

Q3

Quarterly Report 2019



OMV Group

October 30, 2019

Table of Contents

Directors' Report (condensed, unaudited)	4
Group performance	4
Outlook	8
Business segments	9
Upstream	9
Downstream	11
Group Interim Financial Statements (condensed, unaudited)	13
Declaration of the Management	27
Further Information	28

Disclaimer regarding forward-looking statements

This report contains forward-looking statements. Forward-looking statements usually may be identified by the use of terms such as “outlook,” “expect,” “anticipate,” “target,” “estimate,” “goal,” “plan,” “intend,” “may,” “objective,” “will” and similar terms or by their context. These forward-looking statements are based on beliefs and assumptions currently held by and information currently available to OMV. By their nature, forward-looking statements are subject to risks and uncertainties, both known and unknown, because they relate to events and depend on circumstances that will or may occur in the future and are outside the control of OMV. Consequently, the actual results may differ materially from those expressed or implied by the forward-looking statements. Therefore, recipients of this report are cautioned not to place undue reliance on these forward-looking statements.

Neither OMV nor any other person assumes responsibility for the accuracy and completeness of any of the forward-looking statements contained in this report. OMV disclaims any obligation to update these forward-looking statements to reflect actual results, revised assumptions and expectations and future developments and events. This report does not contain any recommendation or invitation to buy or sell securities in OMV.

October 30, 2019

OMV Group Report January–September and Q3 2019 including condensed consolidated interim financial statements as of September 30, 2019

Key Performance Indicators ¹

Group

- ▶ Clean CCS Operating Result decreased by 10% to EUR 949 mn
- ▶ Clean CCS net income attributable to stockholders amounted to EUR 457 mn, clean CCS Earnings Per Share were EUR 1.40
- ▶ High cash flow from operating activities of EUR 1,074 mn
- ▶ Organic free cash flow before dividends of EUR 594 mn
- ▶ Clean CCS ROACE at 13%

Upstream

- ▶ Production rose by 74 kboe/d to 480 kboe/d
- ▶ Production cost decreased by 7% to USD 6.3/boe

Downstream

- ▶ OMV indicator refining margin stood at USD 5.5/bbl
- ▶ Natural gas sales increased by 17% to 27.2 TWh

Key events

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

¹ Figures reflect the Q3/19 period; all comparisons described relate to the same quarter in the previous year except where otherwise mentioned.

October 30, 2019

Directors' Report (condensed, unaudited)

Group performance

Financial highlights

In EUR mn (unless otherwise stated)

Q3/19	Q2/19	Q3/18	Δ% ¹		9m/19	9m/18	Δ%
5,949	6,035	5,607	6	Sales ²	17,387	16,290	7
949	1,047	1,050	(10)	Clean CCS Operating Result³	2,755	2,593	6
449	650	554	(19)	Clean Operating Result Upstream ³	1,492	1,449	3
490	428	484	1	Clean CCS Operating Result Downstream ³	1,292	1,198	8
(11)	(13)	(9)	(34)	Clean Operating Result Corporate and Other ³	(36)	(14)	(156)
21	(17)	20	1	Consolidation: elimination of intersegmental profits	7	(40)	n.m.
36	39	38	(6)	Clean Group tax rate in %	36	40	(9)
593	627	628	(6)	Clean CCS net income ³	1,702	1,465	16
457	510	455	1	Clean CCS net income attributable to stockholders^{3,4}	1,314	1,103	19
1.40	1.56	1.39	1	Clean CCS EPS in EUR ³	4.02	3.38	19
949	1,047	1,050	(10)	Clean CCS Operating Result³	2,755	2,593	6
(108)	25	(319)	66	Special items⁵	(71)	(422)	83
64	14	33	96	CCS effects: inventory holding gains/(losses)	73	94	(22)
905	1,087	763	19	Operating Result Group	2,758	2,265	22
382	644	470	(19)	Operating Result Upstream	1,432	1,311	9
518	474	284	82	Operating Result Downstream	1,398	1,020	37
(16)	(14)	(11)	(46)	Operating Result Corporate and Other	(55)	(25)	(116)
22	(16)	20	6	Consolidation: elimination of intersegmental profits	(17)	(40)	57
(29)	(25)	(39)	24	Net financial result	(82)	(176)	53
875	1,062	725	21	Profit before tax	2,675	2,089	28
39	38	46	(15)	Group tax rate in %	37	43	(13)
535	658	393	36	Net income	1,689	1,200	41
425	543	221	93	Net income attributable to stockholders ⁴	1,323	830	59
1.30	1.66	0.68	93	Earnings Per Share (EPS) in EUR	4.05	2.54	59
1,074	1,135	970	11	Cash flow from operating activities	3,075	3,279	(6)
(1,520)	719	523	n.m.	Free cash flow before dividends	(925)	675	n.m.
(1,520)	(52)	523	n.m.	Free cash flow after dividends	(1,697)	(18)	n.m.
594	728	493	21	Organic free cash flow before dividends ⁶	1,741	1,919	(9)
4,903	3,292	2,306	113	Net debt	4,903	2,306	113
29	21	16	89	Gearing ratio in %	29	16	89
2,769	493	470	n.m.	Capital expenditure ⁷	4,144	2,556	62
609	493	459	33	Organic capital expenditure ⁸	1,505	1,304	15
13	14	12	3	Clean CCS ROACE in % ³	13	12	3
13	13	11	26	ROACE in %	13	11	26
20,083	20,192	19,978	1	Employees	20,083	19,978	1

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

¹ Q3/19 compared to Q3/18

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

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

⁵ 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 and temporary effects from commodity hedging for material transactions are included.

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

⁷ Capital expenditure including acquisitions

⁸ Organic capital expenditure is defined as capital expenditure including capitalized Exploration and Appraisal expenditure and excluding acquisitions and contingent considerations.

October 30, 2019

Third quarter 2019 (Q3/19) compared to third quarter 2018 (Q3/18)

Consolidated sales increased by 6% to EUR 5,949 mn, mainly as a result of higher sales volumes due to the Upstream acquisitions in the United Arab Emirates, Malaysia, and New Zealand. The **clean CCS Operating Result** decreased by 10% from EUR 1,050 mn to EUR 949 mn. The contribution of Upstream was EUR 449 mn (Q3/18: EUR 554 mn). The better operational performance was more than offset by the negative market environment and higher depreciation. The operational performance amounted to EUR 174 mn and was mainly due to acquisitions in New Zealand (Q4/18), the United Arab Emirates (Q2/18), and Malaysia (Q1/19) as well as the production start-up of Aasta Hansteen in Norway in Q4/18. These effects were partially compensated by lower production in Romania. Net market effects of EUR (176) mn impacted the result negatively. This was mainly due to lower average realized oil and gas prices. These were offset in part by lower hedging losses and positive FX effects. The higher depreciation of EUR (103) mn was mainly related to acquisitions in New Zealand, the United Arab Emirates, and Malaysia as well as to higher production in Norway and Libya. In Q3/19, the Downstream clean CCS Operating Result increased slightly to EUR 490 mn (Q3/18: EUR 484 mn). A strong Downstream Oil result was partially compensated by a slight decline in Downstream Gas. The Downstream Oil clean CCS Operating Result grew by 2% from EUR 458 mn in Q3/18 to EUR 465 mn. A strong result contribution from the commercial and retail businesses was partially offset by a lower contribution from the petrochemicals business and from Borealis. The Downstream Gas clean CCS Operating Result decreased slightly from EUR 26 mn in Q3/18 to EUR 25 mn. The consolidation line was EUR 21 mn in Q3/19 (Q3/18: EUR 20 mn). OMV Petrom's clean CCS Operating Result totaled EUR 262 mn (Q3/18: EUR 363 mn).

