and amortization, impairments and write-ups [2]	2,111	2,243	(6)
445	484	356	25	Clean CCS Operating Result [2]	1,643	1,770	(7)
381	458	311	22	thereof Downstream Oil	1,439	1,554	(7)
64	26	45	42	thereof Downstream Gas	204	217	(6)
54	(233)	(37)	n.m.	Special items	(219)	(1,242)	82
(99)	33	66	n.m.	CCS effects: inventory holding gains/(losses) [2]	(4)	55	n.m.
400	284	384	4	Operating Result	1,420	584	143
204	130	207	(1)	Capital expenditure [3]	576	580	(1)
				Downstream Oil KPIs			
5.24	5.69	5.68	(8)	OMV indicator refining margin in USD/bbl [4]	5.24	6.05	(13)
504	430	401	26	Ethylene/propylene net margin in EUR/t [4, 5]	448	427	5
98	98	92	7	Utilization rate refineries in %	92	90	2
5.25	5.50	4.95	6	Total refined product sales in mn t	20.26	23.82	(15)
1.58	1.74	1.55	2	thereof retail sales volumes in mn t	6.33	8.13	(22)
0.59	0.61	0.55	8	thereof petrochemicals in mn t	2.41	2.15	12
				Downstream Gas KPIs			
32.73	23.26	31.13	5.13	Natural gas sales volumes in TWh	113.76	113.40	0
1.48	1.42	1.91	(23)	Net electrical output in TWh	5.06	7.10	(29)

[1] Q4/18 compared to Q4/17
[2] Current Cost of Supply (CCS): Clean CCS figures exclude special items and inventory holding gains/losses (CCS effects) resulting from the fuels refineries and OMV Petrol Ofisi.
[3] Capital expenditure including acquisitions
[4] Actual refining and petrochemical margins realized by OMV may vary from the OMV indicator refining margin, ethylene/propylene net margin as well as from the market margins due to factors including a different crude slate, product yield, operating conditions and a different feedstock.
[5] Calculated based on West European Contract Prices (WECP) with naphtha as feedstock

Fourth quarter 2018 (Q4/18) compared to fourth quarter 2017 (Q4/17)

- Downstream Oil result grew significantly driven by a strong commercial and retail performance, which supported the very high utilization rate of the refineries of 98%
- Clean CCS Operating Result of the petrochemicals business more than doubled

The **clean CCS Operating Result** grew considerably to EUR 445 mn in Q4/18 (Q4/17: EUR 356 mn). Both, Downstream Oil as well as Downstream Gas reached a significantly better result.

The **Downstream Oil clean CCS Operating Result** grew by 22% from EUR 311 mn in Q4/17 to EUR 381 mn, following a strong result contribution from the commercial and retail businesses as well as from the petrochemical business. The **OMV indicator refining margin** decreased by 8% to USD 5.2/bbl (Q4/17: USD 5.7/bbl). Increased crude prices resulted in higher feedstock costs, negatively impacting the indicator refining margin. While naphtha and gasoline margins declined, middle distillate and heavy fuel oil margins improved. The **utilization rate of the refineries** reached a very high level of 98% in Q4/18, compared to 92% in Q4/17. At 5.3 mn t, **total refined product sales** rose by 6%. The retail business had a strong contribution due to higher margins combined with slightly increased sales volumes. In the commercial business, sales volumes and margins went up considerably compared to Q4/17. Furthermore the commercial business in Germany and Austria profited from supply disruptions in southern Germany caused by extremely low Rhine water levels and a refinery outage. OMV Petrom contributed EUR 75 mn (Q4/17: EUR 69 mn) to the clean CCS Operating Result of Downstream Oil.

The clean CCS Operating Result of the petrochemicals business more than doubled to EUR 78 mn in Q4/18 (Q4/17: EUR 37 mn). The increase was mainly driven by the ethylene/propylene net margin, which experienced a strong gain compared to Q4/17 but was partially offset by higher customer discounts due to the increased price level. In addition, the Q4/17 result was negatively impacted by an unplanned shutdown. The share from Borealis to the clean Operating Result decreased considerably to EUR 67 mn in Q4/18 (Q4/17: EUR 94 mn). A strong contribution from Borouge could not offset negative inventory valuation effects and declining integrated polyolefin margins. The performance of the fertilizer business remained under pressure.

Downstream Gas clean CCS Operating Result increased from EUR 45 mn in Q4/17 to EUR 64 mn. The Q4/18 result was mainly impacted by a higher power result and a higher contribution from Gas Connect Austria. The contribution from Gas Connect Austria grew from EUR 21 mn to EUR 36 mn mainly due to an insurance compensation related to the Baumgarten incident and a higher contribution from participations. **Natural gas sales volumes** increased from 31.1 TWh to 32.7 TWh, primarily following higher sales volumes in Germany, which were partially offset by lower sales in Romania and Turkey. **Net electrical output** decreased to 1.5 TWh in Q4/18 (Q4/17: 1.9 TWh). A higher contribution from the Brazi power plant, supported by increased spark spreads, could not offset the missing share from the Samsun power plant following the divestment in Q3/18. OMV Petrom contributed EUR 34 mn in Q4/18 (Q4/17: EUR 10 mn) to the clean CCS Operating Result of Downstream Gas.

Net **special items** amounted to EUR 54 mn, which are mainly related to unrealized commodity derivatives and partially offset by an impairment of the Borealis fertilizer business. **CCS effects** of EUR (99) mn were booked as a result of the drop in crude prices during Q4/18. The **Operating Result** of Downstream slightly increased to EUR 400 mn compared to EUR 384 mn in Q4/17.

Capital expenditure in Downstream amounted to EUR 204 mn (Q4/17: EUR 207 mn), of which EUR 186 mn (Q4/17: EUR 169 mn) was related to Downstream Oil.

January to December 2018 compared to January to December 2017

The **clean CCS Operating Result** came down from EUR 1,770 mn to EUR 1,643 mn in 2018 mainly due to a lower result in Downstream Oil.

The **Downstream Oil clean CCS Operating Result** declined in 2018 by EUR 114 mn to EUR 1,439 mn. This was mainly a result of the divestment of OMV Petrol Ofisi in June 2017, which contributed EUR 98 mn to the 2017 result, as well of a weaker refining market environment. The **OMV indicator refining margin** decreased by 13% from USD 6.0/bbl to USD 5.2/bbl. Increased crude prices resulted in higher feedstock costs, negatively impacting the indicator refining margin. While middle distillate margins improved, gasoline and heavy fuel oil margins declined. The **utilization rate of the refineries** came in at a very high rate of 92% in 2018 (2017: 90%) despite the planned six-week turnaround at the Petrobrazi refinery in Q2/18. At 20.3 mn t, **total refined product sales** decreased by 15% following the divestment of OMV Petrol Ofisi in Q2/17, which contributed 4.0 mn t in 2017. Excluding OMV Petrol Ofisi, total refined product sales grew slightly. In the retail business, sales volumes and margins increased. In the commercial business, sales volumes rose while margins were slightly below 2017 levels. Furthermore, the commercial business in Germany and Austria profited from supply disruptions in southern Germany caused by extremely low Rhine water levels and a refinery outage. OMV Petrom contributed EUR 286 mn (2017: EUR 336 mn) to the clean CCS Operating Result of Downstream Oil.

