

OMV Aktiengesellschaft

At a glance

Five-year summary	EUR mn (unless otherwise stated)				
	2015	2014 ¹	2013 ²	2012	2011 ³
Sales	22,527	35,913	42,414	42,649	34,053
Earnings Before Interest, Taxes and Depreciation (EBITD)	3,145	4,134	4,820	5,137	4,117
Earnings Before Interest and Taxes (EBIT)	(2,006)	969	2,602	3,104	2,494
Profit from ordinary activities	(1,909)	792	2,291	2,857	2,221
Taxes on income	654	(265)	(562)	(1,067)	(633)
Net income for the year	(1,255)	527	1,729	1,790	1,588
Net income attributable to stockholders of the parent	(1,100)	278	1,162	1,363	1,079
Clean CCS EBITD ⁴	3,770	4,569	4,469	5,279	4,095
Clean CCS EBIT ⁴	1,390	2,238	2,645	3,407	2,530
Clean CCS net income attributable to stockholders of the parent ⁴	1,148	1,132	1,112	1,544	1,084
Balance sheet total	32,664	33,855	31,848	30,519	28,413
Equity	14,298	14,514	14,545	14,530	13,404
Net debt	4,038	4,902	4,371	3,747	4,603
Average capital employed ⁵	19,972	19,760	17,669	18,118	17,060
Cash flow from operating activities	2,834	3,666	4,124	3,813	2,514
Capital expenditure	2,769	3,832	5,239	2,426	3,146
Free cash flow	(39)	272	142	1,533	(592)
Free cash flow after dividends	(569)	(377)	(485)	907	(1,034)
Depreciation, amortization and impairments	5,153	3,165	2,296	2,036	1,626
Net Operating Profit After Tax (NOPAT) ⁵	(1,119)	627	1,978	1,976	1,881
Clean CCS NOPAT ^{4,5}	1,522	1,697	1,938	2,246	1,950
Return On Average Capital Employed (ROACE)	(6)%	3%	11%	11%	11%
Clean CCS ROACE ⁴	8%	9%	11%	12%	11%
Return On Equity (ROE)	(9)%	4%	11%	13%	13%
Equity ratio	44%	43%	46%	48%	47%
Gearing ratio	28%	34%	30%	26%	34%
Earnings Per Share (EPS) in EUR	(3.37)	0.85	3.56	4.18	3.43
Clean CCS Earnings Per Share in EUR ⁴	3.52	3.47	3.41	4.73	3.45
Cash flow per share in EUR ⁶	8.68	11.24	12.64	11.69	8.00
Dividend Per Share (DPS) in EUR ⁷	1.00	1.25	1.25	1.20	1.10
Payout ratio	n.m.	147%	35%	29%	32%
Employees as of December 31	24,124	25,501	26,863	28,658	29,800
Production in kboe/d	303	309	288	303	288
Proved reserves in mn boe	1,028	1,090	1,131	1,118	1,133
Total refined product sales in mn t	30.0	31.1	31.5	30.2	31.0
Natural gas sales volumes in TWh ⁸	110	114	126	148	136
Lost-Time Injury Rate (LTIR) per million hours worked	0.27	0.44	0.52	0.69	0.68

¹ Figures for 2014 were adjusted according to IAS 8

² As of 2014, figures for 2013 were adjusted due to the implementation of IFRS 11 "Joint Arrangements"

³ As of March 31, 2012, figures for 2011 were adjusted according to the revised accounting rules for post-employment benefits (IAS 19 revised)

⁴ Adjusted for special items. Clean CCS figures exclude inventory holding gains/losses (CCS effects) resulting from the fuels refineries and OMV Petrol Ofisi

⁵ As of 2012, the definitions for NOPAT and average capital employed were adjusted. Please see section "Abbreviations and definitions" for details.

⁶ Historical figures were adapted accordingly

⁷ Cash flow from operating activities

⁸ 2015: As proposed by the Executive Board and confirmed by the Supervisory Board. Subject to confirmation by the Annual General Meeting 2016

⁹ As of 2015, this KPI reflects only third-party volumes and excludes trading volumes. Historical figures were adjusted accordingly



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Statement of the Chairman of the Executive Board

Dear shareholders,

As the CEO of OMV since July 2015, I am delighted to address you for the first time in this form. The past year turned out to be very challenging across the industry due to low oil prices resulting from a significant oversupply. The benefits of our integrated business model were plain to see, with a strong Downstream performance providing a natural hedge in the current environment. Complementing this was the diversification of the Upstream portfolio: The acquisitions made in recent years have sharply reduced OMV's exposure to geopolitical risks and in 2015, 90% of production came from stable regions such as Romania, Norway, Austria and New Zealand. In terms of HSSE, 2015 was a year in which we showed a strong improvement in terms of our safety performance.

Focus on cash and costs

The main target for the business in these difficult times is to secure our cash flow. We ended the year with a broadly neutral free cash flow before dividends. Downstream delivered a very strong operating cash flow. Upstream cash flow has proven to be more resilient to the oil price drop than the operating result, with substantially all of the current production being positive in terms of operating cash flow. Spending reduction measures are also starting to have a considerable impact, with Group CAPEX reduced by 28% to EUR 2.8 bn and a fall in manageable costs of around EUR 200 mn, compared to 2014. There has been and will continue to be a strong focus on reducing the operating cost base. In 2015, OMV achieved an Upstream OPEX reduction of around USD 3.4/boe; this was driven by the favorable FX rate and intrinsic business efforts. Strict cost management measures throughout the organization involved cutting external costs (leased personnel, day raters and consultancy), streamlining overheads and renegotiating with suppliers.

Strong integrated business performance in 2015

Downstream has shown a very strong result in 2015, driven by the Downstream Oil business which more than offset the result decrease in

Downstream Gas, which was impacted by the difficult gas market environment. Following the successful restructuring of the Downstream Oil business, OMV was able to capture the favorable refining margin environment in 2015 with the strong utilization rate of 93%. Additionally, the business benefited from the increased petrochemical margins and net income was further supported by the strong contribution of Borealis. While Upstream was impacted by the significantly decreased oil price, we continued to deliver the projects in execution and started the production at the Edvard Grieg field towards the end of 2015. Our balance sheet remained strong with the gearing ratio improving to 28%, supported by the issuance of hybrid notes in December 2015, despite the high impairment charges recorded across the entire portfolio in 2015 as a result of the changes to our oil and gas price assumptions.

Fit for the future

In 2015, we reviewed the strategy of OMV. The challenging environment has direct strategic implications for OMV. Our goal is clear: Make OMV fit for the future. We will work on improving cash and profitability, where value over volume growth will be the key to stabilizing OMV's cash flow and overall financial performance. Furthermore, we will exercise a stringent capital spending regime – cash flow is and will continue to be our priority. We are targeting a broadly neutral free cash flow after dividends. That means we will generate enough cash to finance all of our expenditure. OMV's goal for the medium term is to pay dividends out of free cash flow whilst maintaining the dividend policy of a long-term payout ratio of 30% of net income.

Secure sustainable Upstream portfolio

Upstream will continue to be the focus for OMV's growth, but we have to create a sustainable resource base. The market environment has changed dramatically in the past five years, so we need to adjust and we will adjust. New partnerships will play a key role, and we will focus our investments within a clearly defined portfolio of core and development regions.

**Broadly neutral
free cash flow
before dividends
reached in 2015**



A striking change – one could even say a paradigm shift – is underway in the oil and gas industry, namely from a battle for growth to a battle for costs. There is little point in setting volume-driven production targets if they do not involve high-margin barrels. This is why Russia and the Middle East will potentially be a focal point for new projects. OMV aims to participate in developing the Achimov IV/V natural gas and condensate project in Russia based on an asset swap with Gazprom. We need to secure our production. Therefore, we will create a sustainable Upstream portfolio – sustainable means that we achieve a 100% reserve replenishment. The core regions are CEE (Romania and Austria), the North Sea as well as the Middle East and Africa. We are focusing on highly profitable barrels.

Strengthen competitiveness of Downstream Oil

We remain committed to our integrated business model with Downstream Oil as a strong pillar in our portfolio. It was successfully restructured and proved its value with particularly high results in 2015. The priority now is to build on its strong competitive position. Downstream Oil will continue to serve as a cash generator. The focus is on maximization of the integrated margin and optimal capacity utilization of the refineries. In this respect, since OMV Petrol Ofisi has limited integration with the rest of OMV, we have decided to divest this healthy yet non-strategic asset.

Restructuring Downstream Gas

Downstream Gas restructuring has started: The planned full takeover of EconGas will lead to a streamlining of structures and to a significant increase in gas sales volumes. The planned divestment of a minority stake in Gas Connect Austria will free up capital tied up in OMV's portfolio. In September, OMV and Gazprom signed a Shareholders' Agreement for involvement in the Nord Stream 2 pipeline project. In the context of our wider strategic reorientation, this marks an important step away from stable returns in regulated transport infrastructure, namely Gas Connect Austria, to non-regulated transport infrastructure, namely

Nord Stream 2, which offers more attractive return rates. The cooperation with Gazprom will allow OMV to participate throughout the entire value chain of the gas business, while the diversification of export routes will bring greater security of supply to OMV's customers.

Cooperation key to delivering results

Since I joined OMV in 2015, the talent, expertise and drive of our employees continue to make an impression every day. Combined with the good communication between the management bodies and the strong support from shareholders and partners, I am confident that OMV will not only withstand the current oil price environment but will improve its key performance indicators and continue to deliver competitive value for shareholders and customers in the medium and longer term.

**Focus on creating
a sustainable
Upstream portfolio**

Vienna, March 2016

Rainer Seele

Report of the Supervisory Board

Dear shareholders,

The oil and gas industry faced an extremely challenging year, as the oil price dropped from USD 57/bbl to USD 37/bbl during 2015. Reflecting this macro environment, OMV generated a negative free cash flow after dividends of EUR 569 mn in 2015. Going forward, OMV's key target is to achieve a positive free cash flow after dividends. Reserves life has declined from 9.7 years at year-end 2014 to 9.3 years at year-end 2015. OMV will continue to focus its investments in Upstream in order to maintain a sustainable reserves portfolio. OMV's share price rose by 19% in 2015, representing a strong outperformance of the FTSE Global Energy Index with a EUR price performance of (15)%. OMV extended its strong safety improvement record in 2015, which is demonstrated by a further reduction in the Lost-Time Injury Rate from 0.44 in 2014 to 0.27 in 2015. Sadly, the Group suffered two work-related fatalities during 2015.

New Executive Board members

In 2015, the Supervisory Board focused on the identification and appointment of new Executive Board members. As had been agreed in 2014, Gerhard Roiss resigned as Chairman of the Executive Board and CEO on June 30, 2015. He was succeeded on July 1, 2015 by Rainer Seele. Jaap Huijskes, Executive Board member responsible for Upstream, resigned from his position on August 31, 2015. The Supervisory Board appointed Johann Pleininger as his successor as of September 1, 2015. Furthermore, we conducted a process for the identification of a suitable successor for the CFO position, which was ongoing at year-end 2015 and led to the decision on January 19, 2016 that Reinhard Florey will become the new CFO later in the year.

Strategy

On December 15, 2015, the Supervisory Board unanimously approved the new strategy of OMV. The key elements of this strategy are as follows: OMV will remain an integrated oil and gas group, focusing on a sustainable Upstream portfolio with investments in low-cost assets. Capital expenditure, exploration activities and operating expenses will be aligned with the goal of ensuring a positive free cash flow after dividends.

Work of the Supervisory Board

Throughout 2015, the Supervisory Board thoroughly monitored the conduct of OMV's business by the Executive Board and advised the Executive Board in the decision-making process on the basis of detailed oral and written reports and constructive discussions between the Supervisory Board and the Executive Board. The Executive Board has regularly provided us with timely and comprehensive information on business operations, the overall economic situation in the company's core markets and the operating environment as well as business opportunities and risks for OMV. Numerous open discussions in an atmosphere of trust form the foundation for our deliberations and our communication with the Executive Board at all times. Particular attention was given to OMV's plan to participate in the Nord Stream 2 pipeline and in the development of Areas IV and V of the Achimov formation of the Urengoy oil, gas and condensate field in Russia, the latter in exchange for a participation by Gazprom in assets of OMV. A decision about this transaction will only be taken once the swapped assets, their valuation and the contractual arrangements have been determined. Furthermore, the Supervisory Board discussed and approved Upstream investment projects in Norway, the United Kingdom, New Zealand and Abu Dhabi. In Downstream, key topics were the intended divestment of a minority stake in Gas Connect Austria in order to both optimize the portfolio and strengthen cash flow and balance sheet as well as the full takeover of EconGas, which represented a significant step in restructuring OMV's gas business. On the Group's financing, we supported the issuance of hybrid notes in the total amount of EUR 1.5 bn to improve financial flexibility. Other focus areas included the annual planning process for the medium-term period (2016-2018), the budget for the financial year 2016 and the investment program going forward. Especially in the context of the plunge in oil prices, the Supervisory Board maintained that a positive free cash flow after dividends remains a core target even in a very difficult market environment. Finally, we performed our annual self-evaluation aimed at continuously improving both the efficiency and the effectiveness of our work as well as to ensure

that the Supervisory Board is capable of fulfilling its responsibilities towards shareholders and other stakeholders.

Supervisory Board committees

The Presidential and Nomination Committee steered the search process for the positions of CEO, CFO and Executive Board member for Upstream. In this role, it proposed the above-mentioned appointments of Rainer Seele and Johann Pleininger to the Supervisory Board in 2015. It also recommended the candidates for election to the Supervisory Board to the Annual General Meeting. Finally, the Presidential and Nomination Committee also discussed OMV's strategy. The Remuneration Committee negotiated the employment contracts with Rainer Seele and Johann Pleininger and approved the termination of the employment contract of Jaap Huijskes. For contracts concluded after July 2015, settlement payments in the event of termination within the contract period have been reduced to 18 months' pay and have been limited to fixed salary only. Furthermore, the Remuneration Committee worked on the improvement of the variable compensation system for the Executive Board, which will serve as the basis for the upcoming management incentive programs. The Audit Committee dealt with key issues relating to accounting processes, internal audit, risk management and the Group's internal control and management systems. The Audit Committee examined in detail the procedures and calculation methods used in determining write-downs of assets (impairment tests). OMV's Group auditor, Ernst & Young, participated in every meeting of the Audit Committee, and we also took the opportunity at meetings to exchange views with the auditor without the presence of the members of the Executive Board on a regular basis. In order to keep up with the latest developments in corporate governance, financial reporting and auditing standards, we held a special workshop with OMV's Group auditor again this year. In line with international best practice, the Audit Committee has not been chaired by the Supervisory Board Chairman any longer since May 19, 2015. The Project Committee analyzed OMV's planned Upstream investments in

Russia and the participation in the Nord Stream 2 pipeline project.

