Q4

Quarterly Report 2019

OMV Group

The energy for a better life. OMV

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February 6, 2020

OMV Group Report January–December and Q4 2019 including preliminary consolidated financial statements as of December 31, 2019

Key Performance Indicators [1]

Group

- Clean CCS Operating Result decreased by 26% to EUR 781 mn
- Clean CCS net income attributable to stockholders amounted to EUR 310 mn, clean CCS Earnings Per Share were EUR 0.95
- High cash flow from operating activities of EUR 981 mn
- Organic free cash flow before dividends of EUR 378 mn
- Clean CCS ROACE at 11%
- Cost savings of more than EUR 130 mn versus 2017 achieved
- Dividend Per Share of EUR 2.00 proposed [2]; increase of 14% compared to the previous year

Upstream

- Production strongly increased by 58 kboe/d to 505 kboe/d and for the first time above 500 kboe/d in a quarter
- Production cost remained flat at USD 6.4/boe

Downstream

- OMV indicator refining margin stood at USD 5.0/bbl
- Natural gas sales increased by 37% to 44.7 TWh

Key events

- On November 18, 2019, OMV agreed to sell its 69% interest in the Maari Field, located in New Zealand's offshore Taranaki Basin, to Jadestone Energy Inc., an independent oil and gas company focused on the Asia Pacific region. The agreed purchase price is USD 50 mn, subject to closing adjustments. The effective date of the transaction is January 1, 2019 and the closing of the transaction is subject to Joint Venture and New Zealand Government approvals. Average production of the divested assets in 2018 was around 5 kboe/d (net to OMV).

Note: Figures in the following tables may not add up due to rounding differences. Differences between percentages are displayed as percentage points throughout the document.

[1] Figures reflect the Q4/19 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 2020

Directors' Report (condensed, unaudited)

Group performance

Financial highlights

In EUR mn (unless otherwise stated)

Q4/19	Q3/19	Q4/18	Δ% [1]		2019	2018	Δ%
6,074	5,949	6,640	(9)	Sales [2]	23,461	22,930	2
781	**949**	**1,053**	**(26)**	**Clean CCS Operating Result [3]**	**3,536**	**3,646**	**(3)**
459	449	578	(21)	Clean Operating Result Upstream [3]	1,951	2,027	(4)
385	490	445	(13)	Clean CCS Operating Result Downstream [3]	1,677	1,643	2
(31)	(11)	(7)	n.m.	Clean Operating Result Corporate and Other [3]	(67)	(21)	n.m.
(33)	21	37	n.m.	Consolidation: elimination of intersegmental profits	(25)	(3)	n.m.
43	36	36	7	Clean Group tax rate in %	38	39	(1)
420	593	643	(35)	Clean CCS net income [3]	2,121	2,108	1
310	**457**	**490**	**(37)**	**Clean CCS net income attributable to stockholders [3, 4]**	**1,624**	**1,594**	**2**
0.95	1.40	1.50	(37)	Clean CCS EPS in EUR [3]	4.97	4.88	2
781	**949**	**1,053**	**(26)**	**Clean CCS Operating Result [3]**	**3,536**	**3,646**	**(3)**
7	**(108)**	**273**	**(97)**	**Special items [5]**	**(64)**	**(149)**	**57**
37	64	(67)	n.m.	CCS effects: inventory holding gains/(losses)	110	27	n.m.
824	**905**	**1,259**	**(35)**	**Operating Result Group**	**3,582**	**3,524**	**2**
448	382	812	(45)	Operating Result Upstream	1,879	2,122	(11)
449	518	400	12	Operating Result Downstream	1,847	1,420	30
(36)	(16)	(22)	(66)	Operating Result Corporate and Other	(91)	(47)	(93)
(36)	22	68	n.m.	Consolidation: elimination of intersegmental profits	(54)	28	n.m.
(47)	(29)	(50)	5	Net financial result	(129)	(226)	43
777	875	1,209	(36)	Profit before tax	3,453	3,298	5
41	39	34	7	Group tax rate in %	38	40	(2)
458	535	793	(42)	Net income	2,147	1,993	8
355	425	608	(42)	Net income attributable to stockholders [4]	1,678	1,438	17
1.09	1.30	1.86	(42)	Earnings Per Share (EPS) in EUR	5.14	4.40	17
981	1,074	1,117	(12)	Cash flow from operating activities	4,056	4,396	(8)
342	(1,520)	368	(7)	Free cash flow before dividends	(583)	1,043	n.m.
256	(1,520)	281	(9)	Free cash flow after dividends	(1,441)	263	n.m.
378	594	576	(34)	Organic free cash flow before dividends [6]	2,119	2,495	(15)
				Dividend Per Share (DPS) in EUR [7]	2.00	1.75	14
4,686	4,903	2,014	133	Net debt	4,686	2,014	133
28	29	13	15	Gearing ratio in %	28	13	15
773	2,769	1,120	(31)	Capital expenditure [8]	4,916	3,676	34
746	609	589	27	Organic capital expenditure [9]	2,251	1,893	19
11	13	13	(2)	Clean CCS ROACE in % [3]	11	13	(2)
11	13	12	(1)	ROACE in %	11	12	(1)
19,845	20,083	19,984	(1)	Employees	19,845	19,984	(1)

[1] Q4/19 compared to Q4/18
[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] 2019: as proposed by the Executive Board; subject to confirmation by the Supervisory Board and the Annual General Meeting 2020
[8] Capital expenditure including acquisitions
[9] Organic capital expenditure is defined as capital expenditure including capitalized Exploration and Appraisal expenditure and excluding acquisitions and contingent considerations.

Fourth quarter 2019 (Q4/19) compared to fourth quarter 2018 (Q4/18)

Consolidated sales decreased by 9% to EUR 6,074 mn, driven by lower prices in Downstream and lower oil and gas prices in Upstream, which could partially be compensated by higher sales volumes. The **clean CCS Operating Result** decreased by 26% from EUR 1,053 mn to EUR 781 mn. The contribution of Upstream was EUR 459 mn (Q4/18: EUR 578 mn). The adverse market environment and higher depreciation negatively impacted the result. Better operational performance could only partially offset these effects. Net market effects of EUR (91) mn impacted the result negatively. Lower average realized oil and gas prices were the main reason. Conversely lower hedging losses and positive FX effects provided support. Depreciation rose by EUR (75) mn after acquisitions in New Zealand (Q4/18), the United Arab Emirates (Q2/18), and Malaysia (Q1/19), and the higher production in Norway and Libya. The operational performance raised the result by EUR 47 mn, mainly owing to acquisitions in New Zealand, Malaysia, and the United Arab Emirates, and higher sales in Libya. These increments were partially offset by fewer oil liftings in Norway and lower Romanian production. In Downstream, the clean CCS Operating Result declined by 13% to EUR 385 mn (Q4/18: EUR 445 mn). A decline in Downstream Oil was partially compensated by an increased Downstream Gas result. The Downstream Oil clean CCS Operating Result dropped by 20% from EUR 381 mn in Q4/18 to EUR 303 mn, mainly following a weaker contribution from the petrochemicals business as a result of lower margins. The Downstream Gas clean CCS Operating Result grew considerably from EUR 64 mn in Q4/18 to EUR 82 mn, mainly following a higher contribution from the storage business. The consolidation line was EUR (33) mn in Q4/19 (Q4/18: EUR 37 mn). OMV Petrom's clean CCS Operating Result totaled EUR 234 mn (Q4/18: EUR 306 mn).

The **clean Group tax rate** was 43% compared to 36% in Q4/18, following a higher contribution from high tax rate fiscal regimes in Upstream, especially Libya. **Clean CCS net income** dropped to EUR 420 mn (Q4/18: EUR 643 mn). **Clean CCS net income attributable to stockholders** was EUR 310 mn (Q4/18: EUR 490 mn). **Clean CCS Earnings Per Share** came in at EUR 0.95 (Q4/18: EUR 1.50).

Net **special items** of EUR 7 mn were recorded in Q4/19 (Q4/18: EUR 273 mn). In Q4/18, net special items were mainly related to temporary hedging effects and unrealized commodity derivatives. **CCS effects** of EUR 37 mn were recognized in Q4/19. OMV Group's reported **Operating Result** decreased by 35% to EUR 824 mn (Q4/18: EUR 1,259 mn). OMV Petrom's contribution to the Group's reported Operating Result declined by 43% to EUR 217 mn (Q4/18: EUR 380 mn).