The clean CCS Operating Result of the petrochemicals business increased by 12% to EUR 275 mn (2017: EUR 245 mn). The ethylene/propylene net margin increase was offset by declining petrochemical margins for butadiene and benzene. Furthermore, last year's result was negatively impacted by the planned turnaround at the Schwechat petrochemicals unit. Borealis's contribution to the clean Operating Result declined by EUR 39 mn to EUR 360 mn (2017: EUR 399 mn) mainly as a result of lower polyolefin margins and a challenging fertilizer market environment, partially offset by a strong Borouge result.

Downstream Gas clean CCS Operating Result declined from EUR 217 mn to EUR 204 mn in 2018. The result in 2017 was supported by positive one-off valuation effects. The performance of Gas Connect Austria increased from EUR 97 mn in 2017 to EUR 102 mn. This was mainly attributable to a higher contribution from participations and an insurance compensation related to the Baumgarten incident, partially offset by the expiration of long-term contracts and higher energy costs. **Natural gas sales volumes** were flat at 113.8 TWh (2017: 113.4 TWh), and higher sales volumes in Germany were offset by lower sales in Romania and Turkey. **Net electrical output** dropped from 7.1 TWh to 5.1 TWh in 2018: While the Brazi power plant in Romania increased the output, it could not offset the missing share of the Samsun power plant following the divestment in Q3/18. OMV Petrom contributed EUR 77 mn (2017: EUR 50 mn) to the clean CCS Operating Result of Downstream Gas.

The Downstream **Operating Result** surged from EUR 584 mn to EUR 1,420 mn in 2018. The 2018 result reflects net **special items** of EUR (219) mn mainly related to the divestment of the Samsun power plant and an impairment of the Borealis fertilizer business. In 2017, net special items were EUR (1,242) mn, reflecting the recycling of FX losses following the divestment of OMV Petrol Ofisi. **CCS effects** of EUR (4) mn were booked due to decreasing crude prices.

Capital expenditure in Downstream amounted to EUR 576 mn (2017: EUR 580 mn). Capital expenditure in Downstream Oil grew by EUR 16 mn to EUR 506 mn (2017: EUR 491 mn), which was mainly due to increased investments in OMV Petrom and partially offset by the divestment of OMV Petrol Ofisi in Q2/17. Downstream Gas capital expenditure decreased to EUR 70 mn (2017: EUR 90 mn), reflecting mainly the divestment of the Samsun power plant.

Preliminary Group Financial Statements (condensed, unaudited)

Income statement (unaudited)

In EUR mn (unless otherwise stated)

Q4/18	Q3/18	Q4/17		2018	2017
6,640	5,607	4,906	Sales revenues	22,930	20,222
271	52	128	Other operating income	517	488
54	108	93	Net income from equity-accounted investments	391	510
34	101	89	thereof Borealis	327	394
6,965	**5,767**	**5,128**	**Total revenues and other income**	**23,839**	**21,220**
(4,013)	(3,444)	(2,944)	Purchases (net of inventory variation)	(14,094)	(12,331)
(386)	(384)	(421)	Production and operating expenses	(1,594)	(1,645)
(123)	(91)	(77)	Production and similar taxes	(392)	(311)
(467)	(447)	(456)	Depreciation, amortization and impairment charges	(1,827)	(1,852)
(481)	(419)	(489)	Selling, distribution and administrative expenses	(1,749)	(1,636)
(60)	(25)	(96)	Exploration expenses	(175)	(221)
(177)	(193)	(12)	Other operating expenses	(485)	(1,491)
1,259	**763**	**631**	**Operating Result**	**3,524**	**1,732**
13	0	10	Dividend income	20	15
33	37	16	Interest income	117	64
(70)	(70)	(70)	Interest expenses	(290)	(265)
(25)	(6)	(25)	Other financial income and expenses	(72)	(60)
(50)	**(39)**	**(69)**	**Net financial result**	**(226)**	**(246)**
1,209	**725**	**562**	**Profit before tax**	**3,298**	**1,486**
(416)	(331)	(142)	Taxes on income	(1,305)	(634)
793	**393**	**421**	**Net income for the period**	**1,993**	**853**
608	**221**	**311**	**thereof attributable to stockholders of the parent**	**1,438**	**435**
19	19	26	thereof attributable to hybrid capital owners	78	103
166	154	84	thereof attributable to non-controlling interests	477	315
1.86	**0.68**	**0.95**	**Basic Earnings Per Share in EUR**	**4.40**	**1.33**
1.86	0.67	0.95	Diluted Earnings Per Share in EUR	4.40	1.33

Statement of comprehensive income (condensed, unaudited)

In EUR mn

Q4/18	Q3/18	Q4/17		2018	2017
793	393	421	Net income for the period	1,993	853
(70)	75	(232)	Exchange differences from translation of foreign operations	28	340
105	36	10	Gains/(losses) on hedges	195	32
26	(6)	(26)	Share of other comprehensive income of equity-accounted investments	51	(161)
60	**105**	**(248)**	**Total of items that may be reclassified (“recycled”) subsequently to the income statement**	**274**	**212**
(134)	0	7	Remeasurement gains/(losses) on defined benefit plans	(114)	7
21	0	n.a.	Gains/(losses) on equity investments	26	n.a.
(94)	(4)	n.a.	Gains/(losses) on hedges that are subsequently transferred to the carrying amount of the hedged item	9	n.a.
(3)	1	(10)	Share of other comprehensive income of equity-accounted investments	0	(10)
(210)	**(3)**	**(3)**	**Total of items that will not be reclassified (“recycled”) subsequently to the income statement**	**(79)**	**(3)**
(27)	(9)	(1)	Income taxes relating to items that may be reclassified (“recycled”) subsequently to the income statement	(52)	5
26	1	2	Income taxes relating to items that will not be reclassified (“recycled”) subsequently to the income statement	(3)	2
(1)	**(8)**	**2**	**Total income taxes relating to components of other comprehensive income**	**(55)**	**7**
(151)	**94**	**(250)**	**Other comprehensive income for the period, net of tax**	**139**	**216**
642	**488**	**170**	**Total comprehensive income for the period**	**2,133**	**1,069**
458	**316**	**95**	**thereof attributable to stockholders of the parent**	**1,583**	**716**
19	19	26	thereof attributable to hybrid capital owners	78	103
166	152	49	thereof attributable to non-controlling interests	472	250

Statement of financial position (unaudited)