Composition of the Supervisory Board

Following the resignation of Chairman Rudolf Kemler and of Roy Franklin, Peter Oswald and Gertrude Tumpel-Gugerell were elected for the first time as members of the Supervisory Board at OMV's Annual General Meeting on May 19, 2015. Peter Oswald was elected as the new Chairman of the Supervisory Board.

Annual financial statements and dividend

After comprehensive review and discussions with the auditors at the Audit Committee and plenary meetings, which did not give rise to any qualifications, the Supervisory Board approved the directors' report, prepared in accordance with section 96 (1) Stock Corporation Act, and the financial statements of OMV Aktiengesellschaft for 2015, which were thereby approved pursuant to section 96 (4) of the Act. The same applies to the consolidated financial statements. The Supervisory Board likewise approved the Corporate Governance Report following its consideration by the Audit Committee. The Supervisory Board accepted the Executive Board's proposal to the Annual General Meeting to pay a dividend of EUR 1.00 per share and to carry forward the remainder of the profit for the year to new account. Finally, we sincerely thank the Executive Board and the entire staff of the Group for their commitment and support in the financial year 2015 as well as all shareholders, customers and partners for their trust. Our thanks also go to Rudolf Kemler as Chairman of the Supervisory Board until May 2015, Gerhard Roiss as CEO until June 2015 and Jaap Huijskes as Executive Board member responsible for Upstream until August 2015.

Vienna, March 22, 2016
For the Supervisory Board



Peter Oswald

The Corporate Governance Report contains additional information on the activities of the Supervisory Board and its committees



OMV Group objectives and strategy

OMV in brief

OMV is active in both the Upstream and Downstream business

OMV is an international, integrated oil and gas company based in Vienna, active in the Upstream and Downstream business.

In Upstream, OMV focuses on three core regions, (1) CEE (Romania and Austria), (2) the North Sea and (3) Middle East and Africa, and selected development areas. OMV had proven reserves of approximately 1.03 bn boe at year-end and a production of 303 kboe/d in 2015. Around 90% of its production in 2015 came from EU/OECD countries. The oil and gas split in production is roughly 50% each.

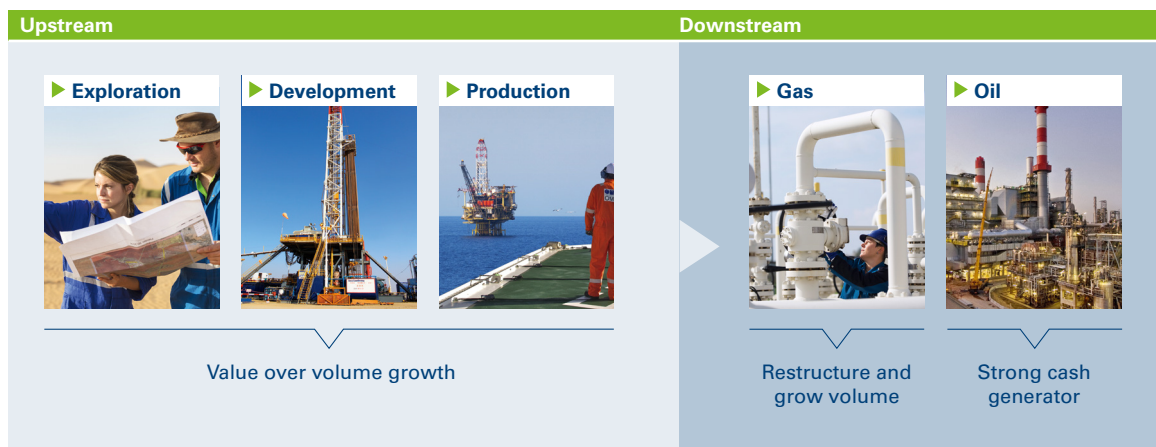
The Downstream Business Segment consists of the Downstream Oil and the Downstream Gas business. Downstream Oil operates three refineries: Schwechat (Austria) and Burghausen (Southern Germany), both of which feature integrated petrochemical production, as well as the Petrobrazi refinery (Romania) which processes predominantly Romanian crude. OMV has an annual processing capacity of 17.8 mn t.

The retail network consists of approximately 3,800 filling stations in 11 countries, with a strong multi-brand portfolio. Together with a high-quality non-oil retail business and an efficient commercial business, OMV has a leading position in its markets. OMV's Downstream Gas supply portfolio consists of equity gas and is complemented by contracted volumes. Total natural gas sales volumes amounted to 110 TWh in 2015. OMV operates a gas pipeline network in Austria and owns gas storage facilities with a capacity of 2.7 bcm (30 TWh). The Central European Gas Hub (CEGH) is a well-established gas trading platform on the gas routes from East to West and also operates a gas exchange. The gas distribution node in Baumgarten (Austria) is Central Europe's largest entry point for gas from Russia. OMV also operates two gas-fired power plants, one in Romania and one in Turkey.

With Group sales of EUR 23 bn, a workforce of 24,124 employees and a market capitalization of EUR 9 bn at year-end, OMV Aktiengesellschaft is one of Austria's largest listed industrial companies.

Market capitalization of EUR 9 bn at year-end

OMV – a strong, integrated oil and gas company



OMV strategy

In 2015, OMV underwent a comprehensive review of its strategy initiated after the appointment of Rainer Seele as new CEO as well as in reaction to fundamental changes in market conditions. The new strategy was developed based on the following market perspective.

Market perspective

The underlying assumption of this strategy is that oil and gas will continue to play a pivotal role as primary energy supply sources globally in the coming decades, in line with forecasts of leading global energy institutes, e.g. the International Energy Agency. Oil will continue to dominate in transport, and both oil and gas will remain major feedstocks for the petrochemical industry. Gas as the fossil fuel with the lowest carbon dioxide (CO₂) emissions will also continue to play an important role in the energy mix of the future.

In the short term, for 2016, oil markets are expected to remain oversupplied. Oil and oil product storages are therefore assumed to build up further. A decline is expected to start towards the end of 2016. Upsides to this scenario may result from US shale supply contracting faster than currently expected and global oil demand remaining strong in light of abnormally low oil prices despite reduced economic activity. In the longer term, towards the end of the decade, an oil supply shortfall appears to be in the making as substantial amounts for investment are cancelled or postponed as a reaction to the oil price drop. The underlying assumption therefore is that towards the end of the decade, prices will rise again. The short-term flexibility of US shale oil, however, will likely act as a price cap so oil prices are not expected to rise to levels of USD 100/ bbl and higher as seen between 2011 and 2014. OMV's current long-term oil price assumption is USD 75/bbl from 2020 onwards. Gas prices in Europe have been abnormally low in the winter of 2015/2016. This is partly due to

a mild winter and partly due to an increase in liquefied natural gas (LNG) supply sent to Europe as low oil prices depress oil indexed gas prices in Asia. Europe's balancing role in global LNG flows is expected to continue. Gas demand in Asia and the oil price will shape LNG flows to Europe. The European gas price will in turn be shaped by how accommodating Europe's traditional suppliers are towards any additional LNG volumes and secondly how fast indigenous production contracts. OMV's gas price assumptions have been aligned to reflect the current depressed European market conditions.

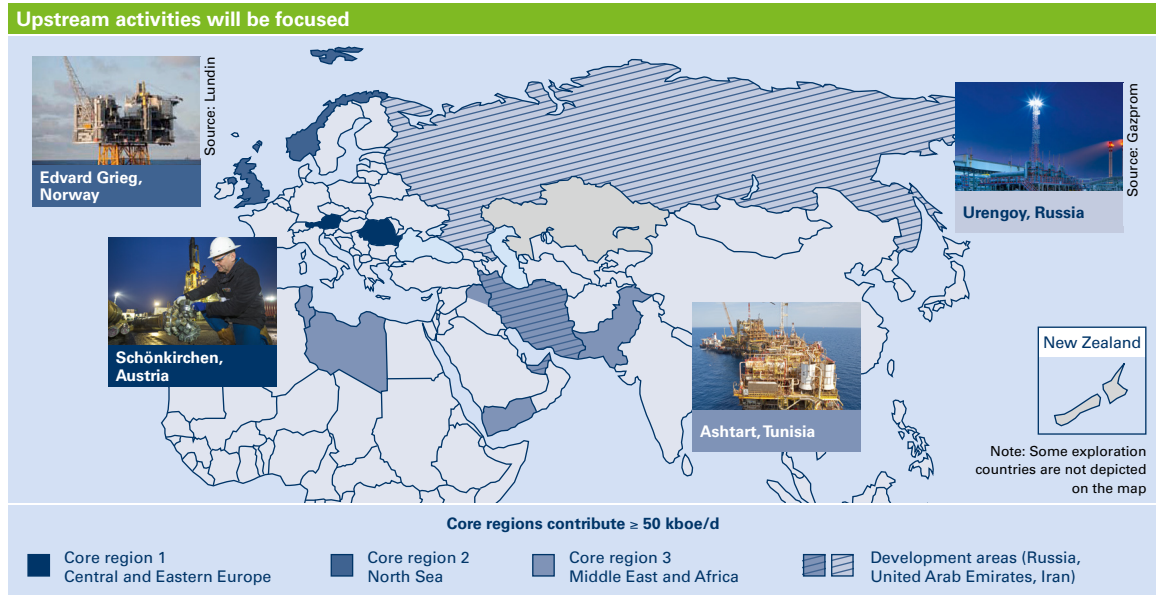
Refining margins are expected to decline from record highs in 2015. The fundamentals in Europe are unchanged: the region has too much refining capacity and competitive middle distillates imports (e.g. diesel) are supplied from Russia and the Middle East. Finally, the US as a traditional export market for European oil products has all but disappeared for now due to the shale oil revolution. The strong competition is expected to continue in Europe and OMV is well positioned in this environment.

OMV perspective

In the context of the strategic review and the adverse market conditions, OMV's strengths and weaknesses were analyzed. OMV's first strength is its strongly integrated business model. The Company is well positioned in Downstream Oil which has proven its value in 2015, when high refining margins cushioned the effect from a low oil price. In Downstream Gas, OMV has considerable marketing expertise and is well established as a market leader in Austria and Romania. Secondly, excellence in exploiting mature basins in Romania and Austria is an important strength. Thirdly, an operatorship of over 70% in OMV's upstream portfolio permits direct control of costs – an invaluable starting point for adjusting current cost levels. These strengths notwithstanding, several areas offer room for improvement. Firstly, OMV's portfolio

Oil and gas will continue to play a pivotal role as primary energy supply

A main strength is the integrated business model



Strict focus on cash flow preservation

costs in Upstream are comparatively high. This stems in part from a major acquisition in the North Sea in 2013, an area with high production costs. Secondly, high spending levels, i.e., capital as well as exploration and appraisal expenditure spending, need to be reviewed and reduced. Both costs and spending need to be brought to a level that allows OMV to achieve a broadly neutral free cash flow after dividends. Furthermore, OMV's Upstream portfolio lacks sustainability as measured by the Reserve Replacement Rate (RRR). This measures the extent to which OMV replaces the reserves it produces. For a sustainable business model in Upstream, this measure needs to be 100% on average, i.e., OMV fully replaces its produced reserves. In 2015, OMV's RRR was at 73% measured over a three-year average. Finally, the Downstream Gas business requires restructuring and an optimized set-up which reflects current market conditions. These strengths and weaknesses in conjunction with the market perspective form the basis for OMV's new strategy.

Focused and sustainable Upstream portfolio

OMV's strategic priorities

An impeccable HSSE record is the basic principle of OMV's operations. HSSE will therefore remain OMV's top priority with the goal to further

increase awareness for health and safety among employees and contractors.

Owing to a depressed short-term outlook for oil prices combined with the expectation of only a gradual longer term recovery, OMV's first strategic priority is a strict focus on cash flow preservation to achieve a broadly neutral free cash flow after dividends on a sustainable basis. To this end, OMV will further adjust capital expenditure (CAPEX) and exploration and appraisal expenditure (E&A). Furthermore, OMV has launched a group-wide cost reduction and capital efficiency program to maintain and strengthen its competitiveness. In addition to these organic measures to preserve cash flow, OMV has decided to divest a number of assets considered non-strategic going forward, namely a minority stake of up to 49% of Gas Connect Austria, a gas infrastructure company, as well as up to 100% of OMV Petrol Ofisi, OMV's Turkish fuel retail and import terminal network.

The second strategic priority is to bring focus to OMV's upstream activities and create a more sustainable upstream portfolio. This will comprise a strict focus of upstream activities

on three core regions: (1) CEE (Romania and Austria), (2) the North Sea and (3) Middle East and Africa. A core region is defined as having a yearly production rate above 50 kboe/d and being self-funded, i.e., the operating cash flow from that region is sufficient to finance its capital requirements. Furthermore, OMV will target acquisitions in regions with attractive cost positions like the Middle East and Russia to reduce its portfolio cost in addition to the aforementioned organic cost reduction measures. In Russia, OMV targets a 24.98% stake in the Achimov IV/V formation in the Urengoy field. Assets in lower cost regions in combination with near-field exploration and state-of-the-art reservoir exploitation are to bring the Reserve Replacement Rate to a sustainable ratio of 100%.

The third strategic priority is Downstream. OMV will maintain and enhance the integrated business model in both oil and gas. Downstream Gas is currently being restructured to become a lean, low-cost organization that markets the increasing gas supply position in Northwest Europe. Downstream Oil has emerged well positioned from a period of restructuring from 2011 to 2014, with the exception of OMV Petrol Ofisi, which remains a healthy asset albeit with limited integration within the business. Going forward, Downstream Oil will be managed as a robust cash generator for the Group, focused on optimally utilizing the refinery assets.