The **net financial result** amounted to EUR (47) mn (Q4/18: EUR (50) mn). With a **Group tax rate** of 41% (Q4/18: 34%), **net income** decreased to EUR 458 mn (Q4/18: EUR 793 mn). **Net income attributable to stockholders** declined to EUR 355 mn (Q4/18: EUR 608 mn). **Earnings Per Share** amounted to EUR 1.09 (Q4/18: EUR 1.86).

As of December 31, 2019, **net debt** equaled EUR 4,686 mn compared to EUR 2,014 mn as of December 31, 2018. The **gearing ratio** increased to 28% (December 31, 2018: 13%). This was mainly due to the acquisition of a 15% stake in the ADNOC Refining business in 2019 as well as the implementation of IFRS 16 starting from January 1, 2019. For further details, see the preliminary financial statements.

Total **capital expenditure** came in at EUR 773 mn (Q4/18: EUR 1,120 mn). In Q4/18, the acquisition of Shell's Upstream business in New Zealand for USD 579 mn was included. In Q4/19, **organic capital expenditure** increased by 27% to EUR 746 mn (Q4/18: EUR 589 mn). In Upstream, organic capital expenditure was primarily directed to projects in Romania, Norway, Austria, and the United Arab Emirates. In Downstream, organic capital expenditure was predominantly related to investments in the European refineries and in retail.

January to December 2019 compared to January to December 2018

Consolidated sales increased by 2% to EUR 23,461 mn. Higher Upstream sales volumes, following OMV's acquisitions in New Zealand, Malaysia, and the United Arab Emirates, were partially offset by unfavorable market environment developments. The **clean CCS Operating Result** slightly decreased from EUR 3,646 mn in 2018 to EUR 3,536 mn. The Upstream result amounted to EUR 1,951 mn (2018: EUR 2,027 mn). There were adverse effects coming from higher depreciation of EUR (382) mn, mainly related to OMV's acquisitions in New Zealand (Q4/18), the United Arab Emirates (Q2/18), and Malaysia (Q1/19), and higher production from Norway. Net market effects had a negative impact of EUR (80) mn, as a result of lower average realized oil and gas prices. This was partially offset by lower hedging losses and positive FX effects. Gains resulting from improved operational performance amounted to EUR 386 mn and were mainly a consequence of OMV's acquisitions in New Zealand, the United Arab Emirates, and Malaysia, and higher Norwegian output. Results were negatively impacted by natural production decline in Romania and the sale of OMV's Upstream assets in Pakistan in Q2/18. In Downstream, the clean CCS Operating Result slightly rose from EUR 1,643 mn to EUR 1,677 mn in 2019 mainly following a higher result in Downstream Oil, partially offset by a lower Downstream Gas result. The Downstream Oil clean CCS Operating Result increased in 2019 by EUR 56 mn to EUR 1,495 mn. The increase was mainly driven by a strong contribution from the commercial and retail businesses, partially offset by lower indicator refining and petrochemical margins. The Downstream Gas clean CCS Operating Result declined from EUR 204 mn to EUR 182 mn in 2019, mainly caused by a weaker power result. The consolidation line was EUR (25) mn in 2019 (2018: EUR (3) mn). OMV Petrom's clean CCS Operating Result amounted to EUR 973 mn (2018: EUR 1,034 mn).

The **clean Group tax rate** in 2019 was 38% (2018: 39%). **Clean CCS net income** was nearly flat at EUR 2,121 mn (2018: EUR 2,108 mn). **Clean CCS net income attributable to stockholders** amounted to EUR 1,624 mn (2018: EUR 1,594 mn). **Clean CCS Earnings Per Share** was EUR 4.97 (2018: EUR 4.88).

Net **special items** of EUR (64) mn were recorded in 2019 (2018: EUR (149) mn). **CCS effects** of EUR 110 mn were recognized in 2019. OMV Group's reported **Operating Result** slightly rose to EUR 3,582 mn (2018: EUR 3,524 mn). The contribution of OMV Petrom to the Group's reported Operating Result decreased to EUR 895 mn (2018: EUR 1,131 mn).

The **net financial result** improved to EUR (129) mn (2018: EUR (226) mn) mainly due to an improved FX result together with higher interest income. With a **Group tax rate** of 38% (2018: 40%) the **net income** amounted to EUR 2,147 mn (2018: EUR 1,993 mn). **Net income attributable to stockholders** was EUR 1,678 mn compared to EUR 1,438 mn for 2018. **Earnings Per Share** increased to EUR 5.14 compared to EUR 4.40 for 2018.

As of December 31, 2019, **net debt** amounted to EUR 4,686 mn compared to EUR 2,014 mn on December 31, 2018. As of December 31, 2019, the **gearing ratio** stood at 28% (December 31, 2018: 13%). This was mainly due to the acquisition of a 15% stake in the ADNOC Refining business in 2019 as well as the implementation of IFRS 16 starting from January 1, 2019. For further details, see Note Financial Liabilities in the preliminary Group Financial Statements.

Total **capital expenditure** amounted to EUR 4,916 mn (2018: EUR 3,676 mn) and included the payment to the amount of USD 540 mn for the participation of the 50% interest in the new company SapuraOMV in Q1/19 and the acquisition of a 15% stake in ADNOC Refining and Trading Joint Venture to the amount of USD 2.43 bn in Q3/19. In 2018, total capital expenditure mainly reflected the acquisition of a 20% stake in two offshore oil fields in the United Arab Emirates from ADNOC to the amount of USD 1.5 bn in Q2/18 and the acquisition of Shell's Upstream business in New Zealand for USD 579 mn in Q4/18. **Organic capital expenditure** rose by 19% to EUR 2,251 mn (2018: EUR 1,893 mn). In Upstream, organic capital expenditure was undertaken primarily in Romania, Norway, and the United Arab Emirates. In Downstream, organic capital expenditure is predominantly related to investments at the European refineries and to retail.

Special items and CCS effect

In EUR mn

Q4/19	Q3/19	Q4/18	Δ% [1]		2019	2018	Δ%
781	**949**	**1,053**	**(26)**	**Clean CCS Operating Result [2]**	**3,536**	**3,646**	**(3)**
7	**(108)**	**273**	**(97)**	**Special items**	**(64)**	**(149)**	**57**
(4)	(15)	(17)	76	thereof personnel and restructuring	(34)	(40)	15
(25)	(13)	101	n.m.	thereof unscheduled depreciation	(39)	51	n.m.
(8)	1	(2)	n.m.	thereof asset disposal	5	3	52
44	(81)	191	(77)	thereof other	4	(164)	n.m.
37	64	(67)	n.m.	CCS effects: inventory holding gains/(losses)	110	27	n.m.
824	**905**	**1,259**	**(35)**	**Operating Result Group**	**3,582**	**3,524**	**2**

[1] Q4/19 compared to Q4/18
[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.

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

Q4/19	Q3/19	Q4/18	Δ% [1]		2019	2018	Δ%
963	1,067	1,027	(6)	Sources of funds	4,264	4,223	1
981	1,074	1,117	(12)	Cash flow from operating activities	4,056	4,396	(8)
(639)	(2,594)	(749)	15	Cash flow from investing activities	(4,638)	(3,353)	(38)
342	(1,520)	368	(7)	Free cash flow	(583)	1,043	n.m.
(549)	991	244	n.m.	Cash flow from financing activities	(484)	(975)	50
(13)	(4)	1	n.m.	Effect of exchange rate changes on cash and cash equivalents	(22)	(22)	4
(219)	(533)	612	n.m.	Net (decrease)/increase in cash and cash equivalents	(1,088)	45	n.m.
3,157	3,691	3,414	(8)	Cash and cash equivalents at beginning of period	4,026	3,981	1
2,938	**3,157**	**4,026**	**(27)**	**Cash and cash equivalents at end of period**	**2,938**	**4,026**	**(27)**
7	—		n.a.	thereof cash disclosed within Assets held for sale	7		n.a.
2,931	**3,157**	**4,026**	**(27)**	**Cash and cash equivalents presented in the consolidated statement of financial position**	**2,931**	**4,026**	**(27)**
256	**(1,520)**	**281**	**(9)**	**Free cash flow after dividends**	**(1,441)**	**263**	**n.m.**
256	**(1,520)**	**281**	**(9)**	**Free cash flow after dividends incl. non-controlling interest changes**	**(1,441)**	**263**	**n.m.**
378	**594**	**576**	**(34)**	**Organic Free cash flow before dividends** [2]	**2,119**	**2,495**	**(15)**

[1] Q4/19 compared to Q4/18

[2] 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).