In EUR mn

	Dec. 31, 2018	Dec. 31, 2017
Assets		
Intangible assets	3,317	2,648
Property, plant and equipment	15,115	13,654
Equity-accounted investments	3,011	2,913
Other financial assets	2,526	1,959
Other assets	36	55
Deferred taxes	759	744
Non-current assets	**24,763**	**21,972**
Inventories	1,571	1,503
Trade receivables	3,420	2,503
Other financial assets	2,860	1,140
Income tax receivables	9	15
Other assets	264	265
Cash and cash equivalents	4,026	3,972
Current assets	**12,150**	**9,398**
Assets held for sale	47	206
Total assets	**36,961**	**31,576**
Equity and liabilities		
Capital stock	327	327
Hybrid capital	1,987	2,231
Reserves	9,591	8,658
OMV equity of the parent	11,905	11,216
Non-controlling interests	3,436	3,118
Equity	**15,342**	**14,334**
Provisions for pensions and similar obligations	1,096	1,003
Bonds	4,468	3,968
Interest-bearing debts	441	823
Provisions for decommissioning and restoration obligations	3,673	3,070
Other provisions	446	497
Other financial liabilities	800	405
Other liabilities	138	148
Deferred taxes	731	437
Non-current liabilities	**11,792**	**10,352**
Trade payables	4,401	3,262
Bonds	539	788
Interest-bearing debts	304	114
Income tax liabilities	349	140
Provisions for decommissioning and restoration obligations	63	110
Other provisions	355	349
Other financial liabilities	2,930	1,288
Other liabilities	863	775
Current liabilities	**9,805**	**6,826**
Liabilities associated with assets held for sale	22	63
Total equity and liabilities	**36,961**	**31,576**

Statement of changes in equity (condensed, unaudited)

In EUR mn

	Share capital	Capital reserves	Hybrid capital	Revenue reserves	Other reserves [1]	Treasury shares	OMV equity of the parent	Non-controlling interests	Total equity
January 1, 2018	**327**	**1,517**	**2,231**	**8,006**	**(857)**	**(8)**	**11,216**	**3,118**	**14,334**
Adjustments on initial application of IFRS 9 and IFRS 15	**-**	**-**	**-**	**39**	**3**	**-**	**42**	**0**	**42**
Adjusted balance January 1, 2018	**327**	**1,517**	**2,231**	**8,045**	**(854)**	**(8)**	**11,259**	**3,118**	**14,377**
Net income for the period	-	-	-	1,516	-	-	1,516	477	1,993
Other comprehensive income for the period	-	-	-	(87)	232	-	144	(5)	139
Total comprehensive income for the period	**-**	**-**	**-**	**1,429**	**232**	**-**	**1,661**	**472**	**2,133**
Capital increase	-	-	496	-	-	-	496	-	496
Dividend distribution and hybrid coupon	-	-	-	(576)	-	-	(576)	(161)	(737)
Change in hybrid capital	-	-	(741)	(60)	-	-	(800)	-	(800)
Disposal of treasury shares	-	4	-	-	-	3	7	-	7
Share-based payments	-	(11)	-	0	-	-	(10)	-	(10)
Increase/(decrease) in non-controlling interests	-	-	-	(8)	(0)	-	(9)	7	(2)
Reclassification of cash flow hedges to balance sheet [2]	-	-	-	-	(122)	-	(122)	0	(122)
December 31, 2018	**327**	**1,511**	**1,987**	**8,830**	**(744)**	**(6)**	**11,905**	**3,436**	**15,342**

[1] "Other reserves" contain exchange differences from the translation of foreign operations, unrealized gains and losses from hedges as well as the share of other comprehensive income of equity-accounted investments.

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

	Share capital	Capital reserves	Hybrid capital	Revenue reserves	Other reserves [1]	Treasury shares	OMV equity of the parent	Non-controlling interests	Total equity
January 1, 2017	**327**	**1,507**	**2,231**	**7,990**	**(1,131)**	**(9)**	**10,915**	**3,010**	**13,925**
Net income for the period	-	-	-	537	-	-	537	315	853
Other comprehensive income for the period	-	-	-	8	274	-	282	(66)	216
Total comprehensive income for the period	**-**	**-**	**-**	**545**	**274**	**-**	**819**	**250**	**1,069**
Dividend distribution and hybrid coupon	-	-	-	(529)	-	-	(529)	(141)	(670)
Disposal of treasury shares	-	1	-	-	-	1	2	-	2
Share-based payments	-	9	-	-	-	-	9	-	9
December 31, 2017	**327**	**1,517**	**2,231**	**8,006**	**(857)**	**(8)**	**11,216**	**3,118**	**14,334**

[1] "Other reserves" contain exchange differences from the translation of foreign operations, unrealized gains and losses from hedges and available-for-sale financial assets as well as the share of other comprehensive income of equity-accounted investments.

Summarized statement of cash flows (condensed, unaudited)

In EUR mn

Q4/18	Q3/18	Q4/17		2018	2017
793	**393**	**421**	**Net income for the period**	**1,993**	**853**
392	456	485	Depreciation, amortization and impairments including write-ups	1,780	1,941
80	71	16	Deferred taxes	298	142
5	(2)	10	Losses/(gains) on the disposal of non-current assets	(2)	0
18	(12)	39	Net change in personnel and long-term provisions	9	9
(267)	335	(46)	Other adjustments	216	927
1,021	**1,242**	**925**	**Sources of funds**	**4,293**	**3,871**
93	(166)	31	(Increase)/decrease in inventories	(73)	70
(403)	(370)	(449)	(Increase)/decrease in receivables	(1,041)	(51)
399	317	254	(Decrease)/increase in liabilities	1,287	(347)
6	(53)	(20)	(Decrease)/increase in short-term provisions	(70)	(96)
1,117	**970**	**742**	**Cash flow from operating activities**	**4,396**	**3,448**
			Investments		
(568)	(494)	(509)	Intangible assets and property, plant and equipment	(3,193)	(1,586)
(68)	(96)	(70)	Investments, loans and other financial assets	(305)	(366)
(311)	4	(1,644)	Acquisitions of subsidiaries and businesses net of cash acquired	(357)	(1,644)
			Disposals		
14	35	22	Proceeds in relation to non-current assets	60	72
184	104	14	Proceeds from the sale of subsidiaries and businesses, net of cash disposed	442	1,758
(749)	**(447)**	**(2,187)**	**Cash flow from investing activities**	**(3,353)**	**(1,766)**
234	(25)	862	(Decrease)/increase in long-term borrowings	(793)	784
96	(10)	14	(Decrease)/increase in short-term borrowings	102	(89)
(86)	0	(86)	Dividends paid	(779)	(668)
0	0	0	Hybrid bond	496	0
244	**(35)**	**790**	**Cash flow from financing activities**	**(975)**	**27**
1	(12)	(7)	Effect of exchange rate changes on cash and cash equivalents	(22)	(42)
612	**476**	**(662)**	**Net (decrease)/increase in cash and cash equivalents**	**45**	**1,667**
3,414	2,938	4,643	Cash and cash equivalents at beginning of period	3,981	2,314
4,026	**3,414**	**3,981**	**Cash and cash equivalents at end of period**	**4,026**	**3,981**
0	1	9	thereof cash disclosed within assets held for sale	0	9
4,026	**3,413**	**3,972**	**Cash and cash equivalents presented in the consolidated statement of financial position**	**4,026**	**3,972**
368	**523**	**(1,445)**	**Free cash flow**	**1,043**	**1,681**
281	**523**	**(1,532)**	**Free cash flow after dividends**	**263**	**1,013**

Selected notes to the preliminary consolidated financial statements

Legal principles

The preliminary, condensed, unaudited consolidated financial statements for 2018 have been prepared in line with the accounting policies that will be used in preparing the OMV Annual Report, which are consistent with those used in the 2017 Annual Report, except as described herein. The final, audited, consolidated statements will be published in March 2019 as part of the 2018 Annual Report.