Focus on cash and costs

OMV aims to achieve a broadly neutral free cash flow after dividends on a sustainable basis in order to

- ▶ finance dividend payments organically
- ▶ sustain our long-term gearing ratio target of $\leq 30\%$
- ▶ maintain our strong investment grade credit rating

In 2017, OMV targets the achievement of a neutral free cash flow after dividends at an oil price of around USD 55/bbl. To this end, OMV is

launching a cost reduction and capital efficiency program including the following:

- ▶ Capital expenditure cuts of almost 40% in 2016 vs. 2014, from EUR 3.8 bn in 2014 to approx. EUR 2.4 bn (incl. capitalized E&A) in 2016 and potential further contingencies
- ▶ Exploration & Appraisal (E&A) expenditure budget reductions of 35% in 2016 vs. 2014 and almost 60% by 2017. In total, E&A will be reduced from EUR 693 mn in 2014 to EUR 300 mn in 2017
- ▶ Sustainable Group cost reduction and efficiency improvements of EUR 100 mn in 2017 compared to 2015. This will target all of OMV's cost levers across Upstream, Downstream and Corporate services and will also include measures to improve margins and productivity.

These organic measures to preserve cash flow are complemented by divestments of non-strategic assets. The minority share of Gas Connect Austria is targeted at investors seeking an attractive, stable return asset in a regulated environment. With the decision to divest OMV Petrol Ofisi, OMV ends an investment in a market-leading yet marginally integrated business that started in 2011. OMV Petrol Ofisi maintains a market leading position as a fuel retailer in Turkey, Europe's only growth market. Furthermore, it holds the largest import terminal network in the country. The network is not supplied by OMV's refineries, however, and therefore does not present a captive outlet. It is thus not integrated and does not support the optimal utilization of OMV's refineries. Furthermore, OMV Petrol Ofisi's profitability was impacted in recent years by the difficult regulatory environment. As the crucial 5-year term dealer contracts have been renewed successfully in 2015, it is the right time for OMV to exit a healthy yet non-strategic asset. In addition to these two major assets, further divestments of smaller assets are planned for 2016 to 2018.

Sustainable Upstream position

OMV targets a focused Upstream portfolio and a Reserve Replacement Rate of 100%, i.e., full

Enhance the integrated business model in both Downstream Oil and Downstream Gas

Potential production growth from Russia and return of production in Libya and Yemen

replacement of produced reserves. Instead of volume growth, OMV will seek to maximize portfolio value, exercising strict capital and spending discipline and focusing on highly profitable barrels. The guidance going forward is to keep production around 300 kboe/d until 2020 with a cumulated potential upside of around 60 kboe/d from Russia pending the successful acquisition and development of the 24.98% share in Achimov IV/V as well as the return of production in Libya and Yemen. OMV's planned share in Achimov IV/V cumulative life time production is estimated to equal reserves worth more than five times OMV's production of 2015, according to data from the Russian mining authority. The field will begin production towards the end of the decade and will deliver a high plateau production for more than 20 years. Over 90-95% of planned cumulative Upstream investments until 2020 are to achieve a base production of 300 kboe/d plus the upside potential from the return of production from Libya and Yemen. The remaining 5-10% are dedicated to the development of Achimov IV/V. In addition to Russia, OMV focuses on the Middle East as a second low-cost production region. In the United Arab Emirates, OMV seeks further opportunities beyond the current position in the gas field Shuwaihat. In Iran, OMV looks back on a successful collaboration in the past. Following the lifting of sanctions, OMV envisages joint activities both in new developments as well as redevelopments of existing fields.

Restructure Downstream Gas

OMV will restructure Downstream Gas, a business confronted with significant adverse market changes in the past years. Furthermore, the unit is strained by legacy cost positions, mostly long-term infrastructure capacity bookings, notably at the LNG regasification terminal Gate in the Netherlands. The creation of a lean European gas sales business is pivotal going forward and was initiated by the full takeover of EconGas, for which an agreement was signed at the end of 2015. The takeover will yield synergy effects by eliminating parallel sales

Integration supports the optimal utilization of the refineries

Focus on gas sales growth in Northwest Europe

organizations. With this new sales organization, OMV will launch a marketing offensive in Northwest Europe, which will be the focal point of OMV's increasing supply position. The increasing marketing volumes will also allow a better utilization of aforementioned legacy positions, earning the associated fixed costs. OMV will minimize its exposure to power due to a lack of strategic perspective. The Dorobantu wind park (Romania) will be divested and a divestment of the Samsun power plant in Turkey will be evaluated. The Brazi power plant in Romania will be kept in the portfolio due to its integration in OMV Petrom. While divesting the aforementioned minority share (up to 49%) of the regulated infrastructure business Gas Connect Austria, OMV participates with 10% in the non-regulated Nord Stream 2 pipeline project. The international pipeline stretches some 1,200 km through the Baltic Sea from the Russian coast to Germany near Greifswald. The project passes through international waters and return rates are therefore non-regulated. The project offers an attractive, guaranteed rate of return based on long-term ship-or-pay commitments. Nord Stream 2 is strategically important to OMV as it ensures continuous long-term flows to the Central European Gas Hub (CEGH) and through the network of Gas Connect Austria. This in turn secures a long-term utilization of the Austrian gas import and export infrastructure operated by Gas Connect Austria.

Competitive Downstream Oil

Downstream Oil has proved its worth in 2014 and especially 2015 as a strong cash generator following the completion of a successful restructuring program. Going forward, the business will be run for cash, adhering to strict capital and cost discipline. To optimally utilize OMV's three refineries, the integration with Upstream and captive outlets will be maintained and further strengthened. These comprise OMV's retail station network and the petrochemicals integration with Borealis at the Schwechat and Burghausen refineries. As a non-integrated retail station network, OMV Petrol Ofisi will be divested.

OMV's strategy in a nutshell

OMV's new strategy aims to improve the Group's capabilities, thereby allowing us to react flexibly to the volatile market environment we are facing. The strategic priorities for the Company in the coming years are as follows: preserving cash flow, a sustainable resource base in Upstream,

restructuring Downstream Gas and a further increase in competitiveness in Downstream Oil. The goal behind every project is an improved profitability. Above all, HSSE will remain OMV's top priority. A good HSSE performance forms the basis of all operations.

Prepared to react flexibly to the current volatile market environment

OMV strategy in a nutshell



- ▶ Focus on cash and costs
- ▶ Achieve sustainable position in Upstream
- ▶ Restructure Downstream Gas
- ▶ Continue to strengthen competitiveness of Downstream Oil

OMV share and bonds

2015 was a volatile year for commodity prices and financial markets. Despite the sharp decrease in the Brent oil price, the OMV share price increased by 19% compared to the end of 2014 and closed at EUR 26.13 at year-end. Together with the dividend for the 2014 financial year, this resulted in an attractive total shareholder return of 24% for the year 2015.

Financial markets

In 2015, the financial markets continued to be volatile, impacted by declining commodity prices and large exchange rate movements coupled with the economic difficulties in Greece and slowed growth in China. Additionally, the political situation in North Africa and the Middle East continued to be unstable. The Brent oil price declined considerably in the second half of 2015 and closed at USD 37/bbl, down by 35%, since the beginning of 2015. The FTSE Global Energy Index closed the year 2015 with (24)% (calculated in EUR (15)%), FTSE Eurotop 100 with +3% and ATX closed with +11%.

OMV share price performance and volume

In this framework, the OMV share price increased by 19% year-on-year in 2015. At the beginning of the year, the share price continued the decreasing trend from the end of 2014, reaching the year's low of EUR 20.70 by mid-January. From that point on, the share price increased, outpacing the performance of the Brent oil price, and marked the year's high at EUR 30.46 on May 11. Following this peak, the share price declined until September 28 to EUR 21.01. Then it started to rise again towards the end of 2015, contrary to the decreasing evolution of the

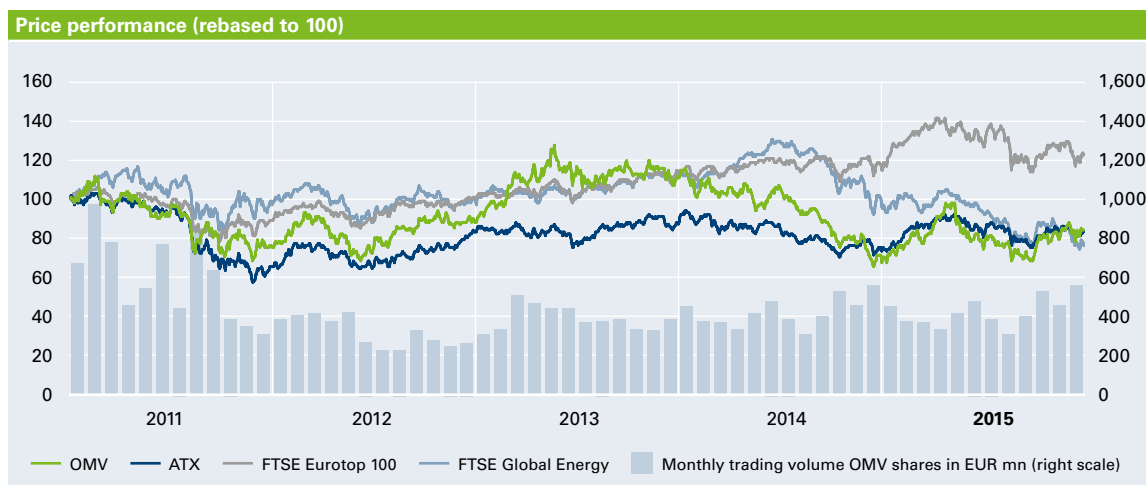
Brent oil price, reflecting the resilience of the Group's performance in the challenging market environment, and closed the year at EUR 26.13. OMV's market capitalization was approximately EUR 9 bn at year-end. The total capitalization of all shares listed on the Vienna Stock Exchange increased by 11% to EUR 85 bn, out of which OMV's market capitalization represented 10% in 2015.

Annual General Meeting results

The main items dealt with at the Annual General Meeting on May 19, 2015 were: 1) the approval of a dividend of EUR 1.25 per share for 2014; 2) the election of the members to the Supervisory Board as proposed; 3) the approval of the Long Term Incentive Plan 2015 and Matching Share Plan 2015, which are long-term compensation instruments for the Executive Board and selected senior executives.

The capital stock of OMV Aktiengesellschaft is EUR 327,272,727 and consists of 327,272,727 no par value bearer shares. At year-end 2015, OMV held a total of 912,824 own shares. The number of shares in circulation was thus 326,359,903. The Executive Board will propose a dividend of EUR 1.00 per share at the next ordinary Annual

OMV share price increased by 19% in 2015



OMV's website provides an interactive share chart for further analysis

Company

Directors' report
Corporate governance
Financial statements

OMV share	ISIN: AT0000743059
Listings	Vienna, USA (ADR Level I)
Ticker	Vienna Stock Exchange: OMV Reuters: OMVV.VI Bloomberg: OMV AV

General Meeting on May 18, 2016. The dividend yield, based on the closing price on the last trading day of 2015, will amount to 3.83%.

Credit ratings

OMV is rated Baa1 by Moody's and A- by Fitch. This underscores the creditworthiness of OMV and is in line with the target to maintain a strong investment grade credit rating.

Bonds

In December 2015, OMV issued hybrid notes in an aggregate amount of EUR 1.5 bn, in two tranches of EUR 750 mn each, in order to further strengthen the Group's balance sheet and its financial flexibility. The hybrid notes have no maturity date and are treated as 100% equity according to IFRS accounting standards.

OMV Shareholder structure

OMV's shareholder structure was relatively unchanged in 2015 and therefore at year-end comprised: 43.3% free float, 31.5% Österreichische Bundes- und Industriebeteiligungen GmbH (ÖBIB,

representing the Austrian government), 24.9% International Petroleum Investment Company (IPIC) and 0.3% own shares. The capital stock consists entirely of common shares and due to the application of the one-share one-vote principle there are no classes of shares that bear special rights. A consortium agreement between the two major shareholders, IPIC and ÖBIB, contains established arrangements for coordinated action and restrictions on the transfer of shareholdings.

Analyst coverage

The OMV stock is covered by more than 20 Austrian and international investment banks, which ensure good visibility of OMV in the financial community with their regular research reports.

Investor Relations activities

The Executive Board and the Investor Relations team maintained and deepened relationships with analysts and investors at numerous roadshows and conferences in Europe and in North America. Some 220 meetings and presentations were held in 2015, attracting around 520 individual fund managers and analysts. In the interest of transparency and timeliness, all important information and news for analysts and investors is posted on the corporate website at www.omv.com.

Further information about the ADR program, bonds, AGMs, credit ratings and the financial calendar can be found at www.omv.com

News are also available at www.twitter.com/omv and in the **OMV Investor Relations App**

At a glance	in EUR				
	2015	2014 ¹	2013 ²	2012	2011 ³
Number of outstanding shares in mn ⁴	326.36	326.26	326.23	326.19	326.07
Market capitalization in EUR bn ⁴	8.53	7.18	11.35	8.92	7.64
Volume traded on the Vienna Stock Exchange in EUR bn	7.13	5.21	4.82	3.98	7.34
Year's high	30.46	36.06	39.69	29.12	34.69
Year's low	20.70	20.07	27.85	21.29	21.24
Year end	26.13	22.01	34.79	27.36	23.44
Earnings Per Share (EPS)	(3.37)	0.85	3.56	4.18	3.43
Book value per share ⁴	35.76	35.53	35.60	36.49	33.41
Cash flow per share ⁵	8.68	11.24	12.64	11.69	8.00
Dividend Per Share (DPS) ⁶	1.00	1.25	1.25	1.20	1.10
Payout ratio in %	n.m.	147	35	29	32
Dividend yield in % ⁴	3.83	5.68	3.59	4.39	4.69
Total Shareholder Return (TSR) in % ⁷	24	(33)	32	21	(21)

¹ Figures for 2014 were adjusted according to IAS 8

² As of 2014, figures for 2013 were adjusted due to the implementation of IFRS 11 "Joint Arrangements"

³ As of March 31, 2012, figures for 2011 were adjusted according to the revised accounting rules for post-employment benefits (IAS 19 revised)

⁴ As of December 31

⁵ Cash flow from operating activities

⁶ 2015: As proposed by the Executive Board and confirmed by the Supervisory Board. Subject to confirmation by the AGM 2016

⁷ Assuming no reinvestment of the dividend

Sustainability

At OMV, we have a long tradition of responsibility towards the environment and society. In 2015, we embedded sustainability further in our operations.

OMV has been included in the FTSE4Good Global Index

Our sustainability strategy:

Resourcefulness

The OMV sustainability strategy, Resourcefulness, brings together our responsible commitments on health, safety, security, environment, diversity, business ethics, human rights and stakeholder engagement and is expressed by three key focus areas:

- ▶ Eco-Efficiency
- ▶ Eco-Innovation
- ▶ Skills to Succeed

Resourcefulness is our way of achieving the business targets in a sustainable and responsible way and enables us to keep our license to operate.