Fourth quarter 2019 (Q4/19) compared to fourth quarter 2018 (Q4/18)

In Q4/19, **sources of funds** decreased to EUR 963 mn (Q4/18: EUR 1,027 mn). Net working capital effects generated a cash inflow of EUR 18 mn, while in Q4/18 they led to an inflow of EUR 89 mn. As a result **cash flow from operating activities** amounted to EUR 981 mn in Q4/19 (Q4/18: EUR 1,117 mn).

Cash flow from investing activities showed an outflow of EUR (639) mn compared to EUR (749) mn in Q4/18. The deviation is mainly attributable to the acquisition of Shell's Upstream business in New Zealand in Q4/18 that led to a net cash outflow of EUR (303) mn. This was partly offset by cash inflows in Q4/18 related to the sale of OMV's share in the Polarled pipeline and Nyhamna gas processing facilities in the North Sea region and to the sale of parts of OMV's Upstream Business in Tunisia. Cash flow from investing activities in Q4/19 included a cash outflow of EUR (25) mn related to the financing agreements for the Nord Stream 2 pipeline project.

Free cash flow amounted to EUR 342 mn (Q4/18: EUR 368 mn).

Cash flow from financing activities recorded an outflow of EUR (549) mn compared to an inflow of EUR 244 mn in Q4/18, mainly attributable to repayment of a EUR 500 mn bond in Q4/19.

Free cash flow after dividends declined to EUR 256 mn in Q4/19 (Q4/18: EUR 281 mn).

Organic free cash flow before dividends decreased to EUR 378 mn (Q4/18: EUR 576 mn).

January to December 2019 compared to January to December 2018

In 2019, **sources of funds** slightly rose to EUR 4,264 mn (2018: EUR 4,223 mn). Working capital components generated a cash outflow of EUR (208) mn (2018: inflow of EUR 173 mn). **Cash flow from operating activities** amounted to EUR 4,056 mn, down by EUR (340) mn compared to 2018.

Cash flow from investing activities showed an outflow of EUR (4,638) mn in 2019 compared to EUR (3,353) mn in 2018, containing a cash outflow of EUR (460) mn related to the acquisition of a 50% interest in the new company SapuraOMV and a cash outflow of EUR (2,095) mn related to the acquisition of a 15% stake in the ADNOC Refining business (including related transaction costs and FX hedging impacts). 2018 included the acquisition of a 20% stake in an offshore concession in the United Arab Emirates that led to an outflow of USD (1.5) bn and the acquisition of Shell's Upstream business in New Zealand that led to a cash outflow of EUR (350) mn. Cash flow from investing activities in 2019 included a cash outflow of EUR (113) mn related to the financing agreements for the Nord Stream 2 pipeline project.

Free cash flow declined to EUR (583) mn (2018: EUR 1,043 mn).

Cash flow from financing activities showed an outflow of EUR (484) mn compared to EUR (975) mn in 2018. In 2019, the issuance of bonds totaling EUR 1.3 bn was only partially offset by repayments of long-term debt, while in 2018 the issuance of new bonds was more than offset by the repayment of long-term debt.

Free cash flow after dividends decreased to EUR (1,441) mn in 2019 (2018: EUR 263 mn).

Organic free cash flow before dividends declined to EUR 2,119 mn (2018: EUR 2,495 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 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 preliminary consolidated financial statements for disclosures on significant transactions with related parties.

Outlook

Market environment

- For the year 2020, OMV expects the average Brent oil price to be at USD 60/bbl (2019: USD 64/bbl). In 2020, the average realized gas price is anticipated to be lower compared to the previous year (2019: EUR 11.9/MWh).

Group

- In 2020, organic CAPEX (including capitalized E&A and excluding acquisitions) is projected to come in at EUR 2.4 bn (2019: EUR 2.3 bn).

Upstream

- OMV expects total production to be around 500 kboe/d in 2020 (2019: 487 kboe/d), depending on the security situation in Libya.
- Organic CAPEX for Upstream (including capitalized E&A and excluding acquisitions) is anticipated to come in at EUR 1.6 bn in 2020 (2019: EUR 1.6 bn).
- In 2020, Exploration and Appraisal expenditure is expected to be at EUR 350 mn (2019: EUR 360 mn).

Downstream

Oil

- Refining indicator margin is expected to be above USD 5/bbl (2019: USD 4.4/bbl).
- Petrochemical margins are anticipated to be slightly below EUR 400/t (2019: EUR 433/t).
- Total refined product sales in 2020 are forecasted to be on a similar level compared to 2019 (2019: 20.9 mn t). In OMV's markets, retail and commercial margins are predicted to be slightly lower than those in 2019.
- The utilization rate of the European refineries is expected to be around 95% (2019: 97%). In 2020, there is no major turnaround planned for our refineries in Europe.

Gas

- Natural gas sales volumes in 2020 are projected to be above those in 2019 (2019: 137 TWh).
- Natural gas sales margins are forecasted to be at least at the prior-year level.

Business segments

Upstream

In EUR mn (unless otherwise stated)

Q4/19	Q3/19	Q4/18	Δ% [1]		2019	2018	Δ%
896	892	945	(5)	Clean Operating Result before depreciation and amortization, impairments and write-ups	3,722	3,370	10
459	449	578	(21)	Clean Operating Result	1,951	2,027	(4)
(11)	(67)	234	n.m.	Special items	(71)	95	n.m.
448	382	812	(45)	Operating Result	1,879	2,122	(11)
489	448	903	(46)	Capital expenditure [2]	2,070	3,075	(33)
120	78	93	29	Exploration expenditure	360	300	20
73	39	60	22	Exploration expenses	229	175	31
6.39	6.33	6.27	2	Production cost in USD/boe	6.61	7.01	(6)
				Key Performance Indicators			
505	480	447	13	Total hydrocarbon production in kboe/d	487	427	14
152	150	156	(3)	thereof OMV Petrom	152	160	(5)
19.7	19.4	18.3	8	Crude oil and NGL production in mn bbl	76.1	66.5	14
156.2	144.2	132.6	18	Natural gas production in bcf	593.1	518.2	14
43.9	42.8	39.4	12	Total hydrocarbon sales volumes in mn boe	169.3	148.7	14
63.08	62.00	68.81	(8)	Average Brent price in USD/bbl	64.21	71.31	(10)
60.96	58.98	62.28	(2)	Average realized crude price in USD/bbl [3]	61.66	62.13	(1)
3.81	3.63	4.80	(21)	Average realized gas price in USD/1,000 cf [3]	4.08	4.72	(14)
11.26	10.70	13.72	(18)	Average realized gas price in EUR/MWh [3, 4]	11.91	13.06	(9)
1.107	1.112	1.141	(3)	Average EUR-USD FX rate	1.120	1.181	(5)

Note: The net result from the equity-accounted investments in Pearl and Severneftegazprom ("SNGP", operator of the Yuzhno Russkoye natural gas field) are reflected in the Operating Results.

[1] Q4/19 compared to Q4/18

[2] Capital expenditure including acquisitions, notably the acquisition of Shell's Upstream business in New Zealand for USD 579 mn in Q4/18 and of a 50% interest in SapuraOMV in Q1/19 for 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.

Fourth quarter 2019 (Q4/19) compared to fourth quarter 2018 (Q4/18)

- Production strongly increased to 505 kboe/d, up by 58 kboe/d and for the first time above 500 kboe/d in a quarter
- Production cost remained flat at USD 6.4/boe

The **clean Operating Result** declined from EUR 578 mn in Q4/18 to EUR 459 mn. The adverse market environment and higher depreciation negatively impacted the result. Better operational performance could only partially offset these effects. Net market effects of EUR (91) mn impacted the result negatively. Lower realized oil and gas prices were the main reason. Conversely, lower hedging losses and positive FX effects provided support. Depreciation rose by EUR (75) mn after acquisitions in New Zealand (Q4/18), the United Arab Emirates (Q2/18), and Malaysia (Q1/19), and the higher production in Norway and Libya. The operational performance raised the result by EUR 47 mn, mainly owing to acquisitions in New Zealand, Malaysia, and the United Arab Emirates, and higher sales in Libya. These increments were partially offset by fewer oil liftings in Norway and lower Romanian production. In Q4/19, OMV Petrom contributed EUR 147 mn to the clean Operating Result, compared to EUR 170 mn in Q4/18.