The preliminary, condensed consolidated financial statements for 2018 are unaudited and an external review by an auditor was not performed.

The preliminary, condensed consolidated financial statements for 2018 have been prepared in million EUR (EUR mn, EUR 1,000,000). Accordingly, there may be rounding differences.

In addition to the preliminary financial statements, further information on main items affecting the preliminary financial statements as of December 31, 2018 is given as part of the description of OMV's Business Segments in the Directors' Report.

Significant changes in accounting policies

The Group has initially adopted IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers from January 1, 2018.

A number of other amendments and interpretations have been effective since January 1, 2018. They do not have a material effect on the Group's financial statements.

IFRS 9 Financial Instruments

IFRS 9 introduces key changes to the classification and measurement of financial assets being based on a business model and contractual cash flows approach and implements a new impairment model based on expected credit losses. In addition, changes to hedge accounting have been made with the objective to better represent the effect of risk management activities that an entity adopts to manage exposures.

Except for hedge accounting, IFRS 9 was applied retrospectively. As permitted by IFRS 9, OMV did not restate the figures of the comparative period. The retrospective impact of applying IFRS 9 was accounted for through adjustments to the opening balances of the respective positions in equity as at January 1, 2018.

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL).

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets as at January 1, 2018.

Changes in measurement category from IAS 39 to IFRS 9

In EUR mn

	Measurement category		Paragraph	Carrying amount		
	IAS 39	**IFRS 9**		**Original (IAS 39)**	**New (IFRS 9)**	**Remeasurement effect**
Assets as at January 1, 2018						
Equity-accounted investments	n.a.	n.a.	1.	2,913	2,916	3
Other investments	Available-for-sale	FVOCI	2.	39	82	43
Investment funds	Available-for-sale	FVTPL	3.	6	6	-
Bonds	Available-for-sale	Amortized cost	3.	78	78	0
Loans	Loans and receivables	Amortized cost	4.	348	345	(2)
Other financial assets	Loans and receivables	Amortized cost	4.	1,019	1,015	(4)
	FVTPL	FVTPL		641	641	-
	Available-for-sale	FVTPL		139	139	-
Derivative instruments:						
a) Cash flow hedges	Fair value – hedging instrument	Fair value – hedging instrument		97	97	-
b) Other derivative instruments	Held-for-trading	FVTPL		732	732	-
Trade receivables	Loans and receivables	Amortized cost	4.	2,306	2,304	(2)
	Loans and receivables	FVTPL	5.	197	197	-

1. The carrying amount of equity-accounted investments was increased by EUR 3 mn due to the implementation of IFRS 9. The related impact net of tax in OMV Group's equity is EUR 3 mn.

2. IFRS 9 eliminates the exemption to measure unquoted equity instruments at cost rather than at fair value in circumstances in which the range of reasonable fair value measurements is significant and the probabilities of the various estimates cannot reasonably be assessed. It only allows measurement at fair value and states indicators when the cost might not be a good representative of fair value. Under IFRS 9, all equity investments are designated as measured at fair value through OCI as they are held for long-term strategic purposes. Consequently, all fair value gains and losses are reported in OCI, no impairment losses are recognized in profit or loss and no gains or losses are reclassified to the income statement on disposal. The related impact net of tax in OMV Group's equity is EUR 42 mn.

3. Available-for-sale financial assets, which include mainly investment funds and debt instruments, were recognized at fair value through OCI under IAS 39. Upon application of IFRS 9 the investment funds are measured at FVTPL. Based on the Group's assessment debt instruments previously classified as available-for-sale financial assets, mainly consisting of bonds, are held within the business model with an objective to collect the contractual cash flows. Upon application of IFRS 9 they are therefore measured at amortized cost with an adjustment to the accumulated OCI against their carrying amount. The effect of both changes in OMV Group's equity is immaterial.

4. The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under IAS 39. Financial assets measured at amortized cost are subject to the impairment provisions of IFRS 9. In general, the application of the expected credit loss model results in earlier recognition of credit losses and increases the amount of loss allowance recognized for the relevant items. Impairment losses are calculated based on a three-stage model using the internal or external counterparty rating and the associated probability of default. For certain financial instruments such as trade receivables, impairment losses are assessed under a simplified approach recognizing lifetime expected credit losses. The related impact net of tax in OMV Group's equity upon initial application of IFRS 9 is EUR (6) mn.

5. Under IAS 39, all trade receivables were measured at amortized cost less any impairment. Upon the application of IFRS 9, however, the portfolio of receivables eligible for factoring or the securitization program is measured at FVTPL as they are held within a business model with an objective to sell them. Moreover, the trade receivables from arrangements with provisional pricing are also measured at FVTPL as the contractual cash flows are not solely payments of principal and interest on the principal amount outstanding. The adjustment to revenue reserves due to the new classification under IFRS 9 is insignificant.

Reconciliation of changes in loss allowance based on measurement categories as at January 1, 2018

In EUR mn

Measurement category	Loss allowance under IAS 39	Remeasure-ment	Loss allowance under IFRS 9
Loans and receivables (IAS 39)/Financial assets at amortized cost (IFRS 9)			
Trade Receivables	76	2	78
Other Sundry Receivables and Assets	292	4	296
Loans	-	2	2
Available for sale financial instruments (IAS 39)/Financial assets at amortized cost (IFRS 9)			
Bonds	-	0	0
TOTAL	**368**	**9**	**377**

There is no impact on the Group's classification and measurement of financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss. The Group does not have any such liabilities.