The **clean Group tax rate** was 36% compared to 38% in Q3/18, mainly due to a proportionally lower result contribution from Upstream. **Clean CCS net income** dropped to EUR 593 mn (Q3/18: EUR 628 mn). **Clean CCS net income attributable to stockholders** was EUR 457 mn (Q3/18: EUR 455 mn). **Clean CCS Earnings Per Share** came in at EUR 1.40 (Q3/18: EUR 1.39).

Net special items of EUR (108) mn were recorded in Q3/19 (Q3/18: EUR (319) mn). **CCS effects** of EUR 64 mn were recognized in Q3/19. OMV Group's reported **Operating Result** grew by 19% to EUR 905 mn (Q3/18: EUR 763 mn). OMV Petrom's contribution to the Group's reported Operating Result declined by 45% to EUR 201 mn (Q3/18: EUR 363 mn).

The **net financial result** amounted to EUR (29) mn (Q3/18: EUR (39) mn). The expansion was mainly related to foreign exchange gains. With a **Group tax rate** of 39% (Q3/18: 46%), **net income** improved to EUR 535 mn (Q3/18: EUR 393 mn). **Net income attributable to stockholders** strongly rose to EUR 425 mn (Q3/18: EUR 221 mn). **Earnings Per Share** for the quarter almost doubled to EUR 1.30 (Q3/18: EUR 0.68).

As of September 30, 2019, **net debt** equaled EUR 4,903 mn compared to EUR 2,306 mn as of September 30, 2018. The **gearing ratio** increased to 29% (September 30, 2018: 16%). This was mainly due to the acquisition of a 15% stake in the ADNOC Refining business in Q3/19 as well as the implementation of IFRS 16 starting from January 1, 2019. For further details see the Group Interim Financial Statements.

Total **capital expenditure** added up to EUR 2,769 mn (Q3/18: EUR 470 mn), whereby EUR 2,281 mn was invested in Downstream. In Q3/19, total capital expenditure reflected the acquisition of a 15% stake in ADNOC Refining and Trading Joint Venture to the amount of USD 2.43 bn. **Organic capital expenditure** increased by 33% to EUR 609 mn (Q3/18: EUR 459 mn). In Upstream, organic capital expenditure was primarily undertaken in Romania, Norway, and the United Arab Emirates. In Downstream, organic capital expenditure was predominantly related to investments in refining in Austria, Germany, and Romania, as well as to retail investments.

Special items and CCS effect

In EUR mn							
Q3/19	Q2/19	Q3/18	Δ% ¹		9m/19	9m/18	Δ%
949	1,047	1,050	(10)	Clean CCS Operating Result ²	2,755	2,593	6
(108)	25	(319)	66	Special items	(71)	(422)	83
(15)	(6)	(5)	(199)	thereof personnel and restructuring	(29)	(23)	(29)
(13)	0	(10)	(27)	thereof unscheduled depreciation	(14)	(50)	72
1	0	(1)	n.m.	thereof asset disposal	13	5	165
(81)	31	(303)	73	thereof other	(40)	(354)	89
64	14	33	96	CCS effects: inventory holding gains/(losses)	73	94	(22)
905	1,087	763	19	Operating Result Group	2,758	2,265	22

¹ Q3/19 compared to Q3/18

² Adjusted for special items; clean CCS figures exclude fuels' inventory holding gains/losses (CCS effects) resulting from the fuels refineries.

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.

October 30, 2019

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

Q3/19	Q2/19	Q3/18	Δ% ¹		9m/19	9m/18	Δ%
1,067	1,038	1,189	(10)	Sources of funds	3,302	3,196	3
1,074	1,135	970	11	Cash flow from operating activities	3,075	3,279	(6)
(2,594)	(415)	(447)	n.m.	Cash flow from investing activities	(4,000)	(2,604)	(54)
(1,520)	719	523	n.m.	Free cash flow	(925)	675	n.m.
991	(697)	(35)	n.m.	Cash flow from financing activities	65	(1,219)	n.m.
(4)	5	(12)	62	Effect of exchange rate changes on cash and cash equivalents	(9)	(24)	62
(533)	27	476	n.m.	Net (decrease)/increase in cash and cash equivalents	(869)	(567)	(53)
3,691	3,664	2,938	26	Cash and cash equivalents at beginning of period	4,026	3,981	1
3,157	3,691	3,414	(8)	Cash and cash equivalents at end of period	3,157	3,414	(8)
—	—	1	n.a.	thereof cash disclosed within Assets held for sale	—	1	n.a.
3,157	3,691	3,413	(7)	Cash and cash equivalents presented in the consolidated statement of financial position	3,157	3,413	(7)
(1,520)	(52)	523	n.m.	Free cash flow after dividends	(1,697)	(18)	n.m.
594	728	493	21	Organic Free cash flow before dividends ²	1,741	1,919	(9)

¹ Q3/19 compared to Q3/18² Organic free cash flow before dividends is cash flow from operating activities less cash flow from investing activities, excluding disposals and material inorganic cash flow components (e.g. acquisitions).

Third quarter 2019 (Q3/19) compared to third quarter 2018 (Q3/18)

In Q3/19, **sources of funds** decreased to EUR 1,067 mn (Q3/18: EUR 1,189 mn). This was mainly due to the shift of the payment of the interim dividend from Borealis into Q4/19 which amounted in Q3/18 to EUR 108 mn. Net working capital effects generated a cash inflow of EUR 7 mn, while in Q3/18 they led to an outflow of EUR (219) mn. As a result **cash flow from operating activities** improved to EUR 1,074 mn in Q3/19 (Q3/18: EUR 970 mn).

Cash flow from investing activities showed an outflow of EUR (2,594) mn compared to EUR (447) mn in Q3/18. The deviation is mainly attributable to the acquisition of a 15% stake in the ADNOC Refining business resulting in a cash outflow of EUR (2,104) mn (including related transaction costs and FX hedging impacts) in Q3/19.

Free cash flow consequently decreased to EUR (1,520) mn (Q3/18: EUR 523 mn).

Cash flow from financing activities recorded an inflow of EUR 991 mn compared to an outflow of EUR (35) mn in Q3/18, mainly attributable to the issuance of two bonds totaling a nominal value of EUR 1 bn.

Free cash flow after dividends declined to EUR (1,520) mn in Q3/19 (Q3/18: EUR 523 mn).

Organic free cash flow before dividends increased to EUR 594 mn (Q3/18: EUR 493 mn).

October 30, 2019

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 2018 Annual Report (pages 77–79).

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 a clear commitment to keeping 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 interim consolidated financial statements for disclosures on significant transactions with related parties.