Sustainability governance

Two governance bodies manage and oversee our sustainability strategy, Resourcefulness: the **Resourcefulness Executive Team** is chaired by the CEO, comprises representatives of each Resourcefulness topic and Business Segment and is responsible for further developing our strategy and implementing it into operations. It is advised by the **Resourcefulness Advisory Board**, chaired also by the CEO. This comprises high-ranking external experts and plays a key role in challenging our activities and casting a critical eye on our plans and progress.

All management levels are involved in the implementation of the sustainability projects and Resourcefulness is part of their annual performance assessment. Furthermore, our highest governance body is assessed with respect to sustainability topics. Methods and tools to make the effects of Resourcefulness measurable enable us to take the best decisions for OMV, the environment and our stakeholders. OMV has developed a set of Key Performance Indicators (KPIs) for all Resourcefulness strategic areas (Eco-Efficiency, Eco-Innovation, Skills to Succeed, HSSE, Stakeholder Engagement, Business Ethics, Human Rights and Diversity) that help us to steer sustainability throughout the organization.

More details about the focus areas can be found in the **Directors' Report**

Performance

In 2015, we continued to make progress in sustainability. Detailed information on our performance can be found in the standalone **OMV Sustainability Report 2015**. We submit information to leading sustainability rating agencies such as FTSE4Good, oekom, Vigeo and Sustainalytics. In 2015, OMV was included in the FTSE4Good Global Index and maintained in Euronext-Vigeo Eurozone 120, Ethibel Sustainability Index Excellence Europe, STOXX® Global EGS and MSCI Global Sustainability Index. In 2015, we continued to improve our performance and achieved a Carbon Disclosure Project (CDP) score of 98A-. With this score, OMV is sector and country leader in Austria.

Reporting on what matters

Our approach to Resourcefulness and our emphasis on material topics helps us to ensure that we are addressing the issues that are most important to our business and stakeholders. Following the Global Reporting Initiative's G4 guidelines, OMV conducted a materiality analysis which enabled us to group the material issues into 18 distinct topics, giving us greater clarity on the areas where we need to focus and report. The outcomes of this materiality process are relevant to the whole OMV Group and define the structure of the OMV Sustainability Report 2015.

Areas of focus

1. Health, Safety and Security

HSSE is our most important materiality topic. That is why we employ stringent corporate regulations, hazard identification and best risk management practices. We invest in technology, programs and processes to ensure that our facilities and operations are safe. The Lost-Time Injury Rate per million hours worked was further improved from 0.44 in 2014 to 0.27 in 2015.

2. Environmental management

OMV's goal is to optimize our processes in order to use natural resources as efficiently

as possible and to reduce emissions and discharges. OMV carried out a broad range of incremental energy efficiency improvements in order to reduce greenhouse gas emissions and save energy costs. Another key focus across our operations is spill risk management.

3. Employee development and diversity

OMV is committed to the Group's Diversity Strategy and its focus areas of gender diversity and internationality. In terms of gender diversity, the target is to have 30% women in Senior Vice President positions by 2020. In the area of internationality, there are three KPIs, defined to focus on an appropriate mix of local and non-local nationalities within the management boards of the major OMV entities and at the Senior Vice President level. On December 31, 2015, women held 17% of our Senior Vice President positions and international (non-Austrian) employees held approx. 45%.

4. Our business principles and approach

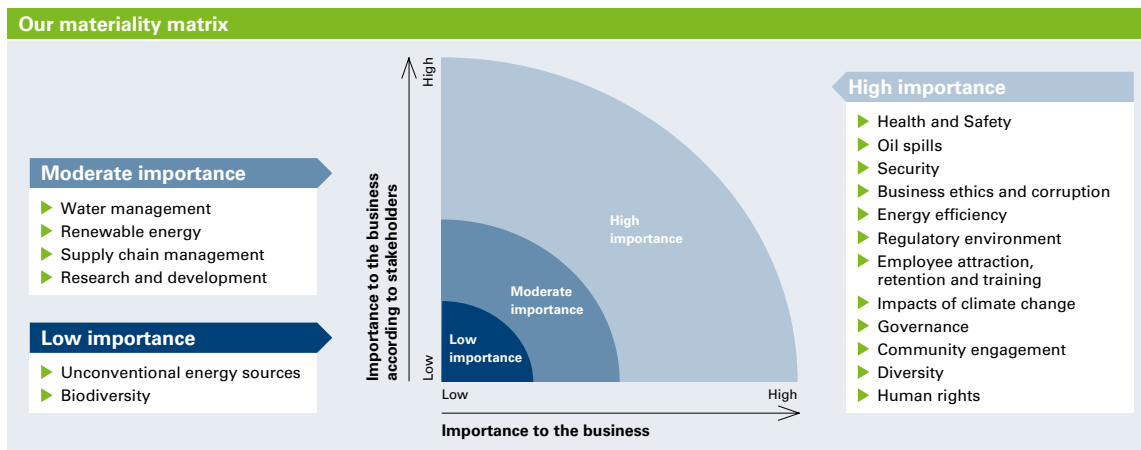
OMV aims to uphold uniformly high compliance standards in all locations. A dedicated cross-regional compliance organization, consisting of 41 compliance experts, is employed to ensure that OMV standards are consistently met across the Group. In 2015, more than 2,200 employees have been trained in order to ensure

compliance with internal as well as external regulations and laws. As a signatory of the United Nations Global Compact (UNGC) and fully committed to the UN Guiding Principles on Business and Human Rights, OMV regards human rights as universal values which guide our conduct in all aspects of our activities. In 2015, OMV Petrom obtained the presidency of the UNGC Network Romania.

5. Community engagement

OMV builds trust with its communities in order to gain a social license whilst running an efficient business. In 2015, a community grievance mechanism was successfully rolled out in the countries where OMV has Upstream business operations (e.g. Romania, Kazakhstan, Abu Dhabi, New Zealand, United Kingdom, Pakistan and Madagascar). OMV believes in the economic development of the communities in which it operates and continued implementing community projects in 2015. As a new measure, OMV also signed a contract for a Strategic Partnership Program with the Austrian Development Agency. The aim is to increase employability of local women and men in our communities through vocational education and local economic development. The first project will be implemented in Tunisia.

Lost-Time Injury
 Rate improved to
 0.27 in 2015



Business environment

Global economic growth fell by 0.3% year on year in 2015, to 3.1%. In contrast to recent years, the pace of growth in emerging and developing economies slowed down from 4.6% to 4%. Industrialized countries posted a modest GDP increase of 1.9%. Within the OECD, the upturn was significantly stronger in the United States economy, which expanded by 2.5%, than in the Eurozone, which recorded an increase of just 1.5%. Following the decline in oil prices, some major oil exporting countries were faced with a significant economic downturn. GDP growth in the **EU-28** rose by 0.5% to 1.9%. This growth was supported by the European Central Bank's monetary policy measures, the decline in the euro which had positive FX benefits for exporters, and the reduced cost of raw material imports. In **Germany**, GDP rose by 1.5%, a slight increase compared to 2014. **Austria's** economy expanded by 0.8% – the fourth successive year of sub-1% growth. In **Romania**, last year's upturn firmed and GDP picked up by 3.7%. Tax cuts and the increase in real wages were reflected in a 5% surge in private consumption. In spite of domestic and foreign policy tensions, **Turkey's** economy grew by about 4%.

Global oil demand increased by 1.7% to 94.4 mn bbl/d while oil production increased by 2.9% to 96.4 mn bbl/d

Global oil demand ticked up by 1.7% to 94.4 mn bbl/d, with OECD countries accounting for 46.1 mn bbl/d (+0.9%) and non-OECD countries for 48.3 mn bbl/d, a 2.5% increase. Global oil production was 2.6 mn bbl/d or 2.9% higher, at 96.4 mn bbl/d. The oversupply that began in the first quarter of 2014 continued throughout 2015, and stocks grew by 2.0 mn bbl/d. OPEC's

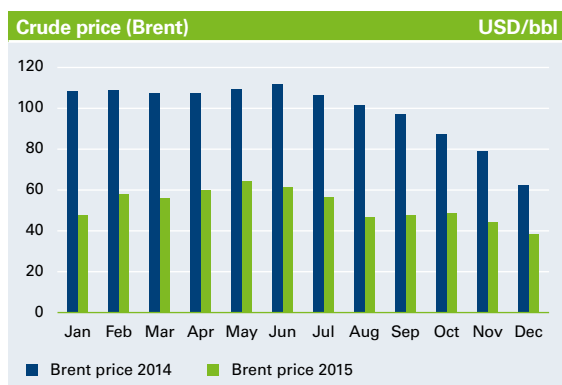
crude output went up by 3.5% or 1.1 mn bbl/d to 32.1 mn bbl/d, with Saudi Arabia and Iraq recording the largest increases, of 0.6 mn bbl/d each. However, both were outpaced by the United States, where production surged by 0.9 mn bbl/d, a 7.7% increase. By the end of 2015, persistent oversupply on the oil markets had pushed crude prices down to levels last seen at the height of the global economic and financial crisis in 2008. The average price of Brent crude was USD 52.39/bbl in 2015, a 47% drop on the previous year.

The **EUR-USD FX-rate** decreased from USD 1.33 last year to USD 1.11 per EUR in 2015.

Austrian natural gas demand increased by 6% in 2015 to 7.9 bcm or 89 TWh. Domestic natural gas output decreased by 5% to 1.2 bcm, while net imports declined by 1.6 bcm, a fall of 22% year on year. Additionally, there was a sharp rise in withdrawals from storage, leaving the year-end gas in storage at 5 bcm, for a percentage full rate of 60%. Gas demand in **Romania** decreased in 2015 by 5% to 11.5 bcm or 122 TWh.

Petroleum product sales in the markets served by OMV (Central and Southeastern Europe and Turkey) rose by about 6 mn t to some 174 mn t in 2015. Sales in **Austria** totaled 10.8 mn t, a gain of 2% that was almost entirely attributable to stronger demand for diesel. There was a similar development in **Germany**, with petroleum product sales climbing by 1.2 mn t on the back of a 4% rise in diesel demand. The overall increase in petroleum product demand was even sharper in **Romania**, and sales were 5% higher, at 8.1 mn t. Sales trends in **Turkey** also point to a remarkable pick-up in demand (up to 14%), especially for diesel.

The West European market for **polyolefins** grew significantly by 0.7 mn t, or 4% in 2015. Prices for polyolefins remained relatively stable (polyethylen +2%, polypropylen -7%).



The Upstream Business Segment is active as operator or as joint venture partner in 17 countries, the majority of which have both exploration and production assets. Our geographical footprint covers CEE (Romania and Austria) and the North Sea (Norway and United Kingdom), Middle East and Africa, New Zealand and Kazakhstan, and our hydrocarbon mix is relatively equally split between oil and gas. Approximately two-thirds of the production volumes of 303 kboe/d in 2015 and proved reserves of 1,028 mn boe at the end of the year stem from our mature core countries, Romania and Austria. Our CEE exposure is complemented by the balanced international portfolio in which the North Sea region has developed into a core area which contributed close to 50 kboe/d to the 2015 production. The key projects in our exploration and development portfolio are Neptun Deep (Black Sea) and field redevelopment Lebada Est in Romania, Cambo Hub, Rosebank and Schiehallion in the United Kingdom, Gullfaks, Edvard Grieg, Aasta Hansteen and Wisting in Norway, Nawara in Tunisia and Shuwaihat and East Abu Dhabi in the United Arab Emirates.

Health, Safety, Security and Environment (HSSE)

HSSE remains the top priority in Upstream. Continued focus has resulted in considerable improvement in the Lost-Time Injury Rate (LTIR) in Upstream to 0.29 compared to last year (2014: 0.53). However, Upstream regrettably had two work-related fatalities during the year. Both incidents have been investigated thoroughly by senior management to determine root causes and concrete measures have been taken to prevent recurrence. In 2015, the number of incidents with potentially high consequences decreased substantially. In addition to maintaining the focus on occupational health and safety, process safety, road transportation safety, lifting operations and electrical maintenance continue to be our highest priority focus areas.

Financial performance

Clean EBIT decreased significantly by 92% to EUR 139 mn vs. EUR 1,669 mn in 2014, reflecting the significant drop in oil and gas prices. The Group's average realized crude price decreased by 46%. The Group's average realized gas price in USD/1,000 cf decreased by

21% compared to the 2014 level. In addition, lower sales volumes and higher depreciation weighed on the result, which was only partly offset by lower production costs as well as lower clean exploration expenses. Impairments of exploration assets in the amount of EUR 327 mn, which were treated as special items, led to a 54% increase of exploration expenses amounting to EUR 707 mn in 2015. Clean exploration expenses decreased to EUR 379 mn in 2015 (EUR 437 mn in 2014) and were mainly related to activities in Romania and Norway. Reductions in the price of oil and gas, together with increased market volatility have caused OMV to review the price assumptions for both the short and longer term. These revised assumptions have required impairments to asset valuations in Upstream, covering assets under production and development, as well as exploration assets, which were recognized in 2015 in the total amount of approx. EUR 2.5 bn. Net special items of EUR (2,509) mn in 2015 were mainly related to the before mentioned impairments and led to a reported EBIT of EUR (2,371) mn vs. EUR 1,466 mn in 2014.

Lost-Time Injury Rate in Upstream decreased to 0.29 in 2015

Clean EBIT significantly impacted by the drop in oil and gas prices

At a glance

	2015	2014	Δ
Segment sales in EUR mn	3,900	5,773	(32)%
Earnings Before Interest and Taxes (EBIT) in EUR mn	(2,371)	1,466	n.m.
Clean EBIT in EUR mn	139	1,669	(92)%
Earnings Before Interest, Taxes and Depreciation (EBITD) in EUR mn	1,821	3,292	(45)%
Capital expenditure in EUR mn	2,140	2,951	(28)%
Production in mn boe	110.4	112.9	(2)%
Production cost in USD/boe	13.2	16.6	(20)%
Proved reserves as of December 31 in mn boe	1,028	1,090	(6)%

Production costs decreased by 20%

Production costs excluding royalties in USD/boe (OPEX) decreased by 20% to USD 13.24/boe, mainly due to the favorable EUR-USD FX-rate and strict cost management resulting in lower service, personnel and material costs.