Net **special items** amounted to EUR (11) mn in Q4/19 (Q4/18: EUR 234 mn). A write-up following the announced divestment of the Maari field in New Zealand and positive temporary hedging effects were more than offset by write-offs in Romania and Tunisia. The Q4/18 figures were mainly associated with temporary hedging effects of EUR 185 mn. The **Operating Result** decreased to EUR 448 mn (Q4/18: EUR 812 mn).

At USD 6.4/boe, the **production cost** excluding royalties remained flat year over year. OMV Petrom lowered the production cost by 4% to USD 10.3/boe.

Total hydrocarbon production rose by 58 kboe/d to 505 kboe/d, following asset purchases in New Zealand, Malaysia, and the United Arab Emirates, and higher production in Norway. OMV Petrom's total production was down by 5 kboe/d to 152 kboe/d mostly because of natural decline. **Total hydrocarbon sales volumes** rose to 43.9 mn boe (Q4/18: 39.4 mn boe) following the mentioned acquisitions and was mainly attributable to higher gas volumes. This was partially offset by lower sales volumes in Tunisia and Norway.

In Q4/19, oil prices showed an upward trend throughout the quarter, starting from just under USD 60/bbl in October, and finishing 2019 at a seven-month high. The quick output rebound in Saudi Arabia, a worsening global demand outlook, and higher non-OPEC supply prospects for 2020 kept the Brent upside in check early in the quarter. In the second half of November, the Brent price started growing, as optimism over a US-China trade deal and speculations on a deeper OPEC+ production cut spread. Following the OPEC+ announcement about additional production cuts, Brent ended the year at around USD 67/bbl. However, compared to Q4/18, the **average Brent price** was down by 8% at USD 63/bbl. The Group's **average realized** crude price declined by 2%. With relatively warm weather moderating the usual heating season demand pickup in Europe, gas storages remained almost completely full during Q4/19. This raised market sensitivity towards supply additions. Due to relatively mild weather in Asia, global LNG overcapacities continued to push surplus volumes into Europe. Prices were shortly supported by colder weather in November, but by the end of December Russia and the Ukraine had concluded a gas transit agreement, further depressing gas prices. The **average realized gas price** in USD/1,000 cf of decreased by 21%. Realized gas prices were impacted by a hedging loss of EUR (17) mn in Q4/19.

Capital expenditure including capitalized E&A amounted to EUR 489 mn in Q4/19 (Q4/18: EUR 903 mn). In Q4/18, the acquisition of Shell's Upstream business in New Zealand for USD 579 mn was included. In Q4/19, organic capital expenditure was primarily directed to projects in Romania, Norway, Austria, and the United Arab Emirates. **Exploration expenditure** rose by 29% to EUR 120 mn in Q4/19 and was mainly related to activities in Norway, New Zealand, and Romania.

January to December 2019 compared to January to December 2018

The **clean Operating Result** decreased from EUR 2,027 mn to EUR 1,951 mn in 2019. There were adverse effects coming from higher depreciation of EUR (382) mn, mainly related to OMV's acquisitions in New Zealand (Q4/18), the United Arab Emirates (Q2/18) and Malaysia (Q1/19), and higher production from Norway. Net market effects had a negative impact of EUR (80) mn, as a result of lower average realized oil and gas prices. This was partially offset by lower hedging losses and positive FX effects. Gains resulting from improved operational performance amounted to EUR 386 mn and were mainly a consequence of OMV's acquisitions in New Zealand, the United Arab Emirates, and Malaysia, and higher Norwegian output. These effects were negatively impacted by natural production decline in Romania and the sale of OMV's Upstream assets in Pakistan in Q2/18. OMV Petrom contributed EUR 599 mn in 2019 to the clean Operating Result compared to EUR 693 mn in 2018.

Net **special items** in 2019 amounted to EUR (71) mn (2018: EUR 95 mn). The **Operating Result** decreased to EUR 1,879 mn (2018: EUR 2,122 mn).

Production cost excluding royalties decreased by 6% to USD 6.6/boe as a result of higher production coupled with a positive FX development. At OMV Petrom, production cost decreased by 3% to USD 10.9/boe.

Total hydrocarbon production rose by 60 kboe/d to 487 kboe/d, primarily due to the acquisitions in New Zealand, the United Arab Emirates, and Malaysia as well as more production coming from Norway. This was partially offset by lower production from Romania and the divestment of the Upstream operations in Pakistan in Q2/18. In addition, production from the Libyan El Sharara field was shut in at the beginning of 2019 and only resumed in March. Average production in Libya was 16 kboe/d in Q1/19 compared to an average of around 35 kboe/d in the remaining quarters. OMV Petrom's total production went down by 8 kboe/d to 152 kboe/d, mainly due to natural decline. **Total sales volumes** improved by 14% to 169.3 mn boe (2018: 148.7 mn boe), mainly as a result of the acquisitions in New Zealand, the United Arab Emirates, and Malaysia. These contributions were partially offset by lower sales in Romania and the divestment of the Upstream operations in Pakistan in Q2/18.

In 2019, the **average Brent price** reached USD 64/bbl, a decrease of 10%. The Group's **average realized crude price** declined by 1%. This was mainly due to hedging losses in 2018. The **average realized gas price** in USD/1,000 cf went down by 14% caused by warmer than expected winter temperatures, above average storage levels all across Europe, and a doubling of LNG imports to Europe. Realized gas prices in 2019 were impacted by a realized hedging loss of EUR (51) mn.

Capital expenditure including capitalized E&A was EUR 2,070 mn in 2019 (2018: EUR 3,075 mn). This included the payment of USD 540 mn for the purchase of the 50% interest in SapuraOMV in Q1/19. In 2018, capital expenditure including capitalized E&A was mainly related to the acquisition of a 20% stake in two offshore oil fields in the United Arab Emirates from ADNOC for USD 1.5 bn in Q2/18 and the acquisition of Shell's Upstream business in New Zealand for USD 579 mn in Q4/18. In 2019, organic capital expenditure was primarily directed to projects in Romania, Norway, and the United Arab Emirates. **Exploration expenditure** increased by 20% to EUR 360 mn and was mainly related to activities in Romania, Norway, and Austria.

Proved reserves (1P) as of December 31, 2019, increased to 1,332 mn boe (thereof OMV Petrom [3]: 504 mn boe). With a one-year Reserve Replacement Rate (RRR) of 135% (2018: 180%), a value of over 100% has now been achieved four years in a row. The three-year RRR reached 166% (2018: 160%). The increase in proved reserves is mainly attributed to the participation in the 50% interest in SapuraOMV in Malaysia. Further significant revisions followed successful drilling and development activities and positive production performance in Russia, Norway, and New Zealand. **Proved and probable reserves (2P)** increased to 2,378 mn boe (thereof OMV Petrom [3]: 786 mn boe) mostly due to the acquisition in Malaysia and successful development activities in the Ghasha concession in the United Arab Emirates.

[3] OMV Petrom covers Romania and Kazakhstan.

Downstream

In EUR mn (unless otherwise stated)

Q4/19	Q3/19	Q4/18	Δ% [1]		2019	2018	Δ%
526	628	566	(7)	Clean CCS Operating Result before depreciation and amortization, impairments and write-ups [2]	2,223	2,111	5
385	490	445	(13)	Clean CCS Operating Result [2]	1,677	1,643	2
303	465	381	(20)	thereof Downstream Oil	1,495	1,439	4
82	25	64	29	thereof Downstream Gas	182	204	(11)
23	(36)	54	(57)	Special items	31	(219)	n.m.
40	63	(99)	n.m.	CCS effects: inventory holding gains/(losses) [2]	139	(4)	n.m.
449	518	400	12	Operating Result	1,847	1,420	30
270	2,281	204	33	Capital expenditure [3]	2,774	576	n.m.
				Downstream Oil KPIs			
5.02	5.46	5.24	(4)	OMV indicator refining margin in USD/bbl [4]	4.44	5.24	(15)
363	441	504	(28)	Ethylene/propylene net margin in EUR/t [4, 5]	433	448	(3)
98	96	98	0	Utilization rate refineries in %	97	92	5
5.17	5.60	5.25	(1)	Total refined product sales in mn t	20.94	20.26	3
1.64	1.81	1.58	4	thereof retail sales volumes in mn t	6.53	6.33	3
0.59	0.56	0.59	0	thereof petrochemicals in mn t	2.34	2.41	(3)
				Downstream Gas KPIs			
44.71	27.17	32.73	37	Natural gas sales volumes in TWh	136.71	113.76	20
1.26	1.00	1.48	(15)	Net electrical output in TWh	3.40	5.06	(33)

Note: The net result from the equity-accounted investments in ADNOC Refining and Trading JV as well as PARCO are reflected in the Operating Results.
[1] Q4/19 compared to Q4/18
[2] 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 in Q3/19.
[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 different crude slate, product yield, operating conditions, or feedstock.
[5] Calculated based on West European Contract Prices (WECP) with naphtha as feedstock

Fourth quarter 2019 (Q4/19) compared to fourth quarter 2018 (Q4/18)

- Downstream Oil was negatively impacted by a weaker petrochemicals business
- High refinery utilization rate of 98%

The **clean CCS Operating Result** declined by 13% to EUR 385 mn (Q4/18: EUR 445 mn). A decline in Downstream Oil was partially compensated by an increased Downstream Gas result.