Under IFRS 9, generally more hedging instruments and hedged items qualify for hedge accounting. The Group's hedging relationships qualified as continuing hedges upon the adoption of IFRS 9. For cash flow hedges of a forecast transaction that results in the recognition of a non-financial item, the carrying value of that item must be adjusted for the accumulated gains or losses recognized directly in OCI under IFRS 9. The adjustment will affect profit or loss in the same manner and periods as the non-financial items to which they relate affect profit or loss. The accumulated gains and losses for these cash flow hedges are presented within Total items that will not be reclassified ("recycled") subsequently to the income statement in Statement of comprehensive income and the adjustment of the carrying value of the non-financial items is presented as a change in Statement of changes in equity outside of Total comprehensive income for the period. Under IAS 39, an accounting policy choice was elected to maintain the cash flow hedge reserves in equity and reclassify them to profit or loss in the same period as the non-financial item affects profit or loss.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaced the previous revenue recognition requirements in IFRS and applies to all revenue arising from contracts with customers. According to the new standard, revenue is recognized to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is recognized when, or as, the customer obtains control of the goods or services.

The Group adopted the new standard on January 1, 2018 using the modified retrospective method, with the cumulated adjustment from initially applying this standard recognized at January 1, 2018. As a result, the Group has not applied the requirements of IFRS 15 to the comparative periods presented.

Under IFRS 15, there are more transactions in which OMV acts in the capacity of an agent. An agent recognizes revenue for the commission or fee earned for facilitating the transfer of goods or services. The assessment according to the new standard is based on whether the Group controls the specific goods or services before transferring to the customer rather than whether it has exposure to significant risks and rewards associated with the sale of the goods or services. Furthermore, under IFRS 15 more transactions have to be considered as non-monetary exchanges between entities in the same line of business that do not qualify for revenue recognition. Without this change due to IFRS 15, sales revenues and related costs would have been higher by EUR 270 mn, without any impact on the margin.

In addition, there are a small number of long-term supply contracts with different prices in different periods where the rates do not reflect the value of the goods at the time of delivery in the Group. Whereas under IAS 18 the invoiced amount was recognized as revenue, under IFRS 15 the revenue is recognized based on the average contractual price. Due to initial application of IFRS 15, retained earnings at January 1, 2018 have been adjusted by plus EUR 3 mn for these contracts.

Estimated impact of the adoption of IFRS 16 Leases

This standard will replace IAS 17 and sets out new rules for lease accounting. The most significant impact of IFRS 16 is that the Group will recognize new assets and liabilities for its operating leases, unless an exemption from IFRS 16 is applicable. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. OMV will initially apply IFRS 16 on January 1, 2019 using the modified retrospective approach for transition.

The recognition of a right-of-use asset and lease liability for the existing contracts as at December 31, 2018 will lead to an increase in property, plant and equipment and debt of approximately EUR 700 mn on January 1, 2019.

In the income statement, depreciation charges and interest expense will be reported instead of lease expense. This will lead to a slight increase in operating result, which will be offset by higher interest expense.

Changes in the consolidated Group

Compared with the consolidated financial statements as of December 31, 2017, the consolidated Group changed as follows:

Changes in consolidated group

Name of company	Registered Office	Type of Change [1]	Effective date
Upstream			
OMV GSB LIMITED	Wellington	First consolidation (A)	March 16, 2018
OMV Abu Dhabi Production GmbH	Vienna	First consolidation	April 29, 2018
Energy Infrastructure Limited	Wellington	First consolidation (A)	December 28, 2018
Energy Petroleum Holdings Limited	Wellington	First consolidation (A)	December 28, 2018
Energy Petroleum Investments Limited	Wellington	First consolidation (A)	December 28, 2018
Energy Petroleum Taranaki Limited	Wellington	First consolidation (A)	December 28, 2018
OMV New Zealand Production Limited	Wellington	First consolidation (A)	December 28, 2018
OMV New Zealand Services Limited	Wellington	First consolidation (A)	December 28, 2018
OMV Taranaki Limited	Wellington	First consolidation (A)	December 28, 2018
Taranaki Offshore Petroleum Company	Wellington	First consolidation (A)	December 28, 2018
OMV Maurice Energy Limited	Port Louis	Deconsolidation	June 28, 2018
OMV (PAKISTAN) Exploration Gesellschaft m.b.H.	Vienna	Deconsolidation	June 28, 2018
OMV (Gnondo) Exploration S.A.	Libreville	Deconsolidation (L)	September 10, 2018
OMV (Manga) Exploration S.A.	Libreville	Deconsolidation (L)	September 10, 2018
OMV (Mbeli) Exploration S.A.	Libreville	Deconsolidation (L)	September 10, 2018
OMV (Ntsina) Exploration S.A.	Libreville	Deconsolidation (L)	September 10, 2018
OMV (Gnondo) Exploration GmbH in Liqu.	Vienna	Deconsolidation (L)	December 20, 2018
OMV (Manga) Exploration GmbH in Liqu.	Vienna	Deconsolidation (L)	December 20, 2018
OMV (Mbeli) Exploration GmbH in Liqu.	Vienna	Deconsolidation (L)	December 20, 2018
OMV (Ntsina) Exploration GmbH in Liqu.	Vienna	Deconsolidation (L)	December 20, 2018
OMV Tunisia Upstream GmbH	Vienna	Deconsolidation	December 21, 2018
Downstream Oil			
DUNATÀR Köolajtermék Tároló és Kereskedelmi Kft.	Budapest	First consolidation [2]	October 1, 2018
PETRODYNE-CSEPEL Zrt.	Budapest	First consolidation (A) [2]	October 1, 2018
Pak-Arab Refinery Limited	Karachi	First consolidation (Q) [3]	December 31, 2018
Downstream Gas			
OMV Gas, Marketing & Trading Belgium BVBA	Brussels	First consolidation	December 26, 2018
OMV Samsun Elektrik Üretim Sanayi ve Ticaret A.Ş.	Istanbul	Deconsolidation	September 6, 2018

[1] "First consolidation" refers to newly formed or existing subsidiaries, while "First consolidation (A)" indicates the acquisition of a company. "First consolidation (Q)" indicates the change of consolidation method to at-equity consolidation of a company that was not consolidated before. Companies marked with "Deconsolidation" have been sold while all companies marked with "Deconsolidation (L)" were deconsolidated following a liquidation process.
[2] OMV Group previously held DUNATÀR Köolajtermék Tároló és Kereskedelmi Kft as other not consolidated investment (OMV share 48.28%). Through acquisition of 100% shares in PETRODYNE-CSEPEL Zrt, which held the remaining shares in the company, both entities were included in the consolidation.
[3] Pak-Arab Refinery Limited: See Downstream section for further details

Upstream

On December 28, 2018, OMV completed the acquisition of Shell's Upstream business in New Zealand comprising interests in Pohokura (48%), the largest gas producing field in New Zealand, and Maui (83.75%) as well as related infrastructure for production, storage and transportation. OMV has been partner in the acquired assets (OMV's former stakes: 26% in Pohokura and 10% in Maui) and following the acquisition assumed operatorship in both joint operations. The acquisition was an important step to develop Asia-Pacific into a core region in line with OMV's strategy and added up to 100 mn boe of recoverable resources to the Upstream portfolio.

The purchase price paid by OMV to Shell amounted to EUR 500 mn and included customary closing adjustments.