October 30, 2019

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 slightly below 500 kboe/d in 2019 (2018: 427 kboe/d). For Q4/19, average production is forecasted to exceed 500 kboe/d, depending on the security situation in Libya.
- ▶ Organic CAPEX for Upstream (including capitalized E&A and excluding acquisitions) is anticipated to come in at EUR 1.5 bn in 2019 (2018: EUR 1.3 bn).
- ▶ In 2019, Exploration and Appraisal expenditure is expected to be at EUR 350 mn (2018: EUR 300 mn).

Downstream

Oil

- ▶ Refining indicator margin is expected to be below USD 5/bbl (2018: USD 5.2/bbl).
- ▶ Petrochemical margins are anticipated to be similar to those in 2018 (2018: EUR 448/t).
- ▶ Total refined product sales in 2019 are forecasted to be at a similar level compared to those in 2018 (2018: 20.3 mn t). In OMV's markets, retail margins are predicted to be similar and commercial margins are expected to be higher (previous forecast: 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 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 lower than in 2018.
- ▶ OMV will continue to finance the Nord Stream 2 pipeline.

October 30, 2019

Business segments

Upstream

In EUR mn (unless otherwise stated)

Q3/19	Q2/19	Q3/18	Δ% ¹		9m/19	9m/18	Δ%
892	1,121	880	1	Clean Operating Result before depreciation and amortization, impairments and write-ups	2,825	2,425	17
449	650	554	(19)	Clean Operating Result	1,492	1,449	3
(67)	(6)	(83)	19	Special items	(60)	(138)	56
382	644	470	(19)	Operating Result	1,432	1,311	9
448	341	333	34	Capital expenditure ²	1,581	2,172	(27)
78	93	70	11	Exploration expenditure	240	207	16
39	71	25	56	Exploration expenses	157	115	36
6.33	6.93	6.81	(7)	Production cost in USD/boe	6.69	7.28	(8)

Key Performance Indicators

480	490	406	18	Total hydrocarbon production in kboe/d	481	421	14
150	151	160	(6)	thereof OMV Petrom	152	161	(6)
19.4	19.5	16.3	19	Crude oil and NGL production in mn bbl	56.4	48.2	17
144.2	146.1	121.8	18	Natural gas production in bcf	436.9	385.6	13
42.8	44.1	35.2	22	Total hydrocarbon sales volumes in mn boe	125.4	109.4	15
62.00	68.86	75.16	(18)	Average Brent price in USD/bbl	64.59	72.13	(10)
58.98	65.91	67.75	(13)	Average realized crude price in USD/bbl ³	61.89	62.07	0
3.63	4.16	4.56	(20)	Average realized gas price in USD/1,000 cf ³	4.17	4.69	(11)
10.70	12.13	12.86	(17)	Average realized gas price in EUR/MWh ^{3,4}	12.14	12.83	(5)
1.112	1.124	1.163	(4)	Average EUR-USD FX rate	1.124	1.194	(6)

Notes: The net result from the equity-accounted investments in Pearl and Severnftgazprom ("SNGP," operator of Yuzhno Russkoye) are reflected in the Operating Result.

¹ Q3/19 compared to Q3/18

² Capital expenditure including acquisitions, notably the acquisition of a 20% stake in two offshore oil fields in Abu Dhabi from ADNOC to the amount of USD 1.5 bn in Q2/18 as well as for the participation of the 50% interest in the company SapuraOMV in Q1/19 to the amount of USD 540 mn.

³ Average realized prices include hedging effects.

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

Third quarter 2019 (Q3/19) compared to third quarter 2018 (Q3/18)

- Production strongly increased to 480 kboe/d, up by 74 kboe/d
- Production cost decreased by 7% to USD 6.3/boe

The **clean Operating Result** declined from EUR 554 mn in Q3/18 to EUR 449 mn. The increased operational performance was more than offset by the negative market environment and higher depreciation. The operational performance amounted to EUR 174 mn and was mainly due to acquisitions in New Zealand (Q4/18), the United Arab Emirates (Q2/18), and Malaysia (Q1/19) as well as the production start-up of Aasta Hansteen in Norway in Q4/18. These effects were partially offset by lower production in Romania. Net market effects of EUR (176) mn impacted the result negatively. This was mainly due to lower average realized oil and gas prices. These were offset in part by lower hedging losses and positive FX effects. The higher depreciation of EUR (103) mn was mainly related to acquisitions in New Zealand, the United Arab Emirates, and Malaysia, as well as to higher production in Norway and Libya. In Q3/19, OMV Petrom contributed EUR 115 mn to the clean Operating Result compared to EUR 208 mn in Q3/18.

Net **special items** amounted to EUR (67) mn in Q3/19 (Q3/18: EUR (83) mn) and were mainly related to a positive adjustment of the assumed gas reserves expected by OMV in the Yuzhno Russkoye field. The **Operating Result** decreased to EUR 382 mn (Q3/18: EUR 470 mn).

At USD 6.3/boe, the **production cost** excluding royalties declined by 7% as a result of higher quantities, optimization initiatives and the positive FX development. The production cost of OMV Petrom was flat at USD 10.5/boe. **Total hydrocarbon production** rose by 18% to 480 kboe/d, primarily due to the acquisitions in New Zealand, the United Arab Emirates, and Malaysia, as well as the production contribution from Aasta Hansteen in Norway. This was partially offset by lower production from Romania. OMV Petrom's total production was down 6% to 150 kboe/d mostly because of natural decline. **Total hydrocarbon sales volumes** rose to 42.8 mn boe (Q3/18: 35.2 mn boe) following the acquisitions in New Zealand, the United Arab Emirates, and Malaysia as well as due to the increased production from Norway. These effects were partially offset by lower volumes from Romania.

In Q3/19, Brent prices were relatively stable in July before dropping to USD 58/bbl in August, the lowest level since January of this year. This came on the back of a worsening global economic outlook. Furthermore, the renewed disputes between the US and China on trade negotiations were also pressuring factors. Following the attacks on Saudi Arabian oil facilities in mid-September prices increased to over USD 68/bbl; however, this was only short-lived as Saudi Arabia was able to restore production faster than

October 30, 2019

expected. Compared to Q3/18, the **average Brent price** went down by 18% to USD 62/bbl. The Group's **average realized** crude price declined by 13%. Following significant oversupply due to still high LNG imports and almost 100% storage levels across Europe gas prices decreased. The **average realized gas price** in USD/1,000 cf decreased by 20%. Realized gas prices were impacted by a hedging loss of EUR (8) mn in Q3/19.

Capital expenditure including capitalized E&A amounted to EUR 448 mn in Q3/19 (Q3/18: EUR 333 mn). Organic capital expenditure was undertaken primarily in Romania, Norway, and the United Arab Emirates. **Exploration expenditure** rose by 11% to EUR 78 mn in Q3/19 and was mainly related to activities in Norway, Romania, and Austria.