Total OMV daily production of oil, NGL and gas decreased by 2% to 303 kboe/d. Norway's higher contribution was more than offset by the production shut-ins in Libya and Yemen, as both countries were impacted by security issues. Norway benefited from additional wells which came on stream at the Gudrun and Gullfaks field and the start-up of production at the Edvard Grieg field. Total sales volumes decreased by 5%, driven by lower volumes in Libya and Yemen partly offset by higher volumes in Norway.

Exploration highlights

In 2015, OMV drilled 17 exploration wells (completed 16) in six different countries. 47% of the wells were operated by OMV and the exploration success rate was 44% (2014: 21%). Five high impact exploration wells were finalized in 2015. In the Romanian Black Sea license Neptun Deep, the second exploration drilling campaign was completed in January 2016. Seven exploration and appraisal wells were finalized in Norway, including Wisting. The Shuwaihat field in the United Arab Emirates was appraised,

and further drilling is planned to mature the field into development status. The seismic data acquired in 2014 in the East Abu Dhabi exploration block has been evaluated and opportunities will be matured as possible targets for a first exploration well. The offshore Madagascar 3D seismic survey (3,000 km²) was completed, and the data is under evaluation. Further seismic acquisition activities were carried out in the Mehar and Kalat blocks in Pakistan as well as in four onshore licenses in Romania. Additionally, OMV was successful in acquiring new exploration acreage in Norway adjacent to existing OMV positions, thereby strengthening the position in this core region. Exploration expenditure decreased by 12% to EUR 607 mn in 2015 vs. EUR 693 mn in 2014.

Proved hydrocarbon reserves (1P) as of December 31, 2015 were 1,028 mn boe (thereof OMV Petrom: 647 mn boe), and proved and probable oil and gas reserves (2P) amounted to 1,729 mn boe (thereof OMV Petrom: 917 mn boe). The 2015 single-year Reserve Replacement Rate (RRR) was 44% (2014: 64%). The three-year average RRR stood at 73% in 2015 (2014: 87%). In Romania and Austria, the three-year average RRR decreased to 34% (2014: 41%). In the international portfolio, the three-year average RRR decreased to 155% (2014: 188%). On a 2P basis, 24% of the production was replaced in 2015.

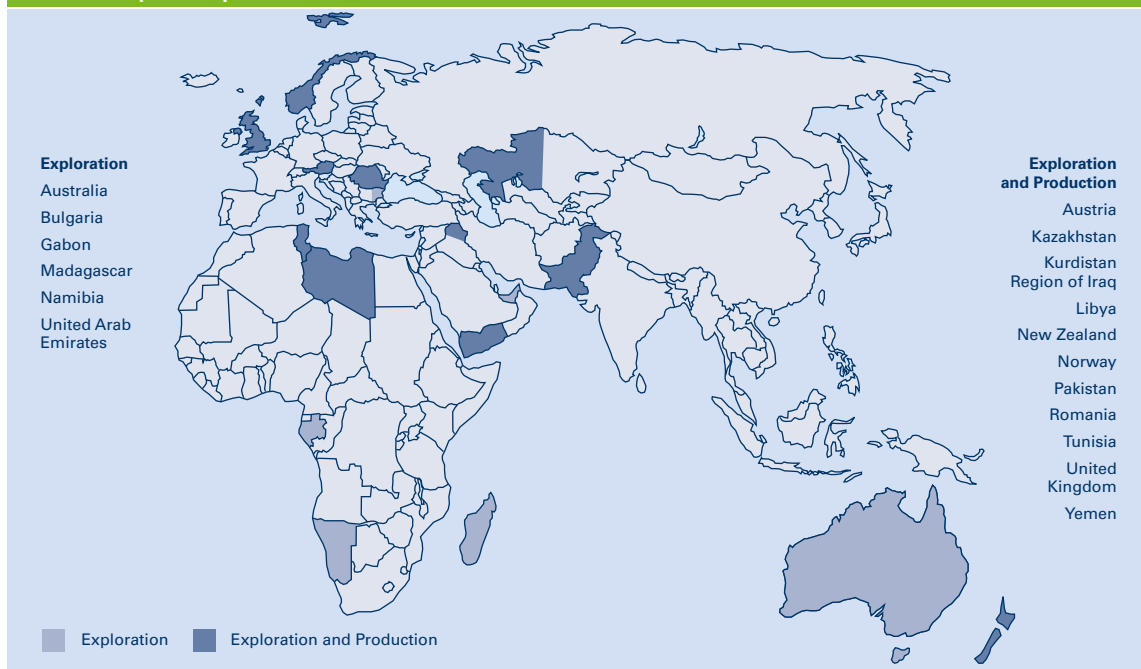
Second exploration drilling campaign in the Neptun Deep license completed

Production in 2015				
	Oil and NGL mn bbl	Natural gas ¹ bcf		Total mn boe
Romania ²	27.4	186.2	34.5	61.9
Austria	5.7	35.9	6.0	11.7
UK	0.3	1.3	0.2	0.5
Norway	11.3	35.1	5.9	17.1
Libya	0.1	0.0	0.0	0.1
Tunisia	2.4	3.0	0.5	2.9
Pakistan	0.3	27.3	4.6	4.9
Yemen	0.7	0.0	0.0	0.7
New Zealand	4.1	19.0	3.2	7.3
Kazakhstan ²	3.0	1.7	0.3	3.3
Total	55.4	309.5	55.0	110.4

¹ To convert gas from scf to boe, the following conversion factor was applied in all countries: 1 boe = 6,000 scf; except for Romania where the following was used: 1 boe = 5,400 scf

² As OMV holds 51% of OMV Petrom, it is fully consolidated and figures include 100% of OMV Petrom's assets and results

Worldwide Upstream portfolio



Key projects

Gudrun (Norway, OMV 24%)

At the Statoil operated Gudrun field, seven production wells were drilled by August 2015 enabling the field to reach its full production capacity. After defects were identified, the Gudrun helideck was taken out of service for the time being, and repair work will be undertaken and completed by mid-2016.

Gullfaks (Norway, OMV 19%)

At the Statoil operated Gullfaks field, with 136 wells available for production, five new platform wells and six new subsea wells were drilled and completed in 2015. In addition, a number of projects were successfully finalized during the year, including the Gullfaks South Oil subsea tie back project, Subsea Wet Gas Compression and Gullfaks B-Platform drilling rig upgrade. Production from the Gullfaks Rimfaks Brent gas cap started as planned in October 2015.

Edvard Grieg (Norway, OMV 20%)

The Edvard Grieg offshore field development operated by Lundin achieved first oil at the end

of November 2015 by one oil producer, with a second producer coming on stream before year-end. Drilling for a total of ten producing wells and four water injectors is planned to continue.

Aasta Hansteen (OMV 15%) including Polarled (Norway)

For Aasta Hansteen, a Statoil operated deep water gas development in the Norwegian Sea, the construction of the spar platform in South Korea is ongoing. The subsea installation campaign was successfully completed by October 2015. The 485 km long Polarled pipeline, which will be used to evacuate gas from Aasta Hansteen and Zidane to the Nyhamna treatment plant, was finalized by the end of September 2015.

Schiehallion (United Kingdom, OMV 11.76%)

The Schiehallion redevelopment operated by BP and located West of the Shetland Islands has made good progress completing the subsea program for 2015, starting the drilling program at the end of the year and finalizing construction work on the FPSO (Floating Production Storage and Offloading) vessel in South Korea. The

Edvard Grieg, offshore Norway, achieved first oil in 2015

Schiehallion FPSO sailed away from South Korea at the end of December 2015. Final installation, hook up to the subsea infrastructure and commissioning are the next steps in the project. Production start is scheduled for 2017.

Nawara (Tunisia, OMV 50%)

The OMV operated onshore Nawara gas condensate field development project (sanctioned in 2014) is ongoing with major long lead items orders placed, detailed engineering almost complete and construction works underway. The first sections of pipeline have been laid, the main construction camps were completed and facilities civil works are going well. First gas production is expected to start in 2018.

Maari Growth (New Zealand, OMV 69%)

The Maari Growth infill drilling project operated by OMV was successfully completed at the beginning of July without major incidents after a 15-month program. Four new wells were brought on stream – three of them in 2015.

Totea Deep (Romania, OMV 100%)

Totea Deep development is the most important onshore gas discovery in Romania in recent years. Its three producing wells are the largest in OMV Petrom's portfolio and have significantly contributed to mitigating the production decline of mature gas fields in the area. After the successful result of the 4539 Totea exploration well in 2011, an investment program of approx. EUR 200 mn was started. In 2015, OMV Petrom continued to invest in optimizing the output of the Totea Deep wells, reaching a yearly average production of 15 kboe/d in 2015 by performing workovers and debottlenecking surface facilities in order to be able to increase production rates. The success of the Totea Deep development has highlighted the upside potential of the portfolio for new discoveries in deep layers through seismic and deep drilling technology.

Lebada Est (Romania, OMV 100%)

The field redevelopment project is aimed at optimizing exploitation value of Lebada Est by upgrading the existing gas compression

system within the platform limits in order to accommodate an optimum non-associated gas production in parallel to the asset's associated gas for the next 10 to 15 years. The project progressed as per plan and successfully completed the first stage of execution in November 2015, consisting of increasing the low-pressure compression capacity. The remaining scope includes upgrading of the non-associated gas compression system and is expected to be finalized in 2016.

Habban (Yemen, OMV 44%)

In Yemen, the second quarter of 2015 brought a major deterioration of the security environment. A sea blockade of the ports in Yemen prevented the crude export. OMV had to shut-in all production facilities in early April and declared force majeure on all its blocks and open contracts. The Habban field location is safe and has not been affected by the deteriorated security environment. The cost base of the activities in Yemen has been significantly reduced to be prepared for continued ceased operations. Still, a quick restart of operations remains possible, once the security situation permits.

Rosebank (United Kingdom, OMV 50%)

Work continued on Rosebank, the pre-FID (Final Investment Decision) offshore deep water development operated by Chevron, and focused on reducing the capital cost by optimizing the project scope and contracting strategy.

Totea Deep, the most important onshore gas discovery in Romania in recent years, reached a yearly average production of 15 kboe/d

Downstream

In 2015, OMV combined its oil and gas downstream activities into one Downstream Business Segment. Downstream Oil operates along the entire oil value chain: It processes equity and third party crude in its three refineries and markets refined products to commercial customers and through its retail network of 3,795 filling stations at year-end. The refineries in Schwechat and Burghausen operate petrochemical complexes, with the petrochemical company Borealis, in which OMV holds a minority stake of 36%, as a key customer. Downstream Gas markets OMV's European equity gas production as well as third party gas to end-use customers and on Europe's main gas hubs. It operates a ~900 km high-pressure natural gas pipeline network in Austria, has 30 TWh of storage capacity and holds 65% in the Central European Gas Hub (CEGH), an important gas trading hub in Central and Eastern Europe. Furthermore, OMV operates two gas-fired power plants with a total generation capacity of 1.7 GW in Romania and Turkey.

Health, Safety, Security and Environment (HSSE)

In line with OMV's HSSE Vision "ZERO Harm – NO Losses", HSSE is the top priority for Downstream. In 2015, more than 63 mn working hours were delivered without a fatality, and the Lost-Time Injury Rate (LTIR) significantly improved from 0.36 in 2014 to 0.27 in 2015. One of the key focus areas was the implementation of an improved safety walk concept, refocusing on behavior and engaging employees and contractors into discussions about safety aspects of their work and how hazards are managed. Contractor management, road transportation and front line management's competency on process safety were additional focus areas.

Financial performance

Downstream recorded a very strong clean CCS EBIT in 2015 with EUR 1,178 mn vs. EUR 604 mn in 2014 due to a significantly increased

contribution of the Downstream Oil business. Net special items of EUR (512) mn were recognized in 2015, mainly driven by the impairment of the Samsun power plant, the further provision charged against the Gate LNG obligation and associated transportation commitments as well as the impairment of the Etzel gas storage. Decreased crude prices over the year contributed to negative CCS effects of EUR (332) mn, which led to a reported EBIT of EUR 334 mn. At EUR 1,209 mn, the Downstream Oil clean CCS EBIT in 2015 was substantially above the EUR 503 mn achieved in 2014, mainly driven by a significantly increased refining business result. The OMV indicator refining margin increased from USD 3.28/bbl in 2014 to USD 7.24/bbl in 2015, mainly due to lower costs for own crude consumption, better product spreads and the adaption of the standard yield in Petrobrazi as of Q3/14. Overall, the refining

Lost-Time Injury Rate in Downstream decreased to 0.27 in 2015

Clean CCS EBIT nearly doubled in 2015

At a glance			
	2015	2014 ¹	Δ
Segment sales in EUR mn	21,589	34,518	(37)%
Earnings Before Interest and Taxes (EBIT) in EUR mn	334	(538)	n.m.
Clean CCS EBIT in EUR mn ²	1,178	604	95%
Earnings Before Interest, Taxes and Depreciation (EBITD) in EUR mn	1,255	759	65%
Capital expenditure in EUR mn	608	850	(28)%
Total refined product sales in mn t	29.98	31.10	(4)%
Utilization rate refineries in % ³	93%	89%	4%
Natural gas sales volumes in TWh ⁴	110.12	114.35	(4)%

¹ Figures for 2014 were adjusted according to IAS 8

² Adjusted for exceptional, non-recurring items; clean CCS figures exclude inventory holding gains/losses (CCS effects) resulting from the fuels refineries and OMV Petrol Ofisi

³ After the finalization of the Petrobrazi refinery modernization, the opportunity was taken to demonstrate the maximum throughput of the refineries based on a timeframe of the best 30 consecutive days. As a result, OMV's total annual refining capacity has been updated from 174 mn t to 178 mn t as of Q1/15. Previously reported figures were not adjusted accordingly

⁴ As of 2015, this KPI reflects only third-party volumes and excludes trading volumes. Historical figures were adjusted accordingly

Renewal of the contract with Borealis for the offtake of ethylene and propylene until 2028

utilization rate was strong at 93% (vs. 89% in 2014). The clean petrochemicals EBIT improved by 77% from 2014 to EUR 262 mn, due to an increased ethylene/propylene net margin and higher volumes. The retail performance was supported by the positive effects from the better market environment by higher sales volumes, influenced mainly by the decrease in oil prices. The Downstream Gas clean EBIT was EUR (30) mn in 2015 vs. EUR 101 mn in 2014, mainly as a result of a weak gas market environment with lower gas sales volumes and lower gas margins. Natural gas sales volumes declined to 110.12 TWh in 2015 vs. 114.35 TWh in 2014. The contribution of the gas transportation business in Austria decreased to EUR 123 mn in 2015 vs. EUR 150 mn in 2014 due to the spin-off of the TAG pipeline operations in Q4/14.