The **Downstream Oil clean CCS Operating Result** dropped by 20% from EUR 381 mn in Q4/18 to EUR 303 mn, mainly following a weaker contribution from the petrochemicals business as a result of lower margins. The **OMV indicator refining margin** declined by 4% to USD 5.0/bbl (Q4/18: USD 5.2/bbl). Lower middle distillate margins could not be fully compensated by stronger gasoline and naphtha margins. Feedstock costs decreased as a result of lower crude prices. The **utilization rate of the refineries** remained at the very high level of 98% in Q4/19 (Q4/18: 98%). At 5.2 mn t, **total refined product sales** went down slightly by 1%. As a consequence of lower margins, the retail business contributed less, despite higher sales volumes. The contribution from the commercial business also declined compared to Q4/18, as lower sales volumes canceled out higher margin effects. In Q4/18, the commercial business had benefited from low Rhine water levels and a refinery outage of a competitor. OMV Petrom contributed EUR 78 mn (Q4/18: EUR 75 mn) to the clean CCS Operating Result of Downstream Oil. In Q4/19, the contribution from ADNOC Refining and Trading amounted to EUR 18 mn. The result was positively impacted by one-off effects. The Trading JV is currently in the set-up phase.

The clean CCS Operating Result of the petrochemicals business decreased sharply by 56% to EUR 35 mn (Q4/18: EUR 78 mn). Lower petrochemical margins were only partially offset by lower costs of the feedstock mix, which also includes other intermediates besides naphtha. The **ethylene/propylene net margin** and the butadiene net margin declined considerably. The benzene net margin also weakened, but to a lesser extent. The share from Borealis to the clean Operating Result decreased to EUR 50 mn in Q4/19 (Q4/18: EUR 67 mn), mainly following a lower contribution from Borouge and lower integrated polyolefin margins. Positive inventory valuation effects and a better fertilizer business contribution due to lower gas prices provided some support to Borealis' result.

The **Downstream Gas clean CCS Operating Result** grew considerably from EUR 64 mn in Q4/18 to EUR 82 mn, mainly following a higher contribution from the storage business. The contribution from Gas Connect Austria declined from EUR 36 mn to EUR 22 mn as Q4/18 had profited from an insurance compensation related to the Baumgarten incident, and a higher contribution from participations. **Natural gas sales volumes** increased significantly from 32.7 TWh to 44.7 TWh, primarily a consequence of higher volumes in Romania and in Germany. Lower sales volumes in Turkey partially reduced this effect. **Net electrical output** went down to 1.3 TWh in Q4/19 (Q4/18: 1.5 TWh) following a weaker market environment. OMV Petrom's clean CCS Operating Result of Downstream Gas amounted to EUR 18 mn in Q4/19 (Q4/18: EUR 34 mn).

Net **special items** amounted to EUR 23 mn (Q4/18: EUR 54 mn) and were mainly related to unrealized commodity derivatives. **CCS effects** of EUR 40 mn were booked as a result of increasing crude prices during Q4/19. The **Operating Result** of Downstream grew to EUR 449 mn compared to EUR 400 mn in Q4/18.

Capital expenditure in Downstream amounted to EUR 270 mn (Q4/18: EUR 204 mn), mainly stemming from Downstream Oil. Capital expenditure included EUR 19 mn related to IFRS 16. Downstream Oil capital expenditure was EUR 245 mn in Q4/19 (Q4/18: EUR 186 mn). In Q4/19, organic capital expenditure was predominantly related to investments in the European refineries and in retail.

January to December 2019 compared to January to December 2018

The **clean CCS Operating Result** rose slightly from EUR 1,643 mn to EUR 1,677 mn in 2019 mainly following a higher result in Downstream Oil, partially offset by a lower Downstream Gas result.

The **Downstream Oil clean CCS Operating Result** increased in 2019 by EUR 56 mn to EUR 1,495 mn. The increase was mainly driven by a strong contribution from the commercial and retail businesses, partially offset by lower indicator refining and petrochemical margins. The **OMV indicator refining margin** decreased by 15% from USD 5.2/bbl to USD 4.4/bbl. Decreased naphtha and gasoline margins could not be offset by higher heavy fuel oil margins. Lower feedstock costs, a result of lower crude prices, positively impacted the refining margin. The **utilization rate of the refineries** came in at a very high rate of 97% in 2019. The utilization rate in 2018 was at 92%, reflecting the planned six-week turnaround at the Petrobrazi refinery. At 20.9 mn t, **total refined product sales** increased by 3%. The retail business contribution improved, driven by higher margins and increased sales volumes. In the commercial business, margins and sales volumes also went up compared to 2018. The commercial business benefited in 2019 from a tight supply situation following a refinery outage of a competitor and the Druzhba pipeline crude oil contamination. OMV Petrom contributed EUR 327 mn (2018: EUR 286 mn) to the clean CCS Operating Result of Downstream Oil. In 2019, the contribution from ADNOC Refining and Trading amounted to EUR 8 mn. The result was positively impacted by one-off effects. The Trading JV is currently in the set-up phase.

The clean CCS Operating Result of the petrochemicals business decreased by 12% to EUR 241 mn (2018: EUR 275 mn). While the **ethylene/propylene net margin** softened**,** the butadiene and benzene net margins went down considerably. Borealis' contribution to the clean Operating Result declined by 13% to EUR 314 mn (2018: EUR 360 mn). A positive impact stemming from a settlement agreement regarding the Finnish tax cases was more than offset by negative inventory valuation effects and weaker integrated polyolefin margins. The performance of the fertilizer business improved due to lower gas prices.

The Downstream Gas clean CCS Operating Result declined from EUR 204 mn to EUR 182 mn in 2019, mainly caused by a weaker power result. The contribution from Gas Connect Austria decreased from EUR 102 mn in 2018 to EUR 97 mn. In 2018, the result had benefited from an insurance payment related to the Baumgarten incident and increased contributions from participations that could not be fully offset by higher transportation revenues in 2019. **Natural gas sales volumes** grew by 20% to 136.7 TWh (2018: 113.8 TWh). A successful market offensive raised volumes in Germany and the Netherlands. While volumes also grew in Romania, the quantity sold in Turkey decreased sharply. **Net electrical output** dropped from 5.1 TWh to 3.4 TWh in 2019, following an unfavorable market environment in Romania. In addition, the divestment of the Samsun power plant in Q3/18 negatively impacted net electrical output. OMV Petrom contributed EUR 60 mn (2018: EUR 77 mn) to the clean CCS Operating Result of Downstream Gas.

The 2019 result reflects net **special items** of EUR 31 mn (2018: EUR (219) mn) and were mainly related to unrealized commodity derivatives. In 2018, net special items were mainly related to the divestment of the Samsun power plant and a partial impairment of the Borealis fertilizer business. **CCS effects** of EUR 139 mn were booked due to rising crude prices in 2019. The Downstream **Operating Result** increased significantly from EUR 1,420 mn to EUR 1,847 mn in 2019.

Capital expenditure in Downstream amounted to EUR 2,774 mn (2018: EUR 576 mn) and included capital expenditure related to IFRS 16 to the amount of EUR 66 mn. Capital expenditure in Downstream Oil was EUR 2,687 mn (2018: EUR 506 mn) and included the acquisition of a 15% stake in ADNOC Refining and Trading Joint Venture to the amount of USD 2.43 bn. In 2019, organic capital expenditure is predominantly related to investments at the European refineries and to retail.