October 30, 2019

Downstream

In EUR mn (unless otherwise stated)

Q3/19	Q2/19	Q3/18	Δ% ¹		9m/19	9m/18	Δ%
628	563	598	5	Clean CCS Operating Result before depreciation and amortization, impairments and write-ups ²	1,697	1,545	10
490	428	484	1	Clean CCS Operating Result ²	1,292	1,198	8
465	427	458	2	thereof Downstream Oil	1,192	1,058	13
25	0	26	(3)	thereof Downstream Gas	100	140	(29)
(36)	33	(233)	85	Special items	8	(273)	n.m.
63	13	33	93	CCS effects: inventory holding gains/(losses) ²	98	94	4
518	474	284	82	Operating Result	1,398	1,020	37
2,281	140	130	n.m.	Capital expenditure ³	2,503	372	n.m.
Downstream Oil KPIs							
5.46	3.18	5.69	(4)	OMV indicator refining margin in USD/bbl ⁴	4.25	5.23	(19)
441	475	430	3	Ethylene/propylene net margin in EUR/t ^{4,5}	456	430	6
96	96	98	(2)	Utilization rate refineries in %	96	89	8
5.60	5.38	5.50	2	Total refined product sales in mn t	15.76	15.01	5
1.81	1.63	1.74	4	thereof retail sales volumes in mn t	4.90	4.75	3
0.56	0.57	0.61	(8)	thereof petrochemicals in mn t	1.75	1.82	(4)
Downstream Gas KPIs							
27.17	26.76	23.26	17	Natural gas sales volumes in TWh	92.00	81.03	14
1.00	0.05	1.42	(29)	Net electrical output in TWh	2.13	3.58	(40)

¹ Q3/19 compared to Q3/18² Current Cost of Supply (CCS): clean CCS figures exclude special items and inventory holding gains/losses (CCS effects) resulting from the fuels refineries.³ Capital expenditure including acquisitions, notably the acquisition of a 15% stake in ADNOC Refining and Trading JV to the amount of USD 2.43 bn.⁴ Actual refining and petrochemical margins realized by OMV may vary from the OMV indicator refining margin, the ethylene/propylene net margin, and 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.

Third quarter 2019 (Q3/19) compared to third quarter 2018 (Q3/18)

- Slight increase in the Downstream Oil result driven by a strong commercial and retail performance
- High refinery utilization rate of 96% and increased total refined product sales

The **clean CCS Operating Result** rose by 1% to EUR 490 mn (Q3/18: EUR 484 mn). A strong Downstream Oil result was partially compensated by a slight decline in Downstream Gas.

The **Downstream Oil clean CCS Operating Result** grew by 2% from EUR 458 mn in Q3/18 to EUR 465 mn. A strong result contribution from the commercial and retail businesses was partially offset by a lower contribution from the petrochemicals business and from Borealis. The **OMV indicator refining margin** declined by 4% to USD 5.5/bbl (Q3/18: USD 5.7/bbl). A strong decline in naphtha margins could not be fully offset by increased middle distillate and heavy fuel oil margins. Feedstock costs decreased as a result of lower crude prices. The **utilization rate of the refineries** remained at a high level of 96% in Q3/19 (Q3/18: 98%), despite being partially impacted by an outage in a petrochemical plant in Burghausen. At 5.6 mn t, **total refined product sales** rose by 2%. The retail business had an improved contribution following higher margins and sales volumes. In the commercial business, margins went up and sales volumes improved slightly compared to Q3/18. The commercial business continued to benefit in Q3/19 from supply disruptions that took place in previous quarters. OMV Petrom contributed EUR 126 mn (Q3/18: EUR 117 mn) to the clean CCS Operating Result of Downstream Oil.

The clean CCS Operating Result of the petrochemicals business decreased by 20% to EUR 59 mn (Q3/18: EUR 74 mn) mainly due to an outage of the steam cracker in the Burghausen refinery. While the **ethylene/propylene net margin** increased slightly and the benzene net margin rose sharply, the butadiene net margin declined compared to Q3/18. The share from Borealis to the clean Operating Result decreased to EUR 75 mn in Q3/19 (Q3/18: EUR 101 mn), mainly following negative inventory valuation effects and a lower contribution from Borouge. This was partly compensated by a higher fertilizer business contribution following lower gas prices. The integrated polyolefin margins were at a healthy level.

The **Downstream Gas clean CCS Operating Result** declined slightly from EUR 26 mn in Q3/18 to EUR 25 mn. The contribution from Gas Connect Austria increased from EUR 19 mn to EUR 23 mn mainly following higher contributions from participations and lower energy costs. **Natural gas sales volumes** improved significantly from 23.3 TWh to 27.2 TWh, primarily following increased volumes in Romania as well as a successful market offensive in Germany and the Netherlands, and partially offset by lower sales volumes in Turkey. **Net electrical output** went down to 1.0 TWh in Q3/19 (Q3/18: 1.4 TWh) following the divestment of the Samsun

October 30, 2019

power plant in Q3/18. OMV Petrom's clean CCS Operating Result of Downstream Gas amounted to EUR 12 mn in Q3/19 (Q3/18: EUR 21 mn).

Net **special items** amounted to EUR (36) mn (Q3/18: EUR (233) mn). In Q3/18 a FX loss following the divestment of the Samsun power plant was recorded ("recycled") to the amount of EUR (160) mn. **CCS effects** of EUR 63 mn were booked as a result of inventory reevaluation, partly compensated by declining crude prices during Q3/19. The **Operating Result** of Downstream nearly doubled to EUR 518 mn compared to EUR 284 mn in Q3/18.

Capital expenditure in Downstream amounted to EUR 2,281 mn (Q3/18: EUR 130 mn), mainly stemming from Downstream Oil. Capital expenditure included EUR 12 mn related to IFRS 16. Downstream Oil capital expenditure was EUR 2,260 mn in Q3/19 (Q3/18: EUR 113 mn) and mainly included the acquisition of a 15% stake in ADNOC Refining and Trading Joint Venture to the amount of USD 2.43 bn. In Q3/19, organic capital expenditure predominantly related to investments in refining in Austria, Germany, and Romania, as well as to retail investments.

October 30, 2019

Group Interim Financial Statements (condensed, unaudited)

Income statement (unaudited)

In EUR mn (unless otherwise stated)

Q3/19	Q2/19	Q3/18		9m/19	9m/18
5,949	6,035	5,607	Sales revenues	17,387	16,290
32	102	52	Other operating income	243	246
68	142	108	Net income from equity-accounted investments	297	337
75	118	101	thereof Borealis	264	293
6,048	6,279	5,767	Total revenues and other income	17,927	16,874
(3,370)	(3,437)	(3,444)	Purchases (net of inventory variation)	(10,019)	(10,081)
(463)	(420)	(384)	Production and operating expenses	(1,269)	(1,208)
(114)	(125)	(91)	Production and similar taxes	(363)	(270)
(587)	(576)	(447)	Depreciation, amortization and impairment charges	(1,713)	(1,359)
(483)	(474)	(419)	Selling, distribution and administrative expenses	(1,416)	(1,268)
(38)	(71)	(25)	Exploration expenses	(156)	(115)
(87)	(89)	(193)	Other operating expenses	(235)	(308)
905	1,087	763	Operating Result	2,758	2,265
0	4	0	Dividend income	4	7
38	51	37	Interest income	130	84
(78)	(77)	(70)	Interest expenses	(231)	(220)
11	(3)	(6)	Other financial income and expenses	15	(47)
(29)	(25)	(39)	Net financial result	(82)	(176)
875	1,062	725	Profit before tax	2,675	2,089
(340)	(404)	(331)	Taxes on income	(986)	(889)
535	658	393	Net income for the period	1,689	1,200
425	543	221	thereof attributable to stockholders of the parent	1,323	830
19	19	19	thereof attributable to hybrid capital owners	56	59
91	96	154	thereof attributable to non-controlling interests	310	311
1.30	1.66	0.68	Basic Earnings Per Share in EUR	4.05	2.54
1.30	1.66	0.67	Diluted Earnings Per Share in EUR	4.05	2.54