Downstream Oil

The year 2015 marks the successful finalization of a major restructuring program of the Downstream Oil business. In the concluding phase, which followed the reorganization of the asset and cost base, the organizational set-up was adjusted correspondingly, allowing for an efficient management of the business and a strengthened focus on high asset utilization and integrated margins.

Refining including Product Supply & Sales

2015 was characterized by extraordinarily good refining and petrochemical margins. Following the successful restructuring of the previous years, OMV's refining business capitalized on this favorable market environment and delivered an excellent performance. However, due to significant refining overcapacities in Europe, 2015 is expected to mark an exception rather than a permanent relief of competitive pressure. OMV therefore continued to focus on strengthening the competitiveness of its refineries. Supported by a strong sales performance, OMV reached a utilization rate of 93% in 2015, 4%-points above 2014, which had been affected by the Burghausen turnaround and downtimes due to the Petrobrazil modernization. On the supply-side, the active screening of crude supply opportunities and

High refinery utilization rate of 93%

higher flexibility of crude intake delivered a strong result uplift. In this context, the signing of a Memorandum of Understanding with Gazprom targeting the evaluation of further supply options, marks another important step. Furthermore, incremental adjustments of the product yield towards high value products, continuous optimization of cross-site integration of OMV's refineries and cost and performance improvements remained clear focus areas in 2015. On the sales-side, the renewal of the contract with Borealis for the offtake of ethylene and propylene marks a major achievement. The extension of the cooperation with Borealis until 2028 further strengthens the petrochemical integration of OMV's refineries in Schwechat and Burghausen and significantly contributes to their competitiveness. Furthermore, the butadiene plant in Burghausen was inaugurated in June 2015.

Annual refining capacities	mn t
Refineries West	
Schwechat	9.6
Burghausen	3.8
Refineries East	
Petrobrazil	4.5
Total	17.8

Retail

Retail sales volumes increased by 7% compared to 2014. On the one hand, this was driven by a continuous focus on asset utilization and optimization, on the other hand, the volume development was supported by lower pump prices resulting from a weak oil price environment. Consequently, OMV's average throughput per station increased significantly by 11% compared to 2014. The further sharpening of its brand strategy was one key focus area in order to strengthen OMV's asset utilization. In Austria, this strategy has led to another year of strong sales performance of the Avanti discount brand, whilst the premium OMV brand has grown at a slower pace. As a result, OMV's overall market share in Austria has been further increased in 2015. Continuing this successful strategy, OMV aims to expand its Austrian retail network through the signing of a share purchase agreement for the

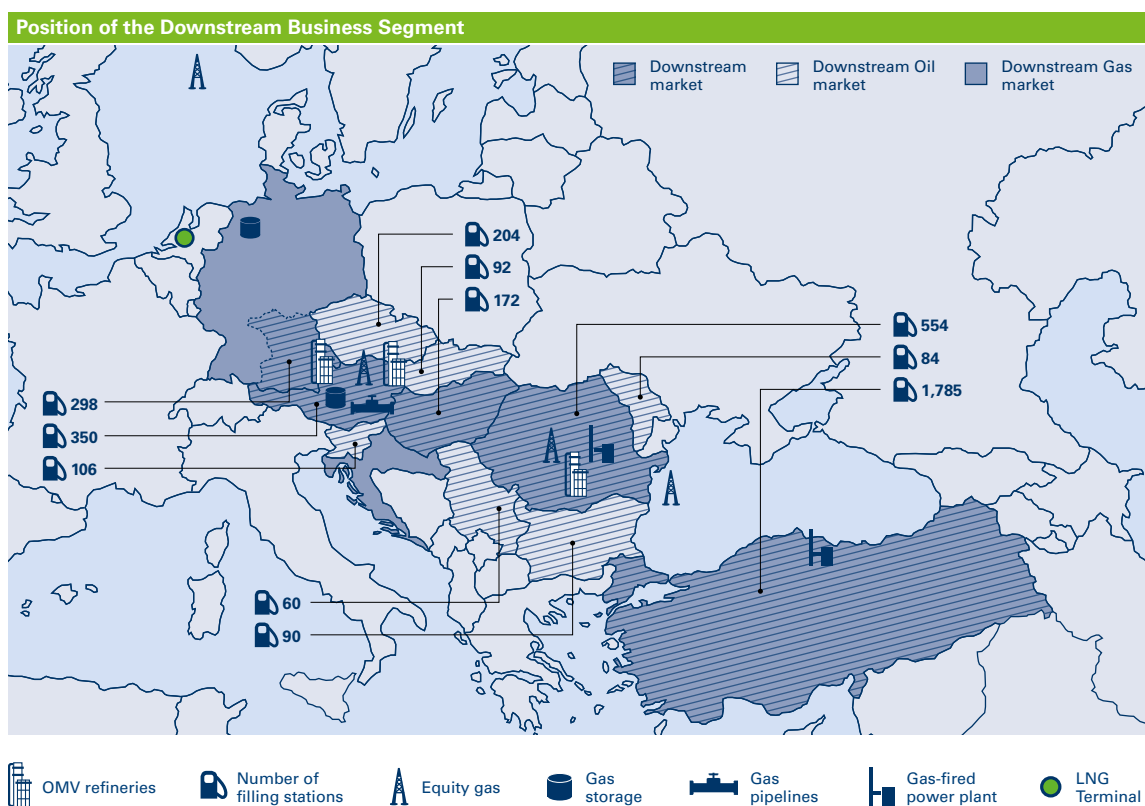
acquisition of FE-Trading GmbH, which currently operates unmanned filling stations in Austria. To further increase the profitability of the retail business, OMV focused on performance optimization, a continuous development of its non-oil offer and on high value products. As a consequence, the volume share of MaxxMotion as a leading premium fuel brand was increased by 1.7%-points compared to the previous year. Despite a strong operational performance, the profitability of OMV Petrol Ofisi was impacted by a margin ceiling introduced by the Turkish Energy Market Regulatory Authority (EMRA) for a period of 60 days. The retail sales volume of OMV Petrol Ofisi grew by 10% compared to the previous year, thereby strengthening its market position in the Turkish retail market. The successful renewal of a substantial number of dealer contracts will further contribute to maintaining this position. Lacking a strong integration with OMV's Downstream business,

In February 2016, OMV took the decision to initiate a process to sell OMV Petrol Ofisi.

Borealis

Contrary to 2014, Borealis benefited from a strong market environment during 2015 and delivered a record net profit contribution. The improved result over 2014 was driven by overall stronger margins in the polyolefins business, a higher contribution from the base chemicals business and an improved contribution from Borouge, Borealis's joint venture with the Abu Dhabi National Oil Company (ADNOC) following the successful start-up of the Borouge 3 project. With the finalization of the Borouge 3 project in 2015, the annual production capacity of the integrated petrochemical site increased from 2 mn t to 4.5 mn t. This expansion makes Borouge the biggest integrated polyolefin complex in the world and significantly increased the contribution to Borealis's performance.

Strong result contribution from Borealis



Downstream Gas

The overall market environment for gas and power remained depressed. In response to these challenges, a simplified organizational set-up was implemented in July 2015.

Supply, marketing and trading

Mainly driven by lower sales in Turkey, the overall gas volumes sold to third parties declined by 4% compared to 2014, reaching 110 TWh. The continued weak margin environment as well as valuation losses related to forward contracts resulted in a deterioration of the financial performance compared to the previous year. Nevertheless, the year 2015 was marked by important decisions preparing the ground for the future restructuring of the supply, marketing and trading business. In January 2015, OMV and Gazprom reached an agreement on the amendment of its gas supply contract. The long-term contract has thereby been placed on a new footing that reflects changed market conditions in Europe and improves the competitiveness of EconGas. Another key milestone was the signing of an agreement on the full takeover of EconGas in December 2015, which forms the prerequisite for consolidating the activities of OMV Trading and EconGas and increasing the efficiency of the sales and trading business. In 2015, **OMV Trading** continued to market OMV's equity gas from the North Sea through wholesale and trading activities. At **EconGas**, the sales volume remained relatively stable compared to the previous year, while trading volumes increased strongly. However, the business continued to be impacted by legacy contracts, such as the idle capacity bookings at the Gate LNG regasification terminal at Rotterdam and related transportation contracts. Therefore the optimization of these contracts remained a key focus for EconGas. In Romania, overall gas demand declined by 5%, putting pressure on prices. In this market environment, **OMV Petrom** focused on maintaining its strong market position and building a reliable customer base. Consequently, natural gas sales volumes to third parties increased by 2% compared to the previous year. Despite lower natural gas sales volumes, the

Agreement of the full takeover of EconGas by OMV to consolidate the Group's activities

newly defined sales strategy in **Turkey** led to a significant result improvement compared to 2014, which had been strongly affected by an unfavorable exchange rate environment. The **power** business continued to be affected by the difficult economic environment for gas-fired power plants throughout Europe. In total, net electrical output stood at 5.4 TWh in 2015, a reduction of 7% compared to 2014. Both gas-fired power plants achieved a strong availability performance.

Gas logistics

In the regulated **gas transportation business**, the full impact of the regulatory changes of 2014 became effective, leading to a lower financial performance of Gas Connect Austria (GCA) in 2015. The operational performance of GCA continued to be strong, with transportation volumes sold increasing slightly compared to 2014. In October 2015, OMV took the decision to divest a stake of up to 49% of GCA, in line with the objective to reduce its exposure in the regulated transportation business. Another milestone was the signing of the shareholder agreement on the implementation of the Nord Stream 2 pipeline project in September 2015. The project envisages the construction of two offshore pipelines with an aggregate annual capacity of 55 billion cubic meters of gas from Russia to Germany through the Baltic Sea. The project, which yields an attractive return for OMV's 10% share, will not only improve the security of supply for Europe but also ensure the future position of Baumgarten (Austria) as an important gas distribution node in Europe and the utilization of GCA's pipeline network. In the **gas storage business**, the overall market environment in 2015 remained challenging due to continuing low summer/winter spreads. Nevertheless, the average storage volume sold to third parties increased by 16%. In 2015, 478 TWh of natural gas were traded on the **Central European Gas Hub** Virtual Trading Point (CEGH-VTP), an increase of 9% compared to 2014.



Directors' report of OMV Group

Group financials	EUR mn		
	2015	2014 ¹	Δ
Sales revenue	22,527	35,913	(37)%
Earnings Before Interest and Taxes (EBIT)	(2,006)	969	n.m.
Net income for the year	(1,255)	527	n.m.
Net income attributable to stockholders of the parent	(1,100)	278	n.m.
Cash flow from operating activities	2,834	3,666	(23)%
Capital expenditure ²	2,769	3,832	(28)%
Employees as of December 31	24,124	25,501	(5)%

¹ Figures for 2014 were adjusted according to IAS 8

² Includes acquisitions as well as equity-accounted investments and other interests; adjusted for capitalized decommissioning costs, exploration wells that have not found proved reserves, borrowing costs and other additions which by definition are not considered as capital expenditure

The challenging market environment in 2015 led to an operating loss of EUR (2,006) mn, EUR 2,975 mn below last year's operating gain mainly due to significant impairments across the Upstream portfolio as a result of the drop in oil and gas prices, being partly offset by an improved Downstream result due to higher refining margins. Net special items of EUR (3,028) mn (2014: EUR (908) mn) were mainly related to impairments in Upstream as well as the Samsun power plant in Turkey, the Etzel gas storage in Germany and a further provision charged against the Gate LNG obligation and associated transportation commitments. The net financial result of EUR 97 mn was above that in 2014 (EUR (177) mn) mainly driven by a higher result contribution coming from associated companies (mainly Borealis). The Group recognized current taxes on income of EUR (133) mn and deferred taxes of EUR 787 mn in 2015. The effective tax rate of 34% in 2015 was impacted by impairments (2014: 33%). Net income attributable to stockholders of the parent was EUR (1,100) mn, below the 2014 figure of EUR 278 mn. Non-controlling and hybrid interests amounted to EUR (155) mn (2014: EUR 249 mn). The challenging market environment had a significant effect on OMV's result and consequently on the performance ratios: Return On Average Capital Employed (ROACE) stood at (6)%, significantly down from 3% in 2014. Return On Net Assets (RONA) decreased from 3% to (5)%.

2015 was a challenging year for the **Upstream** Business Segment. This Business Segment is active as operator or as joint venture partner in 17 countries, the majority of which have both exploration and production assets. OMV's geographical footprint in 2015 covers Romania, Austria, Northwest Europe, Africa and Australasia, Middle East and Caspian, having a hydrocarbon mix relatively equally split between oil and gas. Approximately two thirds from the production volumes of 303 kboe/d in 2015 and proved reserves of 1,028 mn boe at the end of the year stem from the mature core countries, Romania and Austria. These are complemented by the balanced international portfolio in which the North Sea region has developed into a core area that contributed approximately 50 kboe/d to the 2015 production. The key projects in OMV's exploration and development portfolio are Neptun Deep (Black Sea) and Lebada Est in Romania, Cambo Hub, Rosebank and Schiehallion in the United Kingdom, Gudrun, Gullfaks, Edvard Grieg, Aasta Hansteen and Wisting in Norway, Nawara in Tunisia as well as Shuwaihat and East Abu Dhabi in the United Arab Emirates.

In 2015, OMV combined its oil and gas downstream activities into one **Downstream** Business Segment. **Downstream Oil** operates along the entire oil value chain: It processes equity and third party crude in its three refineries

Oil and gas production stood at 303 kboe/d in 2015

For definitions of these ratios, readers are referred to the glossary of **abbreviations and definitions**, which is an integral part of the Directors' report

**Strong
 Downstream result
 partly offset lower
 Upstream result**

and markets refined products to commercial customers and through its retail network of 3,795 filling stations. The refineries in Schwechat (Austria) and Burghausen (Germany) operate petrochemical complexes, having the petrochemical company Borealis as a key customer, in which OMV holds a stake of 36%. **Downstream Gas** markets OMV's European equity gas production as well as third party gas to end-use customers and on Europe's main gas hubs. It operates a ~900 km high-pressure natural gas pipeline network in Austria, together with 30 TWh of storage capacity and holds a 65% stake in the Central European Gas Hub (CEGH), an important gas trading hub in Central and Eastern Europe. Furthermore, OMV operates two gas-fired power plants with a total generation capacity of 1.7 GW in Romania and Turkey.