As a result of this transaction, OMV obtained joint control over Pohokura and Maui fields, as unanimous consent is required for strategic and operational decisions.

Furthermore, on December 28, 2018, OMV acquired from Todd Petroleum Mining Company Limited their 6.25% share in Maui for a consideration of 1 NZD. As a result of the transaction, OMV obtained 100% interest in Maui field and assumed control.

As the closing date of the transactions was at the end of 2018, there was no contribution from the New Zealand acquisitions to OMV Group's consolidated sales and net income.

On June 28, 2018, the sale of the Upstream companies active in Pakistan was closed. The gain on the disposal of the subsidiaries amounted to EUR 52 mn and was recognized in the line "Other operating income." The gain is mainly attributable to the reclassification ("recycling") of FX gains from other comprehensive income to the income statement.

On December 21, 2018, the sale of OMV Tunisia Upstream GmbH was closed. The gain on the disposal of the subsidiary amounted to EUR 39 mn and was recognized in the line "Other operating income."

Downstream

On October 1, 2018, OMV acquired an additional interest of 51.72% in DUNATÀR Köolajtermék Tároló és Kereskedelmi Kft. (DUNATÀR), which was previously held as other not consolidated investment (previous OMV share 48.28%). The transaction was effected through the acquisition of 100% shares in PETRODYNE-CSEPEL Zrt, which held the remaining shares in DUNATÀR.

Following the intensification of the strategic partnership between OMV and the Emirate of Abu Dhabi in the Downstream business, OMV will exercise joint control over Abu Dhabi Petroleum Investments LLC (ADPI, OMV's interest 25%). ADPI is the holding company of a 40% interest in Pak-Arab Refinery Limited (PARCO; indirect interest of OMV amounts to 10%), located in Pakistan. The 25% interest in ADPI was previously accounted for at fair value through OCI.

On September 6, 2018, the sale of OMV Samsun Elektrik Üretim Sanayi ve Ticaret A.Ş. was closed. The loss on the disposal of the subsidiary amounted to EUR 150 mn and was recognized in the line "Other operating expenses." The loss is mainly attributable to the reclassification ("recycling") of FX losses from other comprehensive income to the income statement.

Acquired net assets and goodwill calculation

The fair value of the net assets acquired in New Zealand matched the purchase price paid and is further detailed in the following table. The fair value of the trade receivables substantially matched their carrying amount, and all contractual cash flows less immaterial credit loss effects are expected to be collected.

Fair values acquired

In EUR mn

	Shell U/S New Zealand	Other [1]
Intangible assets	357	29
Property, plant and equipment	772	21
Non-current assets	**1,129**	**50**
Inventories	4	0
Trade receivables	42	0
Other financial and non-financial assets	9	0
Cash and cash equivalents	119	3
Current assets	**174**	**3**
Total assets	**1,303**	**52**
Pensions and similar obligations	4	-
Decommissioning and restoration obligations	642	46
Deferred taxes	117	0
Non-current liabilities	**764**	**45**
Trade payables	34	0
Income tax liabilities	17	-
Decommissioning and restoration obligations	3	-
Other provisions	17	-
Other liabilities	2	-
Current liabilities	**72**	**0**
Total liabilities	**835**	**45**
Net assets	**468**	**7** [2]
Net assets acquired	**468**	**4**

[1] Includes Todd and DUNATÀR

[2] OMV Group acquired 51.72% of DUNATÀR Köolajtermék Tároló és Kereskedelmi Kft. The previous interest held amounting to 48.28% was accounted for as other not consolidated investment.

Measurement of goodwill

In EUR mn

	Shell U/S New Zealand	Other [1]
Consideration given (cash)	500	10
Foreign currency hedge effect	(32)	0
Net assets acquired	468	4
Goodwill	**0**	**7**

[1] Includes Todd and DUNATÀR

Cash flow impact

Net cash outflows related to the acquisition of subsidiaries and businesses

In EUR mn

Consideration paid	**478**
less cash acquired	(121)
Net cash outflows from subsidiaries and businesses acquired	**357**

Net cash inflows from disposal of subsidiaries and businesses

In EUR mn

Consideration received	**465**
less cash disposed of	(23)
Net cash inflows from disposal of subsidiaries and businesses	**442**

Changes in ownership of subsidiaries without change in control

Upstream

On June 7, 2018, OMV increased its interest in KOM MUNAI LLP, based in Aktau (Kazakhstan), to 100% by acquiring the remaining non-controlling interest.

Other significant transactions

Upstream

On April 29, 2018, OMV signed an agreement for the award of a 20% stake in the offshore concession in Abu Dhabi, SARB and Umm Lulu, as well as the associated infrastructure. The agreed participation fee of USD 1.5 bn was allocated to the acquired assets and is recognized in the lines “Intangible assets” and “Property, plant and equipment” in the balance sheet.

On December 19, 2018, a concession agreement was signed awarding OMV with a 5% interest in the Ghasha concession offshore Abu Dhabi comprising the Ghasha megaproject.

A sales transaction in the North Sea region was closed and resulted in a pre-tax impairment amounting to EUR 36 mn that has been recognized in the line “Depreciation, amortization and impairment charges.”

Seasonality and cyclicality

Seasonality is of significance, especially in the Downstream Business Segment. For details, please refer to the section “Business Segments.”

Notes to the income statement

Sales revenues

In EUR mn

	2018
Revenues from contracts with customers	22,607
Revenues from other sources	323
Total sales revenues	**22,930**

Other revenues mainly include revenues from commodity sales/purchases transactions that are within the scope of IFRS 9 Financial instruments, the adjustment of revenues from considering the national oil company’s profit share as income tax in certain production sharing agreements in the Upstream segment, hedging result and rental and lease revenues.

Revenues from contracts with customers

In EUR mn

	Upstream	Downstream Oil	Downstream Gas	Corporate &Other	2018 Total
Crude oil, NGL, condensates	1,181	795	-	-	**1,976**
Natural gas and LNG	744	4	5,136	-	**5,884**
Fuel, heating oil and other refining products	-	11,130	-	-	**11,130**
Petrochemicals	-	1,981	-	-	**1,981**
Gas storage, transmission, distribution and transportation	11	-	207	-	**218**
Other goods and services	39	843	533	2	**1,417**
Total	**1,975**	**14,754**	**5,876**	**2**	**22,607**

Other operating income

During the regular impairment trigger review process, several cash generating units were identified that showed significantly improved operational performance. As a result, reversals of past impairments amounting to EUR 105 mn were recognized in Romania and Norway.

Other operating expenses

A negative fair value adjustment of EUR 88 mn was recognized in other operating expenses for the financial assets related to the contingent considerations from the divestments of Rosebank and of OMV (U.K.) Limited. The recent developments in the Rosebank license led to a reassessment of the estimated final investment date.