October 30, 2019

Statement of comprehensive income (condensed, unaudited)

In EUR mn

Q3/19	Q2/19	Q3/18		9m/19	9m/18
535	658	393	Net income for the period	1,689	1,200
204	(24)	75	Exchange differences from translation of foreign operations	270	98
(22)	0	36	Gains/(losses) on hedges	(81)	91
25	(11)	(6)	Share of other comprehensive income of equity-accounted investments	15	24
208	(36)	105	Total of items that may be reclassified ("recycled") subsequently to the income statement	204	213
(55)	(4)	—	Remeasurement gains/(losses) on defined benefit plans	(137)	21
—	—	0	Gains/(losses) on investments	—	5
20	2	(4)	Gains/(losses) on hedges that are subsequently transferred to the carrying amount of the hedged item	87	103
(10)	(16)	1	Share of other comprehensive income of equity-accounted investments	(17)	3
(44)	(18)	(3)	Total of items that will not be reclassified ("recycled") subsequently to the income statement	(66)	131
10	0	(9)	Income taxes relating to items that may be reclassified ("recycled") subsequently to the income statement	25	(25)
0	12	1	Income taxes relating to items that will not be reclassified ("recycled") subsequently to the income statement	(5)	(29)
10	12	(8)	Total income taxes relating to components of other comprehensive income	20	(54)
174	(42)	94	Other comprehensive income for the period, net of tax	158	290
709	615	488	Total comprehensive income for the period	1,847	1,490
598	487	316	thereof attributable to stockholders of the parent	1,526	1,125
19	19	19	thereof attributable to hybrid capital owners	56	59
92	109	152	thereof attributable to non-controlling interests	265	306

October 30, 2019

Statement of financial position (unaudited)

In EUR mn

	Sep. 30, 2019	Dec. 31, 2018
Assets		
Intangible assets	4,248	3,317
Property, plant and equipment	16,619	15,115
Equity-accounted investments	5,341	3,011
Other financial assets	2,635	2,659
Other assets	60	36
Deferred taxes	722	759
Non-current assets	29,627	24,896
Inventories	1,935	1,571
Trade receivables	3,093	3,420
Other financial assets	2,234	2,727
Income tax receivables	15	9
Other assets	234	264
Cash and cash equivalents	3,157	4,026
Current assets	10,668	12,017
Assets held for sale	15	47
Total assets	40,309	36,961
Equity and liabilities		
Share capital	327	327
Hybrid capital	1,987	1,987
Reserves	10,543	9,591
Equity of stockholders of the parent	12,857	11,905
Non-controlling interests	3,811	3,436
Equity	16,668	15,342
Provisions for pensions and similar obligations	1,174	1,096
Bonds	5,260	4,468
Other interest-bearing debts	1,358	441
Provisions for decommissioning and restoration obligations	4,167	3,673
Other provisions	560	446
Other financial liabilities	532	924
Other liabilities	158	138
Deferred taxes	1,093	731
Non-current liabilities	14,302	11,917
Trade payables	3,910	4,401
Bonds	1,063	539
Other interest-bearing debts	381	304
Income tax liabilities	465	349
Provisions for decommissioning and restoration obligations	70	63
Other provisions	240	355
Other financial liabilities	2,200	2,806
Other liabilities	1,011	863
Current liabilities	9,339	9,680
Liabilities associated with assets held for sale	0	22
Total equity and liabilities	40,309	36,961

October 30, 2019

Statement of changes in equity (condensed, unaudited)

In EUR mn

	Share capital	Capital reserves	Hybrid capital	Revenue reserves	Other reserves ¹	Treasury shares	Equity of stockholders of the parent	Non-controlling interests	Total equity
January 1, 2019	327	1,511	1,987	8,830	(744)	(6)	11,905	3,436	15,342
Net income for the period	-	-	-	1,379	-	-	1,379	310	1,689
Other comprehensive income for the period	-	-	-	(128)	331	-	203	(45)	158
Total comprehensive income for the period	-	-	-	1,251	331	-	1,582	265	1,847
Dividend distribution and hybrid coupon	-	-	-	(586)	-	-	(586)	(188)	(775)
Disposal of treasury shares	-	3	-	-	-	2	5	-	5
Share-based payments	-	(10)	-	-	-	-	(10)	-	(10)
Increase/(decrease) in non-controlling interests	-	-	-	-	-	-	-	299	299
Reclassification of cash flow hedges to balance sheet	-	-	-	-	(39)	-	(39)	(0)	(39)
September 30, 2019	327	1,504	1,987	9,495	(452)	(4)	12,857	3,811	16,668

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.

	Share capital	Capital reserves	Hybrid capital	Revenue reserves	Other reserves ¹	Treasury shares	Equity of stockholders 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	-	-	-	889	-	-	889	311	1,200
Other comprehensive income for the period	-	-	-	22	273	-	295	(5)	290
Total comprehensive income for the period	-	-	-	911	273	-	1,184	306	1,490
Capital increase	-	-	496	-	-	-	496	-	496
Dividend distribution and hybrid coupon	-	-	-	(490)	-	-	(490)	(161)	(651)
Change in hybrid capital	-	-	(741)	(60)	-	-	(800)	-	(800)
Disposal of treasury shares	-	4	-	-	-	3	7	-	7
Share-based payments	-	(13)	-	0	-	-	(13)	-	(13)
Increase/(decrease) in non-controlling interests	-	-	-	(8)	(0)	-	(9)	7	(2)
Reclassification of cash flow hedges to balance sheet ²	-	-	-	-	(120)	-	(120)	-	(120)
September 30, 2018	327	1,509	1,987	8,399	(702)	(6)	11,514	3,270	14,785

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 September 30, 2018 and consequently recognized in the income statement.

October 30, 2019

Summarized statement of cash flows (condensed, unaudited)