Preliminary Group Financial Statements (condensed, unaudited)

Income statement (unaudited)

In EUR mn (unless otherwise stated)

Q4/19	Q3/19	Q4/18		2019	2018
6,074	5,949	6,640	Sales revenues	23,461	22,930
72	32	271	Other operating income	315	517
89	68	54	Net income from equity-accounted investments	386	391
50	75	34	thereof Borealis	314	327
6,235	**6,048**	**6,965**	**Total revenues and other income**	**24,162**	**23,839**
(3,590)	(3,370)	(4,013)	Purchases (net of inventory variation)	(13,608)	(14,094)
(426)	(463)	(386)	Production and operating expenses	(1,695)	(1,594)
(134)	(114)	(123)	Production and similar taxes	(496)	(392)
(624)	(587)	(467)	Depreciation, amortization, and impairment charges	(2,337)	(1,827)
(476)	(483)	(481)	Selling, distribution, and administrative expenses	(1,892)	(1,749)
(73)	(38)	(60)	Exploration expenses	(229)	(175)
(88)	(87)	(177)	Other operating expenses	(322)	(485)
824	**905**	**1,259**	**Operating Result**	**3,582**	**3,524**
0	0	13	Dividend income	5	20
39	38	33	Interest income	169	117
(73)	(78)	(70)	Interest expenses	(304)	(290)
(13)	11	(25)	Other financial income and expenses	1	(72)
(47)	**(29)**	**(50)**	**Net financial result**	**(129)**	**(226)**
777	**875**	**1,209**	**Profit before tax**	**3,453**	**3,298**
(320)	(340)	(416)	Taxes on income	(1,306)	(1,305)
458	**535**	**793**	**Net income for the period**	**2,147**	**1,993**
355	**425**	**608**	**thereof attributable to stockholders of the parent**	**1,678**	**1,438**
19	19	19	thereof attributable to hybrid capital owners	75	78
83	91	166	thereof attributable to non-controlling interests	393	477
1.09	**1.30**	**1.86**	**Basic Earnings Per Share in EUR**	**5.14**	**4.40**
1.09	1.30	1.86	Diluted Earnings Per Share in EUR	5.13	4.40

Statement of comprehensive income (condensed, unaudited)

In EUR mn

Q4/19	Q3/19	Q4/18		2019	2018
458	535	793	Net income for the period	2,147	1,993
(231)	204	(70)	Exchange differences from translation of foreign operations	39	28
36	(22)	105	Gains/(losses) on hedges	(45)	195
(16)	25	34	Share of other comprehensive income of equity-accounted investments	(1)	59
(211)	**208**	**68**	**Total of items that may be reclassified ("recycled") subsequently to the income statement**	**(7)**	**282**
48	(55)	(134)	Remeasurement gains/(losses) on defined benefit plans	(90)	(114)
1	—	21	Gains/(losses) on investments	1	26
7	20	(94)	Gains/(losses) on hedges that are subsequently transferred to the carrying amount of the hedged item	95	9
10	(10)	(6)	Share of other comprehensive income of equity-accounted investments	(6)	(3)
67	**(44)**	**(213)**	**Total of items that will not be reclassified ("recycled") subsequently to the income statement**	**0**	**(82)**
(15)	10	(27)	Income taxes relating to items that may be reclassified ("recycled") subsequently to the income statement	10	(52)
(2)	0	26	Income taxes relating to items that will not be reclassified ("recycled") subsequently to the income statement	(7)	(3)
(17)	**10**	**(1)**	**Total income taxes relating to components of other comprehensive income**	**4**	**(55)**
(161)	**174**	**(146)**	**Other comprehensive income for the period, net of tax**	**(3)**	**144**
297	**709**	**647**	**Total comprehensive income for the period**	**2,144**	**2,137**
226	598	462	thereof attributable to stockholders of the parent	1,752	1,587
19	19	19	thereof attributable to hybrid capital owners	75	78
52	92	166	thereof attributable to non-controlling interests	316	472

Statement of financial position (unaudited)

In EUR mn

	Dec. 31, 2019	Dec. 31, 2018
Assets		
Intangible assets	4,163	3,317
Property, plant, and equipment	16,479	15,115
Equity-accounted investments	5,151	3,011
Other financial assets	2,414	2,659
Other assets	56	36
Deferred taxes	686	759
Non-current assets	**28,950**	**24,896**
Inventories	1,845	1,571
Trade receivables	3,042	3,420
Other financial assets	3,121	2,727
Income tax receivables	11	9
Other assets	297	264
Cash and cash equivalents	2,931	4,026
Current assets	**11,248**	**12,017**
Assets held for sale	177	47
Total assets	**40,375**	**36,961**
Equity and liabilities		
Share capital	327	327
Hybrid capital	1,987	1,987
Reserves	10,698	9,591
Equity of stockholders of the parent	**13,012**	**11,905**
Non-controlling interests	3,851	3,436
Equity	**16,863**	**15,342**
Provisions for pensions and similar obligations	1,111	1,096
Bonds	5,262	4,468
Lease liabilities	934	—
Other interest-bearing debts	620	441
Provisions for decommissioning and restoration obligations	3,872	3,673
Other provisions	572	446
Other financial liabilities	301	924
Other liabilities	157	138
Deferred taxes	1,132	731
Non-current liabilities	**13,961**	**11,917**
Trade payables	4,155	4,401
Bonds	540	539
Lease liabilities	120	—
Other interest-bearing debts	148	304
Income tax liabilities	332	349
Provisions for decommissioning and restoration obligations	87	63
Other provisions	293	355
Other financial liabilities	2,818	2,806
Other liabilities	903	863
Current liabilities	**9,395**	**9,680**
Liabilities associated with assets held for sale	156	22
Total equity and liabilities	**40,375**	**36,961**

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 stock-holders 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	-	-	-	1,753	-	-	1,753	393	**2,147**
Other comprehensive income for the period	-	-	-	(79)	153	-	74	(77)	**(3)**
Total comprehensive income for the period	**-**	**-**	**-**	**1,674**	**153**	**-**	**1,827**	**316**	**2,144**
Dividend distribution and hybrid coupon	-	-	-	(673)	-	-	(673)	(188)	(861)
Disposal of treasury shares	-	3	-	-	-	2	5	-	5
Share-based payments	-	(8)	-	-	-	-	(8)	-	**(8)**
Increase/(decrease) in non-controlling interests	-	-	-	-	-	-	-	287	**287**
Reclassification of cash flow hedges to balance sheet	-	-	-	-	(44)	-	(44)	0	**(44)**
December 31, 2019	**327**	**1,506**	**1,987**	**9,832**	**(635)**	**(4)**	**13,012**	**3,851**	**16,863**

[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 stock-holders 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)	236	-	149	(5)	**144**
Total comprehensive income for the period	**-**	**-**	**-**	**1,429**	**236**	**-**	**1,665**	**472**	**2,137**
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]	-	-	-	-	(126)	-	(126)	0	**(126)**
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.

Summarized statement of cash flows (condensed, unaudited)

In EUR mn

Q4/19	Q3/19	Q4/18		2019	2018
458	**535**	**793**	**Net income for the period**	**2,147**	**1,993**
615	603	392	Depreciation, amortization, and impairments including write-ups	2,395	1,780
35	8	80	Deferred taxes	100	298
7	0	5	Losses/(gains) on the disposal of non-current assets	(7)	(2)
(31)	64	24	Net change in provisions	(24)	(61)
(121)	(143)	(267)	Other adjustments	(346)	216
963	**1,067**	**1,027**	**Sources of funds**	**4,264**	**4,223**
5	(200)	93	(Increase)/decrease in inventories	(260)	(73)
15	(18)	(403)	(Increase)/decrease in receivables	372	(1,041)
(2)	226	399	(Decrease)/increase in liabilities	(320)	1,287
981	**1,074**	**1,117**	**Cash flow from operating activities**	**4,056**	**4,396**
			Investments		
(605)	(542)	(568)	Intangible assets and property, plant, and equipment	(2,158)	(3,193)
(58)	(2,105)	(68)	Investments, loans, and other financial assets	(2,265)	(305)
—	—	(311)	Acquisitions of subsidiaries and businesses net of cash acquired	(460)	(357)
			Disposals		
24	54	14	Proceeds in relation to non-current assets	209	60
0	(1)	184	Proceeds from the sale of subsidiaries and businesses, net of cash disposed	36	442
(639)	**(2,594)**	**(749)**	**Cash flow from investing activities**	**(4,638)**	**(3,353)**
(490)	976	234	(Decrease)/increase in long-term borrowings	396	(793)
27	16	96	(Decrease)/increase in short-term borrowings	(22)	102
(86)	0	(86)	Dividends paid	(858)	(779)
—	—	—	Hybrid bond	—	496
(549)	**991**	**244**	**Cash flow from financing activities**	**(484)**	**(975)**
(13)	(4)	1	Effect of exchange rate changes on cash and cash equivalents	(22)	(22)
(219)	**(533)**	**612**	**Net (decrease)/increase in cash and cash equivalents**	**(1,088)**	**45**
3,157	3,691	3,414	Cash and cash equivalents at beginning of period	4,026	3,981
2,938	**3,157**	**4,026**	**Cash and cash equivalents at end of period**	**2,938**	**4,026**
7	—	—	thereof cash disclosed within Assets held for sale	7	—
2,931	**3,157**	**4,026**	**Cash and cash equivalents presented in the consolidated statement of financial position**	**2,931**	**4,026**
342	**(1,520)**	**368**	**Free cash flow**	**(583)**	**1,043**
256	**(1,520)**	**281**	**Free cash flow after dividends**	**(1,441)**	**263**

Selected notes to the preliminary consolidated financial statements

Legal principles

The preliminary condensed consolidated financial statements for 2019 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 2018 Annual Report, except as described herein. The final, audited, consolidated statements will be published in March 2020 as part of the 2019 Annual Report.