Income tax

In EUR mn (unless otherwise stated)

Q4/18	Q3/18	Q4/17		2018	2017
(336)	(260)	(126)	Current taxes	(1,007)	(492)
(80)	(71)	(16)	Deferred taxes	(298)	(142)
(416)	**(331)**	**(142)**	**Taxes on income and profit**	**(1,305)**	**(634)**
34	46	25	Effective tax rate in %	40	43

Notes to the statement of financial position

Commitments

As of December 31, 2018, OMV had contractual obligations for the acquisition of intangible assets and property, plant and equipment of EUR 1,003 mn (December 31, 2017: EUR 974 mn), mainly relating to exploration and production activities in Upstream.

Equity

On May 22, 2018, the Annual General Meeting approved the payment of a dividend of EUR 1.50 per share, resulting in a total dividend payment of EUR 490 mn to OMV Aktiengesellschaft stockholders. Dividend distributions to minorities amounted to EUR 161 mn in 2018. An interest payment to hybrid capital owners amounting to EUR 86 mn was also made in 2018.

On March 14, 2018, the Supervisory Board approved that OMV exercises its right to call the EUR 750 mn hybrid bond issued on May 25, 2011. The fair value of the hybrid bond was reclassified from equity to short-term bonds as of March 14, 2018. In accordance with § 5 (3) of the terms and conditions of the hybrid bond 2011, OMV called and redeemed the hybrid bond at its nominal value plus interest on the first possible call date, i.e. April 26, 2018.

A new hybrid bond with a size of EUR 500 mn was issued on June 19, 2018. According to IFRS, the proceeds of the hybrid bond (less costs of issuance) were fully treated as equity.

The total number of own shares held by the Company as of December 31, 2018, amounted to 542,151 (December 31, 2017: 772,230).

Financial liabilities

As of December 31, 2018, short- and long-term borrowings, bonds and finance leases amounted to EUR 6,040 mn (December 31, 2017: EUR 5,986 mn). Finance lease liabilities totaled EUR 288 mn (December 31, 2017: EUR 292 mn).

On November 19, 2018, OMV repaid a EUR 750 mn Eurobond with a coupon of 0.60%.

On December 4, 2018, OMV issued a EUR 500 mn Eurobond with a coupon of 1.875% and a maturity date of December 4, 2028 and a EUR 500 mn Eurobond with a coupon of 0.75% and a maturity date of December 4, 2023.

Fair value measurement

Financial instruments recognized at fair value are disclosed according to the following fair value measurement hierarchy:

Level 1: Using quoted prices in active markets for identical assets or liabilities.

Level 2: Using inputs for the asset or liability, other than quoted prices, that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices).
In order to determine the fair value for financial instruments within Level 2, usually forward prices on crude oil, natural gas, interest rates and foreign exchange rates are used as inputs to the valuation model. In addition, counterparty credit risk and volatility indicators are taken into account.

Level 3: Using inputs for the asset or liability that are not based on observable market data such as prices but on internal models or other valuation methods.

Financial instruments

In EUR mn

				Dec. 31, 2018				Dec. 31, 2017
Financial instruments on asset side	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Equity investments [1]	-	-	21	**21**	-	-	-	**-**
Investment funds	6	-	-	**6**	6	-	-	**6**
Bonds [2]	-	-	-	**-**	5	73	-	**78**
Derivatives designated and effective as hedging instruments	-	392	-	**392**	-	97	-	**97**
Other derivatives	1,206	1,178	-	**2,384**	360	372	-	**732**
Net amount of assets and liabilities associated with assets held for sale	-	-	-	**-**	-	-	2	**2**
Other financial assets at fair value [3]	-	-	725	**725**	-	-	780	**780**
Total	**1,212**	**1,570**	**747**	**3,529**	**371**	**542**	**782**	**1,695**

				Dec. 31, 2018				Dec. 31, 2017
Financial instruments on liability side	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Liabilities on derivatives designated and effective as hedging instruments	-	348	-	**348**	-	97	-	**97**
Liabilities on other derivatives	1,192	1,260	-	**2,452**	360	519	-	**879**
Other financial liabilities at fair value	-	-	2	**2**	-	-	-	**-**
Total	**1,192**	**1,608**	**2**	**2,803**	**360**	**616**	**-**	**977**

[1] Upon implementation of IFRS 9, the classification of equity investments changed to Fair Value through OCI (see section “Significant change in accounting policies”).
[2] Upon implementation of IFRS 9, the classification of bonds changed to Amortized Costs (see section “Significant change in accounting policies”).
[3] Includes an asset from reserves redetermination rights related to the acquisition of interests in the field Yuzhno Russkoye and contingent considerations from the divestments of the 30% stake in the field Rosebank and of OMV (U.K.) Limited.

With the exception of bonds valued at amortized cost (EUR 78 mn), the carrying amounts of other financial assets are the fair values. The fair value of bonds was EUR 77 mn.

Under IFRS 9, equity investments are designated as measured at fair value through OCI, as they are held for long-term strategic purposes. As of December 31, 2018, equity investments of EUR 21 mn are included in other financial assets (Level 3).

Bonds and other interest-bearing debts amounting to EUR 5,752 mn (December 31, 2017: EUR 5,694 mn) are valued at amortized cost. The estimated fair value of these liabilities was EUR 6,082 mn (December 31, 2017: EUR 6,150 mn). The carrying amount of other financial liabilities is effectively the same as their fair value, as they are predominantly short-term.

Segment reporting

Intersegmental sales

In EUR mn

Q4/18	Q3/18	Q4/17	Δ% [1]		2018	2017	Δ%
958	853	785	22	Upstream	3,386	2,839	19
20	20	21	(3)	Downstream	74	79	(7)
11	16	10	20	thereof Downstream Oil	48	34	39
51	41	48	7	thereof Downstream Gas	166	161	3
(42)	(37)	(36)	(17)	thereof intrasegmental elimination Downstream	(139)	(116)	(21)
92	78	90	1	Corporate and Other	335	349	(4)
1,070	**951**	**896**	**19**	**OMV Group**	**3,795**	**3,267**	**16**

Sales to third parties

In EUR mn

Q4/18	Q3/18	Q4/17	Δ% [1]		2018	2017	Δ%
751	456	324	132	Upstream	2,170	1,329	63
5,888	5,150	4,581	29	Downstream	20,756	18,887	10
3,947	4,141	3,130	26	thereof Downstream Oil	14,707	14,065	5
1,941	1,009	1,451	34	thereof Downstream Gas	6,049	4,822	25
1	1	1	(16)	Corporate and Other	4	6	(28)
6,640	**5,607**	**4,906**	**35**	**OMV Group**	**22,930**	**20,222**	**13**

Total sales (not consolidated)