In EUR mn

Q3/19	Q2/19	Q3/18		9m/19	9m/18
535	658	393	Net income for the period	1,689	1,200
603	616	456	Depreciation, amortization and impairments including write-ups	1,780	1,388
8	37	71	Deferred taxes	65	218
0	(1)	(2)	Losses/(gains) on the disposal of non-current assets	(14)	(7)
64	(91)	(65)	Net change in provisions	7	(86)
(143)	(180)	335	Other adjustments	(226)	483
1,067	1,038	1,189	Sources of funds	3,302	3,196
(200)	107	(166)	(Increase)/decrease in inventories	(266)	(167)
(18)	555	(370)	(Increase)/decrease in receivables	357	(637)
226	(566)	317	(Decrease)/increase in liabilities	(318)	888
1,074	1,135	970	Cash flow from operating activities	3,075	3,279
			Investments		
(542)	(492)	(494)	Intangible assets and property, plant and equipment	(1,553)	(2,625)
(2,105)	(26)	(96)	Investments, loans and other financial assets	(2,207)	(237)
—	—	4	Acquisitions of subsidiaries and businesses net of cash acquired	(460)	(46)
			Disposals		
54	83	35	Proceeds in relation to non-current assets	185	46
(1)	19	104	Proceeds from the sale of subsidiaries and businesses, net of cash disposed	36	258
(2,594)	(415)	(447)	Cash flow from investing activities	(4,000)	(2,604)
976	276	(25)	(Decrease)/increase in long-term borrowings	886	(1,028)
16	(202)	(10)	(Decrease)/increase in short-term borrowings	(49)	6
(0)	(771)	0	Dividends paid	(772)	(693)
—	—	—	Hybrid bond	—	496
991	(697)	(35)	Cash flow from financing activities	65	(1,219)
(4)	5	(12)	Effect of exchange rate changes on cash and cash equivalents	(9)	(24)
(533)	27	476	Net (decrease)/increase in cash and cash equivalents	(869)	(567)
3,691	3,664	2,938	Cash and cash equivalents at beginning of period	4,026	3,981
3,157	3,691	3,414	Cash and cash equivalents at end of period	3,157	3,414
—	—	1	thereof cash disclosed within Assets held for sale	—	1
3,157	3,691	3,413	Cash and cash equivalents presented in the consolidated statement of financial position	3,157	3,413
(1,520)	719	523	Free cash flow	(925)	675
(1,520)	(52)	523	Free cash flow after dividends	(1,697)	(18)

October 30, 2019

Selected notes to the interim consolidated financial statements

Legal principles

The interim condensed consolidated financial statements for the nine months ended September 30, 2019, have been prepared in accordance with IAS 34 Interim Financial Statements.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual statements and should be read in conjunction with the Group's annual financial statements as of December 31, 2018.

The interim condensed consolidated financial statements for 9m/19 are unaudited and an external review by an auditor was not performed.

The interim condensed consolidated financial statements for 9m/19 have been prepared in million EUR (EUR mn, EUR 1,000,000). Accordingly, there may be rounding differences.

In addition to the interim financial statements, further information on main items affecting the interim financial statements as of September 30, 2019, 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 16 Leases from January 1, 2019.

A number of other amendments and interpretations have been effective since January 1, 2019. They do not have a material effect on the Group's financial statements.

IFRS 16 Leases

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

On transition to IFRS 16, OMV applied the practical expedient to grandfather the assessment of which transactions are leases. This means it applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under the previous standard were not reassessed for whether they are leases. Additionally, OMV did not recognize any right-of-use assets and lease liabilities for contracts that expire in 2019 because they are treated as short-term leases.

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

OMV initially applied IFRS 16 on January 1, 2019, using the modified retrospective approach for transition, thus not restating comparative amounts for the comparative period presented. The right-of-use assets for previous operating leases were measured at the date of initial application at the amount of the lease liability, adjusted by prepaid or accrued lease payments as well as existing onerous contract provisions for operating leases. The lease liabilities were measured at the present value of the lease payments over the remaining lease term, discounted using the incremental borrowing rate as of January 1, 2019. The weighted average lessee's incremental borrowing rate applied to these lease liabilities on January 1, 2019, was 0.94%. The first-time application of IFRS 16 resulted in recognizing EUR 688 mn as right-of-use assets and EUR 706 mn as lease liabilities for previous operating leases. For leases previously classified as finance leases the Group recognized the carrying amount of the lease asset and lease liability before transition as the carrying amount of the right-of-use asset and lease liability at the date of initial application. In the statement of financial position, the right-of-use assets are presented within property, plant and equipment and lease liabilities within other interest-bearing debts.

October 30, 2019

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

In EUR mn

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

Leasing overview

In EUR mn

	Sep. 30, 2019
Right-of-use assets	680
Right-of-use assets – land and buildings	680
Right-of-use assets – plant and machinery	36
Right-of-use assets – other fixtures, fittings and equipment	96
Total right of use assets – carrying amount	812
	9m/19
Depreciation of right-of-use assets	77
Lease liabilities	Sep. 30, 2019
Non-current lease liabilities	923
Current lease liabilities	116
Total lease liabilities	1,039

October 30, 2019

Changes in the consolidated Group

Compared with the consolidated financial statements as of December 31, 2018, the consolidated Group changed as follows:

Changes in consolidated Group

Name of company	Registered office	Type of change ¹	Effective date
Upstream			
SapuraOMV Upstream (Americas) Sdn. Bhd.	Seri Kembangan	First consolidation (A)	January 31, 2019
SapuraOMV Upstream (Australia) Sdn. Bhd.	Seri Kembangan	First consolidation (A)	January 31, 2019
SEP Block 30, S. de R.L. de C.V.	Mexico City	First consolidation (A)	January 31, 2019
SapuraOMV Upstream (Mexico) Sdn. Bhd.	Seri Kembangan	First consolidation (A)	January 31, 2019
SapuraOMV Upstream (Malaysia) Inc.	Nassau	First consolidation (A)	January 31, 2019
SapuraOMV Upstream (NZ) Sdn. Bhd.	Seri Kembangan	First consolidation (A)	January 31, 2019
SapuraOMV Upstream (Oceania) Sdn. Bhd.	Seri Kembangan	First consolidation (A)	January 31, 2019
SapuraOMV Upstream (PM) Inc.	Nassau	First consolidation (A)	January 31, 2019
SapuraOMV Upstream (Southeast Asia) Inc.	Nassau	First consolidation (A)	January 31, 2019
SapuraOMV Upstream (Sarawak) Inc.	Nassau	First consolidation (A)	January 31, 2019
Sapura Upstream Sdn Bhd	Kuala Lumpur	First consolidation (A)	January 31, 2019
Sapura Exploration and Production (Western Australia) Sdn Bhd	Perth	First consolidation (A)	January 31, 2019
SapuraOMV Upstream Sdn Bhd	Seri Kembangan	First consolidation (A)	January 31, 2019
Downstream Oil			
OMV Deutschland Services GmbH	Burghausen	First consolidation	July 2, 2019
ADNOC Global Trading LTD	Abu Dhabi	First consolidation ²	July 29, 2019
Abu Dhabi Oil Refining Company	Abu Dhabi	First consolidation (A) ²	July 31, 2019
OMV Supply & Trading Italia S.r.l.	Trieste	First consolidation	July 31, 2019

¹“First consolidation” refers to newly formed or existing subsidiaries, while “First consolidation (A)” indicates the acquisition of a company.

² Company consolidated at-equity

Upstream

On January 31, 2019, OMV bought a 50% stake of the issued share capital in SapuraOMV Upstream Sdn. Bhd. for an amount of USD 540 mn (subject to customary closing adjustments). As OMV has the decision power over the relevant activities of SapuraOMV Upstream Sdn. Bhd., the new entity and its subsidiaries are fully consolidated in OMV’s Group financial statements.

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

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

Acquired net assets and goodwill calculation

The non-controlling interest in SapuraOMV Upstream Sdn. Bhd. is measured at its proportionate share of the acquiree’s identifiable net assets. The goodwill is mostly related to the deferred tax liability recognized for the differences in book and tax values of the assets acquired. The goodwill is not deductible for income tax purposes. The initial accounting for the business combination is not yet complete and is based on the preliminary unaudited financials of SapuraOMV Upstream Sdn. Bhd. The preliminary fair value of the net assets acquired, as well as the preliminary goodwill calculation, are detailed in the following tables.