The preliminary condensed consolidated financial statements for 2019 are unaudited and an external review by an auditor was not performed.

The preliminary condensed consolidated financial statements for 2019 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, 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 expired 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 as current and non-current lease liabilities.

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

Right-of-use assets	Dec. 31, 2019
Right-of-use assets – land and buildings	667
Right-of-use assets – plant and machinery	37
Right-of-use assets – other fixtures, fittings, and equipment	111
Total right of use assets – carrying amount	**815**

	2019
Depreciation of right-of-use assets	**108**

Amendment to IAS 12 Income taxes

The Annual Improvements to IFRS Standards 2015–2017 Cycle included a change in IAS 12 Income taxes, which requires that the income tax consequences of dividends shall be recognized in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events, which form the basis for the dividend payments. The hybrid capital in OMV represents equity capital under IFRS and accordingly the interest payments to the hybrid capital owners are treated as dividends. As the profits distributed to hybrid capital owners are tax deductible the tax consequences, according to the new provision, need to be recognized in profit or loss whilst in the past the tax effects of such dividend payments were recognized directly in equity.

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

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
SapuraOMV Block 30, S. de R.L. de C.V.	Mexico City	First consolidation (A)	January 31, 2019
SapuraOMV Upstream (Mexico) Sdn. Bhd.	Seri Kembangan	First consolidation (A)	January 31, 2019
SapuraOMV Upstream (Malaysia) Inc.	Nassau	First consolidation (A)	January 31, 2019
SapuraOMV Upstream (NZ) Sdn. Bhd.	Seri Kembangan	First consolidation (A)	January 31, 2019
SapuraOMV Upstream (Oceania) Sdn. Bhd.	Seri Kembangan	First consolidation (A)	January 31, 2019
SapuraOMV Upstream (PM) Inc.	Nassau	First consolidation (A)	January 31, 2019
SapuraOMV Upstream (Southeast Asia) Inc.	Nassau	First consolidation (A)	January 31, 2019
SapuraOMV Upstream (Sarawak) Inc.	Nassau	First consolidation (A)	January 31, 2019
SapuraOMV Upstream (Holding) Sdn. Bhd.	Kuala Lumpur	First consolidation (A)	January 31, 2019
SapuraOMV Upstream (Western Australia) Pty Ltd	Perth	First consolidation (A)	January 31, 2019
SapuraOMV Upstream Sdn. Bhd.	Seri Kembangan	First consolidation (A)	January 31, 2019
OMV (AFRICA) Exploration & Production GmbH in Liqu.	Vienna	Deconsolidation (L)	December 21, 2019
OMV (Berenty) Exploration GmbH	Vienna	Deconsolidation (I)	December 31, 2019
OMV (Mandabe) Exploration GmbH	Vienna	Deconsolidation (I)	December 31, 2019
Downstream Oil			
OMV Deutschland Services GmbH	Burghausen	First consolidation	July 2, 2019
ADNOC Global Trading LTD [2]	Abu Dhabi	First consolidation	July 29, 2019
Abu Dhabi Oil Refining Company [2]	Abu Dhabi	First consolidation (A)	July 31, 2019
OMV Supply & Trading Italia S.r.l.	Trieste	First consolidation	July 31, 2019
GENOL Gesellschaft m.b.H. [2]	Vienna	First consolidation [3]	October 18, 2019
GENOL Gesellschaft m.b.H. & Co KG [2]	Vienna	Deconsolidation (L) [3]	October 18, 2019
Deutsche Transalpine Oelleitung GmbH [2]	Munich	Increase in shares [4]	December 30, 2019
Transalpine Ölleitung in Österreich Gesellschaft m.b.H. [2]	Matrei in Osttirol	Increase in shares [4]	December 30, 2019
Società Italiana per l'Oleodotto Transalpino S.p.A. [2]	Trieste	Increase in shares [4]	December 30, 2019

[1] "First consolidation" refers to newly formed or existing subsidiaries, while "First consolidation (A)" indicates the acquisition of a company. Companies marked with "Deconsolidation (I)" have been deconsolidated due to immateriality, while those marked with "Deconsolidation (L)" were deconsolidated following a liquidation process.
[2] Company consolidated at-equity
[3] All assets as well as business of GENOL Gesellschaft m.b.H. & Co KG (previously consolidated at-equity) have been transferred to GENOL Gesellschaft m.b.H., which triggered a change of consolidation method from not-consolidated investment to at-equity consolidated.
[4] Acquisition of additional 7.26% shares in each company, leading to a new share in each company of 32.26% (previously 25.00% shares). The acquisition of additional interests did not lead to a change of consolidation method.

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 fair value of the net assets acquired, as well as the goodwill calculation, are detailed in the following tables. The purchase price is still subject to customary closing adjustment, however, no material impact is expected. The consideration disclosed below includes the best estimate of the expected purchase price.

Fair values acquired

In EUR mn

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

Measurement of goodwill

In EUR mn

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

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 2,150 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 (2,095) mn related to this transaction.

Other significant transactions

Upstream

On November 18, 2019, OMV agreed to sell its 69% interest in the Maari Field, located in New Zealand's offshore Taranaki Basin, to Jadestone Energy Inc. This led to the reclassification of the assets and liabilities to "held for sale", which triggered a pre-tax write-up amounting to EUR 34 mn shown in the line "Other operating income". The basis of the valuation was the fair value less costs of disposal derived from the agreed sales price (Level 2 valuation).

In Romania, a divestment process of 40 oil and gas marginal fields led to the reclassification of assets and liabilities to "held for sale" as of December 31, 2019. The agreement with Dacian Petroleum SRL was signed on January 8, 2020. This triggered an overall negative impact on operating result amounting to EUR 46 mn, which includes a pre-tax impairment of property, plant, and equipment of EUR 36 mn, shown in the line "Depreciation, amortization, and impairment charges". The basis of the valuation was the fair value less costs of disposal derived from the agreed sales price (Level 2 valuation).

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

	2019	2018
Revenues from contracts with customers	22,832	22,607
Revenues from other sources	629	323
Total sales revenues	**23,461**	**22,930**

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

					2019
	Upstream	Downstream		Corporate& Other	Total
		Oil	Gas		
Crude oil, NGL, condensates	1,228	1,073	—	—	**2,302**
Natural gas and LNG	876	5	4,969	—	**5,849**
Fuel, heating oil, and other refining products	—	11,161	—	—	**11,161**
Petrochemicals	—	1,768	—	—	**1,768**
Gas storage, transmission, distribution, and transportation	20	4	228	—	**252**
Other goods and services	24	887	588	2	**1,501**
Total	**2,148**	**14,897**	**5,785**	**2**	**22,832**

Revenues from contracts with customers

In EUR mn

					2018
	Upstream	Downstream		Corporate& Other	Total
		Oil	Gas		
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**

Income tax

In EUR mn (unless otherwise stated)

Q4/19	Q3/19	Q4/18		2019	2018
(285)	(332)	(336)	Current taxes	(1,207)	(1,007)
(35)	(8)	(80)	Deferred taxes	(100)	(298)
(320)	**(340)**	**(416)**	**Taxes on income and profit**	**(1,306)**	**(1,305)**
41	39	34	Effective tax rate in %	38	40

Notes to the statement of financial position

Commitments

As of December 31, 2019, OMV had contractual obligations for the acquisition of intangible assets and property, plant, and equipment of EUR 1,343 mn (December 31, 2018: EUR 1,003 mn), mainly relating to exploration and production activities in Upstream.