In EUR mn

Q4/18	Q3/18	Q4/17	Δ% [1]		2018	2017	Δ%
1,709	1,310	1,109	54	Upstream	5,556	4,168	33
5,908	5,169	4,602	28	Downstream	20,830	18,967	10
3,958	4,157	3,139	26	thereof Downstream Oil	14,755	14,099	5
1,992	1,050	1,499	33	thereof Downstream Gas	6,215	4,983	25
(42)	(37)	(36)	(17)	thereof intrasegmental elimination Downstream	(139)	(116)	(21)
92	79	91	1	Corporate and Other	339	355	(4)
7,710	**6,558**	**5,802**	**33**	**OMV Group**	**26,725**	**23,490**	**14**

Segment and Group profit

In EUR mn

Q4/18	Q3/18	Q4/17	Δ% [1]		2018	2017	Δ%
812	470	294	176	Operating Result Upstream	2,122	1,218	74
400	284	384	4	Operating Result Downstream	1,420	584	143
253	488	392	(35)	thereof Operating Result Downstream Oil	1,402	412	n.m.
147	(204)	(8)	n.m.	thereof Operating Result Downstream Gas	18	171	(89)
(22)	(11)	(13)	(64)	Operating Result Corporate and Other	(47)	(48)	3
1,190	743	665	79	Operating Result segment total	3,495	1,753	99
68	20	(34)	n.m.	Consolidation: elimination of intersegmental profits	28	(21)	n.m.
1,259	763	631	99	OMV Group Operating Result	3,524	1,732	103
(50)	(39)	(69)	28	Net financial result	(226)	(246)	8
1,209	**725**	**562**	**115**	**OMV Group profit before tax**	**3,298**	**1,486**	**122**

[1] Q4/18 compared to Q4/17

Assets [1]

In EUR mn

	Dec. 31, 2018	Dec. 31, 2017
Upstream	13,536	11,322
Downstream	4,755	4,839
thereof Downstream Oil	3,798	3,704
thereof Downstream Gas	957	1,135
Corporate and Other	141	140
Total	**18,432**	**16,301**

[1] Segment assets consist of intangible assets and property, plant and equipment. Not including assets reclassified to held for sale.

Other notes

Transactions with related parties

In 2018, there were arm's-length supplies of goods and services between the Group and equity-accounted companies, except for transactions with OJSC Severneftegazprom, which are not based on market prices but on cost plus defined margin.

Material transactions with related parties

In EUR mn

	2018		2017	
	Sales and other income	Purchases and services received	Sales and other income	Purchases and services received
Borealis	1,432	48	1,126	44
GENOL Gesellschaft m.b.H. & Co KG	208	2	164	2
Erdöl-Lagergesellschaft m.b.H.	41	62	38	77
Enerco Enerji Sanayi ve Ticaret A.Ş.	4	157	3	171
Deutsche Transalpine Oelleitung GmbH	0	30	0	28
OJSC Severneftegazprom	-	161	-	16
Trans Austria Gasleitung GmbH	11	22	29	21

Related Party Balances

In EUR mn

	Dec. 31, 2018	Dec. 31, 2017
Trade receivables	72	123
Other receivables	6	6
Trade payables	67	100
Other payables	3	4
Contract liabilities	140	153

Based on the OMV ownership structure, the Republic of Austria has an indirect relationship with OMV via ÖBIB (Österreichische Bundes- und Industriebeteiligungen) and is therefore, together with companies in which the Republic of Austria is a majority shareholder, considered a related party. OMV has transactions at arm's-length in the normal course of business mainly with Österreichische Post AG, Verbund AG, Österreichische Bundesbahnen-Holding Aktiengesellschaft, Bundesbeschaffung GmbH and their subsidiaries.

Via IPIC (International Petroleum Investment Company), OMV has an indirect relationship with the Emirate of Abu Dhabi, which is, together with the companies under control of Abu Dhabi, also considered a related party. In 2018, there were supplies of goods and services for instance with Compañía Española de Petróleos (CEPSA) and Abu Dhabi National Oil company (ADNOC). OMV cooperates with ADNOC in several Upstream arrangements, one of which is an evaluation agreement over several undeveloped oil and gas fields in North-West Offshore Abu Dhabi. This agreement is resulting in an open long-term receivable balance towards ADNOC. Furthermore, OMV acquired a 20% share in the offshore concession in two oil fields in Abu Dhabi from ADNOC in Q2/18 (see "Other significant transactions"). Also CEPSA is a partner in the concession. Furthermore, in Q4/18 OMV acquired a 5% interest in the Ghasha concession offshore Abu Dhabi from ADNOC consisting of three major gas and condensate development projects.

In 2018, OMV received dividend income of EUR 360 mn (2017: EUR 270 mn) from Borealis AG, EUR 15 mn (2017: EUR 11 mn) from Trans Austria Gasleitung GmbH, EUR 34 mn (2017: EUR 67 mn) from Pearl Petroleum Company Limited, EUR 10 mn (2017: EUR 15 mn) from OJSC Severneftegazprom, EUR 1 mn (2017: EUR 5 mn) from Enerco Enerji Sanayi Ve Tickaret A.Ş. and EUR 1 mn (2017: EUR 0 mn) from Genol Gesellschaft m.b.H.

Borealis has two pending tax cases in Finland related to Borealis Technology Oy and Borealis Polymers Oy, which are described in detail in the OMV Annual Report 2017 (Note 15 – Equity-accounted investments). There have been no material changes up to the publication of the OMV Group Preliminary Financial Statements for 2018.

Subsequent events

On January 27, 2019 OMV signed agreements for the purchase of a 15% share in ADNOC Refining. The estimated purchase price for OMV amounts to approximately USD 2.5 bn based on 2018 year-end net debt. The final purchase price is dependent on the net debt as of closing and certain working capital adjustments.

On January 31, 2019, OMV has bought a 50% stake of the issued share capital in SapuraOMV Upstream Sdn. Bhd. for an amount of USD 540 mn. In addition, the parties agreed to an additional consideration of up to USD 85 mn based on certain conditions, mainly linked to the resource volume in Block 30, Mexico, at the time the final investment decision is taken. Both parties have also agreed to refinance the existing intercompany debt of USD 350 mn. Further details on the transaction will be provided in OMV Group's 2018 Annual Report that will be published in March 2019.

Declaration of the Management

We confirm to the best of our knowledge that the preliminary and unaudited financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the Group Directors' Report gives a true and fair view of the development and performance of the business and the position of the Group together with a description of the principal risks and uncertainties that the Group faces.

Vienna, February 6, 2019

The Executive Board

Rainer Seele m.p.
Chairman of the Executive Board
and Chief Executive Officer

Reinhard Florey m.p.
Chief Financial Officer

Johann Pleininger m.p.
Deputy Chairman of the Executive Board
and Executive Board
Upstream

Manfred Leitner m.p.
Member of the Executive Board
Downstream

February 6, 2019

Further Information

Next events

- OMV Group Report January–March 2019: May 3, 2019
- OMV Ordinary Annual General Meeting: May 14, 2019

The entire OMV financial calendar and additional information can be found at www.omv.com.

OMV contacts

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