October 30, 2019

Fair values acquired (preliminary)

In EUR mn

	SapuraOMV
Intangible assets	679
Property, plant and equipment	591
Deferred taxes	15
Non-current assets	1,285
Inventories	6
Trade receivables	17
Other financial and non-financial assets	55
Cash and cash equivalents	12
Current assets	90
Total assets	1,375
Other interest-bearing debts	310
Decommissioning and restoration obligations	69
Deferred taxes	322
Non-current liabilities	700
Other interest-bearing debts	9
Trade payables	49
Income tax liabilities	4
Other liabilities	15
Current liabilities	77
Total liabilities	777
Net assets	597
Non-controlling interests	(299)
Net assets acquired	299

Measurement of goodwill (preliminary)

In EUR mn

	SapuraOMV
Consideration given (cash)	470
FX hedge effect	2
Net assets acquired	299
Goodwill	174

Cash flow impact**Net cash outflows related to the acquisition of SapuraOMV**

In EUR mn

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

Downstream Oil

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

OMV has significant influence in the companies and accounts for them using the equity method. The purchase price including transaction costs and FX hedging impact of EUR 2,149 mn was capitalized in the line "Equity-accounted investments" in the balance sheet. The purchase price includes a deferred consideration of USD 60 mn which is reflected in other short-term financial liabilities. The line "Investments, loans and other financial assets" in the cash flow statement contains the cash outflow of EUR (2,086) mn related to this transaction.

Seasonality and cyclicity

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

October 30, 2019

Notes to the income statement**Sales revenues**

In EUR mn

	9m/19	9m/18
Revenues from contracts with customers	17,062	16,406
Revenues from other sources	325	(115)
Total sales revenues	17,387	16,290

Other revenues mainly include net 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, the hedging result, and rental and lease revenues.

Revenues from contracts with customers

In EUR mn

	Upstream	Downstream		Corporate & Other	9m/19
		Oil	Gas		Total
Crude oil, NGL, condensates	918	686	—	—	1,604
Natural gas and LNG	659	4	3,721	—	4,383
Fuel, heating oil and other refining products	—	8,443	—	—	8,443
Petrochemicals	—	1,349	—	—	1,349
Gas storage, transmission, distribution and transportation	14	—	170	—	184
Other goods and services	17	673	407	2	1,099
Total	1,609	11,154	4,297	2	17,062

Revenues from contracts with customers

In EUR mn

	Upstream	Downstream		Corporate & Other	9m/18
		Oil	Gas		Total
Crude oil, NGL, condensates	863	596	—	—	1,459
Natural gas and LNG	553	3	3,601	—	4,157
Fuel, heating oil and other refining products	—	8,119	—	—	8,119
Petrochemicals	—	1,495	—	—	1,495
Gas storage, transmission, distribution and transportation	7	—	155	—	163
Other goods and services	33	628	350	2	1,012
Total	1,457	10,841	4,106	2	16,406

Income tax

In EUR mn (unless otherwise stated)

Q3/19	Q2/19	Q3/18		9m/19	9m/18
(332)	(367)	(260)	Current taxes	(921)	(671)
(8)	(37)	(71)	Deferred taxes	(65)	(218)
(340)	(404)	(331)	Taxes on income and profit	(986)	(889)
39	38	46	Effective tax rate in %	37	43

Notes to the statement of financial position**Commitments**

As of September 30, 2019, OMV had contractual obligations for the acquisition of intangible assets and property, plant and equipment of EUR 1,417 mn (December 31, 2018: EUR 1,003 mn), mainly relating to exploration and production activities in Upstream.

October 30, 2019

Contingent liabilities

Potential contingent payments to be made by OMV in relation to the agreement to acquire a 10% share in Pearl Petroleum Company Limited (Pearl), operator of Khor Mor and Chemchemical gas fields in the Kurdistan Region of Iraq, are described in detail in Note 27 – Contingent – liabilities in the OMV Consolidated Financial Statements 2018.

In this connection, in May 2019, OMV received an invoice from Crescent Petroleum Company International Limited (“Crescent”) and Dana Gas PJSC (“Dana”) amounting to approximately USD 241 mn. In view of pending proceedings before the International Chamber of Commerce (ICC) and arbitrations before the London Court of International Arbitration (LCIA) regarding inter alia revisions of the Field Development Plan (FDP) of the Chemchemical gas field and a revision of the FDP for Khor Mor, which were not approved at joint venture level, and the deviating views between Crescent/Dana and OMV inter alia about the size of an oil discovery in Khor Mor, OMV has rejected the invoice and is currently assessing its commercial and legal options. Depending on further progress of the proceedings and on the not yet commenced reserves determinations, a contingent payment could potentially arise; however, such event is not deemed probable at this stage. Therefore, no provision has been recognized in OMV Group’s interim financial statements. Furthermore, at the date of these interim financial statements, a reliable estimate of the potential additional payment, if any, cannot be made.

With reference to the Arpechim refinery site in Romania a provision for soil remediation was set up in Q3/19. Consequently, the related contingency, described in detail in Note 27 – Contingent liabilities – in the OMV Consolidated Financial Statements 2018, is no longer applicable.

Equity

On May 14, 2019, the Annual General Meeting approved the payment of a dividend of EUR 1.75 per share, resulting in a total dividend payment of EUR 572 mn to OMV Aktiengesellschaft stockholders. Dividend distributions to minorities amounted to EUR 188 mn in 9m/19.

An interest payment to hybrid capital owners amounting to EUR 14 mn was also made in 9m/19.

The total number of own shares held by the Company as of September 30, 2019, amounted to 372,613 (December 31, 2018: 542,151).

Financial liabilities

Gearing ratio

In EUR mn (unless otherwise stated)

	Q3/19	Q4/18	Δ %
Bonds	6,322	5,007	26
Lease liabilities ¹	1,039	288	n.m.
Other interest-bearing debts	700	745	(6)
Debt	8,061	6,040	33
Cash and cash equivalents	3,157	4,026	(22)
Net Debt	4,903	2,014	143
Equity	16,668	15,342	9
Gearing ratio in %	29	13	n.m.

¹ Starting with January 1, 2019, included in the line “Other interest-bearing debt” in the Statement of financial position due to the implementation of IFRS 16.

On June 11, 2019, OMV issued a EUR 300 mn Eurobond with a maturity date of June 11, 2021.

On July 3, 2019, OMV issued two tranches of EUR 500 mn Eurobonds with maturity dates of July 3, 2025 and 2034 respectively.

October 30, 2019

Fair value measurement

Financial instruments recognized at fair value are disclosed according to the fair value measurement hierarchy as stated in Note 2 of the OMV Consolidated Financial Statements 2018.

Financial instruments

In EUR mn

	Sep. 30, 2019				Dec. 31, 2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial instruments on asset side								
Equity investments	-	-	21	21	-	-	21	21
Investment funds	-	-	-	-	6	-	-	6
Derivatives designated and effective as hedging instruments	-	179	-	179	-	392	-	392
Other derivatives	760	1,130	-	1,890	1,206	1,178	-	2,384
Other financial assets at fair value ¹	-	-	698	698	-	-	725	725
Total	761	1,309	719	2,788	1,212	1,570	747	3,529

	Sep. 30, 2019				Dec. 31, 2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial instruments on liability side								
Liabilities on derivatives designated and effective as hedging instruments	-	173	-	173	-	348	-	348
Liabilities on other derivatives	751	1,064	-	1,815	1,192	1,260	-	2,452
Total	751	1,237	-	1,988	1,192	1,608	-	2,800

¹ 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.