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 Chemchemal 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 and later the unsubstantiated and rejected allegation of damages in an amount of up to more than one billion USD. In view of at that time pending independent expert determination before the International Chamber of Commerce (ICC) and arbitrations before the London Court of International Arbitration (LCIA) regarding inter alia revisions of the Field Development Plan (FDP) of the Chemchemal gas field and a revision of the FDP 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. In September 2019, the independent expert determination before the ICC was decided in favor of OMV. Depending on further progress of the arbitration proceedings and 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 preliminary financial statements. Furthermore, at the date of these preliminary 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 12m/19.

An interest payment to hybrid capital owners amounting to EUR 101 mn was also made in 12m/19.

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

Financial liabilities

Gearing ratio

In EUR mn (unless otherwise stated)

	Q4/19	Q4/18	Δ %
Bonds	5,802	5,007	16
Lease liabilities [1]	1,053	288	n.m.
Other interest-bearing debts	769	745	3
Debt	**7,624**	**6,040**	**26**
Cash and cash equivalents [2]	2,938	4,026	(27)
Net Debt	**4,686**	**2,014**	**133**
Equity	**16,863**	**15,342**	**10**
Gearing ratio in %	**28**	**13**	**15**

[1] The increase is mainly due to the implementation of IFRS 16 on January 1, 2019. For more details, please refer to the chapter “Significant changes in accounting policies”. 2018 included finance lease liabilities that have been shown in the balance sheet position Other financial liabilities.

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

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. On November 25, 2019, there was a repayment of a EUR 500 mn Eurobond.

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

				Dec. 31, 2019				Dec. 31, 2018
Financial instruments on asset side	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Equity investments	-	-	24	**24**	-	-	21	**21**
Investment funds	-	-	-	**-**	6	-	-	**6**
Derivatives designated and effective as hedging instruments	-	284	-	**284**	-	392	-	**392**
Other derivatives	241	2,150	-	**2,391**	1,206	1,178	-	**2,384**
Other financial assets at fair value [1]	-	-	721	**721**	-	-	725	**725**
Net amount of assets and liabilities associated with assets held for sale	-	8	-	**8**	-	-	-	**-**
Total	**241**	**2,443**	**745**	**3,428**	**1,212**	**1,570**	**747**	**3,529**

				Dec. 31, 2019				Dec. 31, 2018
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	-	237	-	**237**	-	348	-	**348**
Liabilities on other derivatives	266	1,976	-	**2,241**	1,192	1,260	-	**2,452**
Total	**266**	**2,213**	**-**	**2,478**	**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

As of December 31, 2019, 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 6,570 mn (December 31, 2018: EUR 5,752 mn) are valued at amortized cost. The estimated fair value of these liabilities was EUR 7,109 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.

Segment reporting

Intersegmental sales

In EUR mn

Q4/19	Q3/19	Q4/18	Δ% [1]		2019	2018	Δ%
920	862	958	(4)	Upstream	3,656	3,386	8
20	22	20	(1)	Downstream	84	74	14
12	12	11	2	thereof Downstream Oil	46	48	(4)
38	10	51	(25)	thereof Downstream Gas	141	166	(15)
(30)	0	(42)	29	thereof intrasegmental elimination Downstream	(103)	(139)	26
85	87	92	(7)	Corporate and Other	341	335	2
1,025	**971**	**1,070**	**(4)**	**Total**	**4,081**	**3,795**	**8**

Sales to third parties

In EUR mn

Q4/19	Q3/19	Q4/18	Δ% [1]		2019	2018	Δ%
667	649	751	(11)	Upstream	2,583	2,170	19
5,406	5,299	5,888	(8)	Downstream	20,874	20,756	1
3,791	3,947	3,947	(4)	thereof Downstream Oil	15,039	14,707	2
1,615	1,352	1,941	(17)	thereof Downstream Gas	5,835	6,049	(4)
1	1	1	33	Corporate and Other	4	4	(8)
6,074	**5,949**	**6,640**	**(9)**	**Total**	**23,461**	**22,930**	**2**

Total sales (not consolidated)

In EUR mn

Q4/19	Q3/19	Q4/18	Δ% [1]		2019	2018	Δ%
1,587	1,510	1,709	(7)	Upstream	6,239	5,556	12
5,426	5,321	5,908	(8)	Downstream	20,958	20,830	1
3,803	3,959	3,958	(4)	thereof Downstream Oil	15,085	14,755	2
1,653	1,363	1,992	(17)	thereof Downstream Gas	5,976	6,215	(4)
(30)	0	(42)	29	thereof intrasegmental elimination Downstream	(103)	(139)	26
86	88	92	(7)	Corporate and Other	345	339	2
7,099	**6,920**	**7,710**	**(8)**	**Total**	**27,542**	**26,725**	**3**

Segment and Group profit

In EUR mn

Q4/19	Q3/19	Q4/18	Δ% [1]		2019	2018	Δ%
448	382	812	(45)	Operating Result Upstream	1,879	2,122	(11)
449	518	400	12	Operating Result Downstream	1,847	1,420	30
306	487	253	21	thereof Operating Result Downstream Oil	1,560	1,402	11
143	31	147	(3)	thereof Operating Result Downstream Gas	287	18	n.m.
(36)	(16)	(22)	(66)	Operating Result Corporate and Other	(91)	(47)	(93)
861	883	1,190	(28)	Operating Result segment total	3,636	3,495	4
(36)	22	68	n.m.	Consolidation: Elimination of intersegmental profits	(54)	28	n.m.
824	905	1,259	(35)	OMV Group Operating Result	3,582	3,524	2
(47)	(29)	(50)	5	Net financial result	(129)	(226)	43
777	**875**	**1,209**	**(36)**	**OMV Group profit before tax**	**3,453**	**3,298**	**5**

[1] Q4/19 compared to Q4/18

Assets [1]

In EUR mn

	Dec. 31, 2019	Dec. 31, 2018
Upstream	15,049	13,536
Downstream	5,315	4,755
thereof Downstream Oil	4,341	3,798
thereof Downstream Gas	974	957
Corporate and Other	277	141
Total	**20,642**	**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.

Other notes

Transactions with related parties

In 2019, 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

	2019		2018	
	Sales and other income	Purchases and services received	Sales and other income	Purchases and services received
Borealis	1,284	42	1,432	48
GENOL Gesellschaft m.b.H. [1]	196	2	208	2
Erdöl-Lagergesellschaft m.b.H.	76	59	41	62
Enerco Enerji Sanayi ve Ticaret A.Ş.	0	9	4	157
Deutsche Transalpine Oelleitung GmbH	0	34	0	30
OJSC Severneftegazprom	—	179	—	161
Trans Austria Gasleitung GmbH	10	22	11	22

[1] In 2019, transactions with GENOL Gesellschaft m.b.H., as well as GENOL Gesellschaft m.b.H. & Co KG are included, while 2018 transactions were only with GENOL Gesellschaft m.b.H. & Co KG (business of GENOL Gesellschaft m.b.H. & Co KG was transferred to GENOL Gesellschaft m.b.H. in October 2019; see details in chapter "Changes in the consolidated group)".

Balances with equity-accounted investments

In EUR mn

	Dec. 31, 2019	Dec. 31, 2018
Advance payments	—	10
Trade receivables	84	72
Other receivables	41	6
Trade payables	63	67
Other payables	1	3
Contract liabilities	170	140

Dividends distributed from equity-accounted investments

In EUR mn

	2019	2018
Abu Dhabi Oil Refining Company	34	—
Borealis AG	297	360
Enerco Enerji Sanayi Ve Ticaret A.Ş.	—	1
GENOL Gesellschaft m.b.H. & Co KG	1	1
OJSC Severneftegazprom	6	10
Pearl Petroleum Company Limited	31	34
PEGAS CEGH Gas Exchange Services GmbH	1	0
Trans Austria Gasleitung GmbH	14	15
Total Group	**384**	**422**

Abu Dhabi National Oil Company (ADNOC) is a related party as described in the OMV Annual Report 2018 (Note 35 – Related Parties). In 2019, 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 the OMV Consolidated Financial Statements 2018 (Note 35 – Related Parties). There have been no changes to the publication of preliminary condensed financial statements for 2019.

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 preliminary Group Financial Statements for 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, 2020

The Executive Board

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

Reinhard Florey m.p.
Chief Financial Officer

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

Thomas Gangl m.p.
Chief Downstream Operations Officer

Further Information

Next events

- OMV Group Trading Update Q1/20: April 8, 2020
- OMV Group Report January–March 2020: April 29, 2020
- OMV Ordinary Annual General Meeting: May 19, 2020

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

OMV contacts

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