Earnings Before Interest and Taxes (EBIT)

Upstream EBIT decreased significantly by EUR (3,837) mn to EUR (2,371) mn, mainly due to impairments amounting to EUR (2,449) mn and significantly lower oil and gas prices. In addition, lower sales volumes and higher depreciation weighed on the result, which was only partly offset by lower production and exploration expenses. The Group has entered into oil price hedges which improved the result in 2015 by EUR 74 mn. Total OMV daily production of oil, NGL and gas of 303 kboe/d was 2% below the level of 2014. The production shut-ins in Libya and Yemen could not be compensated by the higher contribution of Norway. Total OMV daily oil and NGL production was 4% below the level of 2014, mainly reflecting the production shut-

ins in Libya and Yemen. Total OMV daily gas production was on the same level as 2014. Total sales volumes decreased by 5%. Net special items of EUR (2,509) mn in 2015 were mainly related to the impairments across the portfolio.

Downstream recorded a very strong EBIT in 2015 which increased from EUR (538) mn in 2014 to EUR 334 mn, due to a significantly increased contribution of the Downstream Oil business. **Downstream Oil** EBIT was EUR 890 mn, substantially above 2014 which amounted to EUR (338) mn mainly due to the significantly increased refining margins in 2015 and the impairment of goodwill related to OMV Petrol Ofisi booked in 2014 (EUR (334) mn). The OMV indicator refining margin increased from USD 3.28/bbl in 2014 to USD 7.24/bbl in 2015. The petrochemical contribution improved compared to 2014, as a result of increased ethylene/propylene net margins and higher volumes. The retail performance benefited from the lower oil price environment which resulted in higher sales volumes. This was partly offset by a weaker performance of OMV Petrol Ofisi, which was negatively influenced by regulatory intervention. **Downstream Gas** EBIT decreased from EUR (200) mn in 2014 to EUR (555) mn in 2015, mainly as a result of a further provision charged against the Gate LNG obligation and associated transportation commitments, impairments of the Samsun power plant and the Etzel gas storage, as well as a weak gas market environment with lower gas sales volumes and lower gas margins. Natural gas sales volumes declined to 110.12 TWh in 2015 vs. 114.35 TWh

Earnings Before Interest and Taxes (EBIT)	EUR mn		
	2015	2014 ¹	Δ
Upstream	(2,371)	1,466	n.m.
Downstream	334	(538)	n.m.
thereof Downstream Oil	890	(338)	n.m.
thereof Downstream Gas	(555)	(200)	178%
Corporate and Other	(48)	(63)	(23)%
Consolidation: Elimination of inter-segmental profits	79	104	(24)%
OMV Group	(2,006)	969	n.m.

¹ Figures for 2014 were adjusted according to IAS 8

in 2014. Net electrical output decreased in 2015 to 5.41 TWh vs. 5.81 TWh in 2014, due to a lower output of the Samsun power plant driven by negative spark spreads in Turkey. The decrease in Turkey more than offset the higher net electrical output in Romania. The contribution of the gas transportation business in Austria decreased to EUR 123 mn in 2015 vs. EUR 150 mn in 2014, due to the spin-off of the TAG pipeline operations in Q4/14.

EBIT in the **Corporate and Other (Co&O)** segment increased by 23% to EUR (48) mn in 2015.

Notes to the income statement

OMV is an integrated, international oil and gas company. As the crude oil produced by Upstream is passed on to Downstream Oil and either processed at Group refineries or – in large part – marketed via OMV Supply & Trading Limited, the Downstream Oil business represents the largest share of the Group's consolidated sales. The volatility in the main factors affecting profitability – crude oil and gas prices and USD exchange rates – may cause considerable swings in sales and cost of sales, and the impact on earnings is therefore difficult to predict. Compared to 2014, **consolidated sales revenues** decreased by 37% to EUR 22,527 mn, mainly driven by lower sales in Downstream Oil. Sales of the **Upstream Business**

Segment decreased by 32% to EUR 3,900 mn. After the elimination of intra-group transactions of EUR 2,883 mn, the contribution of Upstream to consolidated sales revenues was EUR 1,017 mn or about 5% of the Group's total sales revenues (2014: EUR 1,489 mn or 4%). Consolidated sales in **Downstream Oil** amounted to EUR 17,290 mn or 77% of total sales (2014: EUR 27,787 mn or 77%). **Downstream Gas** sales decreased to EUR 4,382 mn (2014: EUR 6,799 mn). After elimination of intra-segmental sales to refineries, Downstream Gas contribution in 2015 was 19% of total sales or EUR 4,215 mn (2014: EUR 6,632 mn or 18%). Sales to external customers are split up by geographical areas on the basis of where the delivery of goods or services is effective. Austria retained its position as the Group's most important **geographical market** with sales of EUR 5,787 mn or 26% of the Group's total (2014: EUR 9,005 mn or 25%). Sales revenues in Germany decreased from EUR 6,260 mn in 2014 to EUR 3,595 mn in 2015, representing a revenue contribution of 16% (2014: 17%), mainly as a result of the Bayernoil refinery divestment in 2014. In Romania, the sales revenues amounted to EUR 3,307 mn or 15% of total sales revenues (2014: EUR 3,809 mn or 11%). Sales revenues in Turkey decreased to EUR 5,638 mn, or 25% of OMV Group's total sales in 2015 (2014: EUR 8,235 mn or 23%).

Summarized income statement	EUR mn		
	2015	2014 ¹	Δ
Sales revenues	22,527	35,913	(37)%
Direct selling expenses	(327)	(342)	(4)%
Cost of sales	(22,174)	(32,613)	(32)%
Other operating income	392	337	16%
Selling and administrative expenses	(1,277)	(1,366)	(6)%
Exploration, research and development expenses	(734)	(485)	52%
Other operating expenses	(413)	(476)	(13)%
Earnings Before Interest and Taxes (EBIT)	(2,006)	969	n.m.
Net financial result	97	(177)	n.m.
Taxes on income	654	(265)	n.m.
Net income for the year	(1,255)	527	n.m.
thereof attributable to hybrid capital owners	42	38	11%
thereof attributable to non-controlling interests	(197)	211	n.m.
Net income attributable to stockholders of the parent	(1,100)	278	n.m.

¹ Figures for 2014 were adjusted according to IAS 8

Improved net financial result

Sales in the rest of CEE were EUR 2,669 mn or 12% of Group sales revenues (2014: EUR 3,779 mn or 11%). Rest of Europe accounted for EUR 914 mn or 4% (2014: EUR 1,957 mn or 5%). Sales revenues in the rest of the world decreased to EUR 616 mn, representing 3% of total sales revenues (2014: EUR 2,867 mn or 8%). **Direct selling expenses**, mainly consisting of third-party freight-out expenses, remained stable at EUR (327) mn (2014: EUR (342) mn). **Cost of sales**, which include variable and fixed production costs as well as costs of goods and materials employed, decreased by 32% to EUR (22,174) mn. **Other operating income** increased to EUR 392 mn (2014: EUR 337 mn) in 2015, mainly due to a EUR 44 mn gain from an insurance claim in New Zealand and from the positive outcome of a litigation dispute in OMV Petrom SA (EUR 25 mn). **Selling and administrative expenses** amounting in total to EUR (1,277) mn decreased by 6% compared to the previous year, mainly related to impairments of filling stations booked in 2014 (2014: EUR (1,366) mn). **Exploration expenses** amounting to EUR (707) mn increased by 54% mainly due to impairments booked in 2015. **Research and development (R&D) expenses** increased by 11% to EUR (28) mn. **Other operating expenses** decreased by 13% compared

to 2014, amounting to EUR (413) mn. The **net financial result** amounted to EUR 97 mn (2014: EUR (177) mn). The improvement compared to last year was mainly driven by higher income from equity-accounted investments and an improved net interest result. **Income from equity-accounted investments** in total amounted to EUR 345 mn (2014: EUR 180 mn) and reflected mainly the share of the pro rata result of Borealis group amounting to EUR 356 mn (2014: EUR 205 mn). **Dividend income** amounted to EUR 37 mn (2014: EUR 16 mn). The **net interest result** showed an expense balance of EUR (215) mn (2014: EUR (330) mn). The positive effect compared to 2014 was mainly related to lower interest expenses due to the improved financing structure and one-off effects in 2014 (late payment interest charges following a tax review of the years 2009 and 2010 of OMV Petrom SA). **Taxes on income** were EUR 654 mn (2014: EUR (265) mn). Current income tax expenses amounted to EUR (133) mn (2014: EUR (515) mn) and deferred tax income amounted to EUR 787 mn (2014: EUR 250 mn). The Group's effective tax rate increased to 34% (2014: 33%) and was impacted by impairments of assets in the Upstream Business Segment, resulting in a high tax relief.

Capital expenditure ¹	EUR mn		
	2015	2014	Δ
Upstream	2,140	2,951	(27)%
Downstream	608	850	(28)%
thereof Downstream Oil	546	607	(10)%
thereof Downstream Gas	62	243	(75)%
Corporate and Other	21	31	(32)%
Total capital expenditure	2,769	3,832	(28)%
+/- Other adjustments	433	670	(35)%
- Investments in financial assets	(12)	(76)	(85)%
Additions according to statement of non-current assets (intangible and tangible assets)	3,190	4,426	(28)%
+/- Non-cash changes	(211)	(592)	(64)%
Cash outflow due to investments in intangible and tangible assets	2,978	3,834	(22)%
+ Cash outflow due to investments in in other companies, securities, loans and other financial assets	88	76	15%
Investments as shown in the cash flow statement	3,066	3,910	(22)%

¹ Includes acquisitions as well as equity-accounted investments and other interests; adjusted for capitalized decommissioning costs, exploration wells that have not found proved reserves, borrowing costs and other additions which by definition are not considered as capital expenditure

Capital expenditure (CAPEX)

CAPEX decreased to EUR 2,769 mn (2014: EUR 3,832 mn). **Upstream** invested EUR 2,140 mn (2014: EUR 2,951 mn) mainly in field developments in Norway and field redevelopments, drilling and workover activities in Romania. CAPEX in **Downstream** amounted to EUR 608 mn (2014: EUR 850 mn), thereof EUR 546 mn in Downstream Oil (2014: EUR 607 mn) and EUR 62 mn in Downstream Gas (2014: EUR 243 mn). CAPEX in the **Co&O** segment was EUR 21 mn (2014: EUR 31 mn). The reconciliation of total capital expenditure to additions according to the statement of non-current assets (intangible and tangible) mainly relates to additions, which by definition are not considered to be capital expenditure, as well as investments in financial assets. The difference between the additions shown in the statement of non-current assets and the investments reported in the cash flow statement partly arise from additions to intangible and tangible

assets that did not affect investing cash flows during the period (including accrued liabilities arising from investments, new finance leases, decommissioning and capitalized borrowing costs). In addition, cash outflows due to investments in financial assets are included in the overall investments shown in the cash flow statement.

CAPEX decreased to EUR 2,769 mn in 2015

Statement of financial position

Total assets decreased by EUR 1,191 mn to EUR 32,664 mn. The decrease in **non-current assets** amounting to EUR 1,410 mn was mainly related to the significant impairments recognized during the year and depreciation, depletion and amortization, partly offset by investments made. **Equity-accounted investments** increased by EUR 431 mn. Changes of equity-accounted investments included to a large extent the result contribution of Borealis as well as the proportional results from other equity-accounted investments, currency translation of foreign

Summarized statement of financial position				EUR mn	
Assets	2015	%	2014 ¹	%	
Non-current assets	24,054	74	25,464	75	
Intangible assets and property, plant and equipment	19,715	60	21,941	65	
Equity-accounted investments	2,562	8	2,131	6	
Other non-current assets	927	3	933	3	
Deferred tax assets	850	3	459	1	
Current assets	8,516	26	8,298	25	
Inventories	1,873	6	2,231	7	
Trade receivables	2,567	8	3,042	9	
Other current assets	4,076	12	3,026	9	
Assets held for sale	94	0	93	0	
Equity and liabilities					
Equity	14,298	44	14,514	43	
Non-current liabilities	10,314	32	10,449	31	
Pensions and similar obligations	1,045	3	1,115	3	
Bonds and other interest-bearing debts	4,592	14	4,642	14	
Decommissioning and restoration obligations	3,342	10	3,148	9	
Other provisions and liabilities	1,105	3	972	3	
Deferred tax liabilities	229	1	572	2	
Current liabilities	8,021	25	8,863	26	
Trade payables	3,380	10	4,330	13	
Bonds and other interest-bearing debts	494	2	598	2	
Provisions and other liabilities	4,147	13	3,935	12	
Liabilities associated with assets held for sale	32	0	29	0	
Total assets/equity and liabilities	32,664	100	33,855	100	

¹ Figures for 2014 were adjusted according to IAS 8

Gearing ratio stood
at 28% in 2015

operations and other changes. **Other non-current assets**, which primarily comprise non-current receivables, loans and securities, decreased by EUR 6 mn to EUR 927 mn. **Deferred tax assets** increased to EUR 850 mn (2014: EUR 459 mn) mainly driven by impairments of assets in the Upstream Business Segment. **Current assets** increased by EUR 218 mn and amounted to EUR 8,516 mn as at December 31, 2015. The volatility of both oil and gas prices led to higher level of derivatives being the main reason for the EUR 1,051 mn increase in other current assets. By contrast, **inventories** decreased by EUR 358 mn and **trade receivables** by EUR 474 mn mainly triggered by lower commodity prices as well as reduced business activities as a consequence of the Bayernoil divestment. **Current assets held for sale** slightly increased by EUR 1 mn.

Equity ratio
increased to 44%

Equity (including non-controlling interest) remained stable, whereas the equity ratio increased slightly to 44% (2014: 43%). **Pensions and similar obligations** decreased by EUR 70 mn. **Non-current decommissioning and restoration obligations** rose by EUR 194 mn, mainly due to reassessment of provisions, driven by parameter changes in OMV Petrom SA. **Current and non-current bonds and other interest-bearing debts** decreased by EUR 153 mn, mainly related to the repayments of the US private placement bond and other long-term debt as well as short-term money market lines, partly compensated by new drawings of long-term loans.

Trade payables decreased by EUR 951 mn, mainly due to lower oil prices. **Current and non-current other provisions and other liabilities** increased by EUR 346 mn. The increase was driven to a large extent by the EUR 674 mn increase in **other financial liabilities** mainly due to a higher balance of derivatives primarily caused by the decline in both oil and gas prices. Other effects came from higher provisions for the Gate LNG obligation and associated transportation commitments. **Deferred tax liabilities** decreased to EUR 229 mn (2014: EUR 572 mn) mainly driven by impairments of assets in the Upstream Business Segment.