Bonds and other interest-bearing debts (excluding lease liabilities) amounting to EUR 7,022 mn (December 31, 2018: EUR 5,752 mn) are valued at amortized cost. The estimated fair value of these liabilities was EUR 7,549 mn (December 31, 2018: EUR 6,082 mn). The carrying amount of other financial liabilities is effectively the same as their fair value, as they are predominantly short-term.

October 30, 2019

Segment reporting

Intersegmental sales

In EUR mn							
Q3/19	Q2/19	Q3/18	Δ% ¹		9m/19	9m/18	Δ%
862	1,011	853	1	Upstream	2,736	2,428	13
22	20	20	12	Downstream	64	54	20
12	10	16	(23)	thereof Downstream Oil	34	36	(6)
10	50	41	(75)	thereof Downstream Gas	103	115	(10)
0	(41)	(37)	n.m.	thereof intrasegmental elimination Downstream	(73)	(97)	25
87	84	78	12	Corporate and Other	256	244	5
971	1,114	951	2	Total	3,056	2,725	12

Sales to third parties

In EUR mn							
Q3/19	Q2/19	Q3/18	Δ% ¹		9m/19	9m/18	Δ%
649	751	456	42	Upstream	1,916	1,419	35
5,299	5,283	5,150	3	Downstream	15,468	14,868	4
3,947	4,020	4,141	(5)	thereof Downstream Oil	11,248	10,760	5
1,352	1,263	1,009	34	thereof Downstream Gas	4,220	4,108	3
1	1	1	7	Corporate and Other	3	3	(18)
5,949	6,035	5,607	6	Total	17,387	16,290	7

Total sales (not consolidated)

In EUR mn							
Q3/19	Q2/19	Q3/18	Δ% ¹		9m/19	9m/18	Δ%
1,510	1,762	1,310	15	Upstream	4,652	3,847	21
5,321	5,303	5,169	3	Downstream	15,533	14,922	4
3,959	4,030	4,157	(5)	thereof Downstream Oil	11,282	10,796	5
1,363	1,313	1,050	30	thereof Downstream Gas	4,323	4,222	2
0	(41)	(37)	99	thereof intrasegmental elimination Downstream	(73)	(97)	25
88	85	79	12	Corporate and Other	259	247	5
6,920	7,149	6,558	6	Total	20,443	19,016	8

Segment and Group profit

In EUR mn							
Q3/19	Q2/19	Q3/18	Δ% ¹		9m/19	9m/18	Δ%
382	644	470	(19)	Operating Result Upstream	1,432	1,311	9
518	474	284	82	Operating Result Downstream	1,398	1,020	37
487	436	488	0	thereof Operating Result Downstream Oil	1,254	1,148	9
31	38	(204)	n.m.	thereof Operating Result Downstream Gas	144	(129)	n.m.
(16)	(14)	(11)	(46)	Operating Result Corporate and Other	(55)	(25)	(116)
883	1,103	743	19	Operating Result segment total	2,775	2,305	20
22	(16)	20	6	Consolidation: Elimination of intersegmental profits	(17)	(40)	57
905	1,087	763	19	OMV Group Operating Result	2,758	2,265	22
(29)	(25)	(39)	24	Net financial result	(82)	(176)	53
875	1,062	725	21	OMV Group profit before tax	2,675	2,089	28

¹ Q3/19 compared to Q3/18

Assets¹

In EUR mn	Sep. 30, 2019	Dec. 31, 2018
Upstream	15,373	13,536
Downstream	5,220	4,755
thereof Downstream Oil	4,249	3,798
thereof Downstream Gas	971	957
Corporate and Other	275	141
Total	20,868	18,432

¹ Segment assets consist of intangible assets and property, plant and equipment. Since January 1, 2019, right-of-use assets based on the IFRS 16 implementation are also included. Does not include assets reclassified to held for sale.

October 30, 2019

Other notes**Transactions with related parties**

In 9m/19, 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 equity-accounted investments

In EUR mn

	9m/19		9m/18	
	Sales and other income	Purchases and services received	Sales and other income	Purchases and services received
Borealis	970	32	1,066	35
GENOL Gesellschaft m.b.H. & Co KG	141	1	150	1
Erdöl-Lagergesellschaft m.b.H.	63	41	29	45
Enerco Enerji Sanayi ve Ticaret A.Ş.	0	—	2	130
Deutsche Transalpine Oelleitung GmbH	0	28	0	20
OJSC Severneftegazprom	—	130	—	96
Trans Austria Gasleitung GmbH	7	15	8	17

Balances with equity-accounted investments

In EUR mn

	Sep. 30, 2019	Dec. 31, 2018
Advance payments	—	10
Trade receivables	146	72
Other receivables	7	6
Trade payables	71	67
Other payables	4	3
Contract liabilities	177	140

Dividend income from equity-accounted investments

In EUR mn

	9m/19	9m/18
Borealis AG	144	360
Enerco Enerji Sanayi Ve Ticaret A.Ş.	—	1
GENOL Gesellschaft m.b.H. & Co KG	1	1
OJSC Severneftegazprom	6	10
Pearl Petroleum Company Limited	17	29
PEGAS CEGH Gas Exchange Services GmbH	1	0
Trans Austria Gasleitung GmbH	9	15
Total Group	179	416

Abu Dhabi National Oil Company (ADNOC) is a related party as described in the OMV Annual Report 2018 (Note 35 – Related Parties). In Q3/19 OMV and ADNOC closed the strategic equity partnerships covering both the existing ADNOC Refining business and a new Trading Joint Venture, with OMV having a 15% stake. More details can be found in the chapter “Changes in the consolidated group”.

Information on the government-related entities can be found in OMV Consolidated Financial Statements 2018 (Note 35 – Related Parties). There have been no changes to the publication of condensed interim financial statements for 9m/19.

Borealis had two tax cases in Finland related to Borealis Technology Oy and Borealis Polymers Oy, which are described in detail in the OMV Consolidated Financial Statements 2018 (Note 16 – Equity-accounted investments). On June 7, 2019, the Finnish and Austrian Tax Authorities reached an agreement on two cases regarding the taxation of Borealis Technology Oy and Borealis Polymers Oy. The dispute was resolved through a Mutual Agreement Procedure (MAP) between Finland and Austria. Borealis welcomes that an agreement has been reached which finally eliminates double taxation.

Subsequent events

There were no material subsequent events leading up to the publication of the Group Interim Financial Statements for 9m/19.

October 30, 2019

Declaration of the Management

We confirm to the best of our knowledge that the condensed interim 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 important events that have occurred during the first nine months of the financial year and their impact on the condensed interim financial statements, the principal risks and uncertainties for the remaining three months of the financial year and the major related-party transactions to be disclosed.

Vienna, October 30, 2019

The Executive Board

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

Reinhard Florey m.p.
Chief Financial Officer

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

Thomas Gangl m.p.
Chief Downstream Operations Officer

October 30, 2019

Further Information

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