Gearing ratio

As of December 31, 2015, short- and long-term borrowings, bonds and financial leases amounted to EUR 5,386 mn (2014: EUR 5,551 mn), while cash and cash equivalents increased to EUR 1,348 mn (2014: EUR 649 mn) in total. **Net debt** decreased by EUR 864 mn to EUR 4,038 mn (2014: EUR 4,902 mn). At December 31, 2015, the **gearing ratio**, defined as net debt divided by equity, was 28% (2014: 34%). On December 7, 2015, the Group issued hybrid notes in an aggregate amount of EUR 1.5 bn, in two tranches of EUR 750 mn each. According to IFRS the net proceeds of the hybrid bonds can be fully treated as equity.

Cash flow

The Group's cash flow statement is prepared using the indirect method, whereby adjustments are made for changes in the group of consolidated companies, foreign exchange differences and other non-cash transactions. **Cash flow from operating activities** decreased by EUR 832 mn or 23% from EUR 3,666 mn in 2014 to EUR 2,834 mn in 2015. The reconciliation of net income for the year to the cash flow from operating activities (before changes in net working capital components) resulted in a net upward adjustment of EUR 4,489 mn for 2015 (2014: EUR 2,734 mn). The adjustment for depreciation, amortization and impairments was EUR 5,159 mn (2014: EUR 3,167 mn) and EUR (787) mn (2014: EUR (250) mn) for deferred taxes. The current tax expense less net tax payments resulted in a decrease of EUR 115 mn (2014: EUR 54 mn). The share of equity-accounted investments' result and other dividend income less the dividend payments received contributed to a decrease of EUR 298 mn (2014: EUR 153 mn), mainly due to significant positive non-cash results of Borealis in 2015. The net interest expenses related to loans and other liabilities less interest paid resulted in a decrease of EUR 23 mn (2014: EUR 46 mn). The net increase in long-term provisions (including employee benefits and decommissioning and restoration obligations) resulted in a positive cash flow adjustment of EUR 233 mn (2014:

negative cash flow of EUR 14 mn), mainly related to an additional provision booked for the Gate LNG obligation and associated transportation commitments. The total of write-ups of fixed assets and other non-cash items resulted in an increase of EUR 341 mn (2014: EUR 79 mn). Other non-cash items included, among others, the write-down of inventories related to the significant decline in prices at year end and unrealized losses from derivatives. In 2015, there was a significant cash outflow from net working capital components of EUR 400 mn (2014: cash inflow of EUR 405 mn). Receivables and inventories decreased by EUR 719 mn (2014: EUR 455 mn), mainly due to a lower price environment, as well as lower quantities in stock. Liabilities decreased by EUR 1,004 mn (2014: EUR 135 mn), the negative impact being mainly related to lower supply-related liabilities as a result of the low price environment. Short-term provisions decreased by EUR 114 mn (2014: increase of EUR 85 mn). **Cash outflows for investments in non-current assets** of EUR 3,066 mn (2014: EUR 3,910 mn) were partly offset by proceeds from the sale of non-current assets amounting to EUR 193 mn (2014: EUR 516 mn). In 2014, the proceeds included cash inflows from the sale of subsidiaries and businesses, net of cash disposed amounting to EUR 341 mn, mainly related to the sale of the 45% stake in the Bayernoil refinery network. **Net cash outflow from investment activities** totaled EUR 2,874 mn (2014: EUR 3,394 mn). The lower cash outflow in 2015 reflected the measures taken to reduce investments. Cash outflows from the net decrease of short- and long-term borrowings amounted to EUR 190 mn (2014: inflows of EUR 331 mn). In 2015, there were repayments of the US private placement bond and other long-term debt and finance leases as well as short-term money market lines, partially offset by new drawings of long-term loans. In 2014, there were EUR 750 mn cash inflows from the issuance of a new Eurobond, offset by the EUR 702 mn repayment of a Eurobond in April. In 2015, the Group acquired the remaining non-controlling stake of 1.2% in OMV Petrol Ofisi A.Ş. In 2014, the additional

stake of 1.8% in OMV Petrol Ofisi A.Ş. and the remaining non-controlling interest in Adria-Wien Pipeline GmbH were acquired. Cash outflows for dividend payments amounted to EUR 530 mn (2014: EUR 650 mn), of which EUR 408 mn (2014: EUR 408 mn) were paid to OMV shareholders, EUR 71 mn (2014: EUR 191 mn) to shareholders of non-controlling interests and EUR 51 mn (2014: EUR 51 mn) to hybrid capital owners. During 2015, there was a significant net cash inflow of funds following the issuance of the new hybrid notes in the amount of EUR 1,490 mn. **Net cash inflow from financing activities** amounted to EUR 758 mn (2014: net cash outflow of EUR 342 mn).

Cash inflow from hybrid notes issuance in the amount of EUR 1,490 mn

Risk management

In common with the entire oil and gas industry, OMV is exposed to a variety of risks – including market and financial risks, operational and strategic risks.

- ▶ **Market and financial risks** are arising from volatility in the prices of commodities, foreign exchange rates or interest rates. Also of importance are credit risks, which arise from the inability of a counterparty to meet a payment or delivery commitment. As an oil and gas company, OMV has a significant exposure to oil and gas prices. Substantial FX exposures include the USD, RON, NOK and TRY.
- ▶ **Operational risks** include especially all risks related with physical assets, HSSE, regulatory/compliance risks or project risks.
- ▶ **Strategic risks** arise for example from changes in technology but also include reputational and political risks. OMV operates in countries that are subject to political instability, in particular Libya, Yemen, Pakistan and Tunisia. The possible political changes may lead to disruptions and limitations in production as well as increased tax burden, restrictions on foreign ownership or even nationalization of property.

It is OMV's view that the Group's overall risk is significantly reduced due to its substantial diversification and the related, partially offsetting

**Risk policy
objective is to
safeguard the cash
flows required by
the Group**

effects of different risks. The balancing effects of offsetting industry risks, however, can often lag or weaken. Therefore, OMV's risk management activities focus on the group-wide net risk exposure of the existing and future portfolio. The areas of risk management and insurance are centrally coordinated within the Corporate Finance department, which ensures that well-defined and consistent risk management processes, tools and techniques are applied across the entire organization. Risk ownership is assigned to those managers who are best suited to oversee and manage the related risk. The overall objective of the risk policy is to safeguard the cash flows required by the Group and to maintain a strong investment grade credit rating in line with the Group's risk appetite. New business strategies and the associated risks are also monitored with respect to rating implications. To protect the Group's cash flow from the potential negative impact of falling oil prices, derivative instruments were used to hedge the proceeds from the sale of 50,000 bbl/d for the period July 2015 – June 2016. The transaction was accounted for as a cash flow hedge until August 2015, when OMV monetized the oil price hedges for the period Q4/15 through Q2/16, leading to a positive EBIT impact of EUR 74 mn in 2015. Furthermore, a EUR 12 mn valuation gain on the January – June 2016 hedging instruments is reported within other comprehensive income and will be recycled to profit and loss in 2016. In the Downstream business, OMV is especially exposed to volatile refining margins and inventory risks. In order to mitigate those risks corresponding hedging activities are taken. Those include margin hedges as well as stock hedges. In addition, Emission Compliance Management takes care of a balanced position of emission allowances via selling the surplus or covering the gap. Financial risks (e.g. market prices, currencies) are reviewed quarterly by the Financial Risk Committee. A cross functional committee with senior management members of OMV Group – the Risk Committee – ensures that an Enterprise Wide Risk Management (EWRM) program is in place to effectively manage the

integrated risks across the OMV Group. EWRM is continuously enhanced. The main purpose is to deliver value through risk-based management decision making. Thorough assessment of financial, operational and strategic risks should support the exploitation of business opportunities in a systematic manner in order to ensure sustainable growth in OMV's value. Since 2003, the EWRM system has helped to enhance risk awareness and risk management skills across the entire organization, including within subsidiaries in more than 20 countries. The risk culture is supported by an IT application facilitating the risk management processes established within OMV Group: risk identification, risk analysis, risk evaluation, risk treatment, reporting and risk reviewing through continuous surveillance of changes to the risk profile. Overall risk resulting from the bottom-up risk management process is computed with the aid of Monte Carlo simulations and compared against planning data. This is further combined with a senior management view from a top-down approach to capture the strategic risks. This process also includes those companies that are not fully consolidated. Twice a year the results from this process are consolidated and presented to the Executive Board and the Audit Committee. In compliance with the Austrian Code of Corporate Governance, the effectiveness of the EWRM system is evaluated by the external auditor on an annual basis. The key non-financial and financial risks identified in respect of OMV's medium-term plan are market price risks, political risks, regulatory and compliance risks, business process risks, foreign exchange risks (particularly relating to the USD, RON, NOK and TRY), project risks, personnel risks as well as hazard risks. OMV has extensive experience in the political environment in CEE and SEE. Political developments in all markets where OMV operates are kept under constant observation. Furthermore, country-specific risks are assessed before entering new countries. Risks related to the EU Emission Trading Scheme (EU ETS) are separately recorded and aggregated for the Group as a whole. Furthermore, OMV is monitoring emerging regulations related to climate change in

all operating countries. Through systematic staff succession and development planning, Corporate Human Resources plans for suitable managerial staff to meet future growth requirements in order to mitigate personnel risks. Control and mitigation of identified and assessed risks takes place at all organizational levels using clearly defined risk policies and responsibilities. The key Group risks are governed centrally to ensure the ability to meet the strategic objectives, through the essence of corporate directives, including those relating to health, safety, security and environment, legal matters and compliance, human resources and corporate social responsibility, with special emphasis on human rights and market price risks. Analysis and management of financial risks arising from foreign currencies, interest rates, commodity prices, counterparties, liquidity as well as insurable risks are undertaken in a consolidated way within Corporate Finance. Market price risk is monitored and analyzed centrally as to the potential cash flow impact using a specific risk analysis model that considers portfolio effects. Results of the risk analysis are discussed by the Financial Risk Committee comprising senior management of the Business Segments and corporate functions. Proposals for hedging strategies are submitted to the Executive Board for approval. The primary foreign currency risks are related to USD, RON, NOK and TRY currency exposure. The Group has a net USD long position, mainly resulting from sales of oil and gas production. The effects on cash flows and/or the statement of financial position (translation risk) as well as the correlation with the oil price are regularly monitored. Translation exposure arises from consolidation of subsidiaries with different functional currencies like USD, RON, NOK and TRY. To balance the Group's interest rate portfolio, loans can be converted from fixed to floating rates and vice versa, according to predefined rules. The main counterparty credit risks are assessed, monitored and controlled at Group and segment level, using predetermined credit limits for all counterparties, banks and security providers. The procedures are governed by guidelines at OMV, OMV Petrom and OMV Petrol Ofisi level.

HSSE (Health, Safety, Security, Environment)

HSSE is a key value of OMV. The physical and mental well-being and safety of the employees as well as the integrity of OMV operating facilities, are of crucial importance. Loss prevention and proactive risk management are essential to maintaining OMV's license to operate and to reach OMV vision "ZERO harm – NO losses". Sadly, in 2015 there were two work-related fatalities. OMV have started a group-wide "Behavior Based Safety" project which is aimed at bringing OMV closer to an incident-free environment. In 2015, the main security focus was the emerging situation in the Middle East and North Africa regions. The general political and security development in Tunisia, Yemen, Libya and Pakistan required permanent monitoring in order to enable timely security related decisions. Due to the security incidents in Paris, Brussels and Turkey, travel intelligence was of major importance. The most severe impact on OMV activities occurred in Yemen and Libya with stops in production whilst maintaining local offices, whereas the increasing activities in Tunisia necessitated a rigorous security program. Key HSSE actions in 2015 included:

- ▶ Issuance of a new HSSE Policy and HSSE Directive, including a Major Accident Prevention Policy
- ▶ Starting the group-wide roll out of the Behavior Based Safety Project focused on safety awareness trainings which has already yielded positive results in OMV Petrom
- ▶ Revision of the carbon strategy of OMV
- ▶ Launch of a fatigue awareness program and a cardiovascular prevention program
- ▶ Completion of eight process safety operations integrity assessments for risk based-selected operations in Upstream
- ▶ Launch of a systematic approach of internal performance assessment for verification of the compliance and the effectiveness of process safety relevant regulations in Downstream
- ▶ More than 90% of Upstream frontline staff completed all seven modules of a computer based process safety training; in Downstream, these modules have been rolled out to specified target groups

OMV HSSE vision
"ZERO harm –
NO losses"

- ▶ Implementation of an improved safety walk concept focusing on conversations with employees and contractors about safe behavior and hazard awareness
 - ▶ Response to travel related security threats by utilizing a new developed travel security system to provide pre-travel information, a travel authorization process, monitoring and advising international travelers
 - ▶ Implementation of a common security risk assessment process and methodology for all OMV locations, resulting in a review of threats and mitigation measures that deliver a consolidated security risk picture for key decision makers
 - ▶ Performance of a complete operational security review of all OMV locations in Tunisia, resulting in an enhanced security package at OMV offices and continued confidence of OMV key contractors
 - ▶ Conducting a crisis response exercise in Tunisia
 - ▶ Improving the kidnap and ransom preparedness and response, by conducting workshops with senior management, country management (Libya, Tunisia, Yemen, Pakistan), awareness training for local personnel in Tunisia and Dubai
- ▶ The modernization program at the Petrobrazi refinery is having a significant impact with its energy saving program leading to significant GHG emissions savings
 - ▶ The introduction of a zero continuous flaring and venting policy (except for safety purposes) for new Upstream projects, as well as phase-out requirements for existing continuous flaring and venting
 - ▶ OMV has achieved a significant reduction in the amount of vented gas, due to field modernization and optimization projects in OMV Petrom Upstream

Regarding water management, the focus is on efficient water use and state-of-the-art water treatment. In 2015, OMV started to implement the water strategy with a main focus on the Group's primary water consumers. Water related risks of priority sites have been identified and water management plans have been developed. This will be further rolled out in other relevant sites in 2016.

Eco-Innovation

Research on new technologies is essential to addressing the challenges of climate change and building a bridge between the present situation and the EU climate targets. As part of the research project wind2hydrogen, OMV is working with partners on ways to transform wind-generated electricity to split water into hydrogen and oxygen using electrolysis. Together with its partners, OMV has developed a wind2hydrogen pilot plant. The goal of the project is to set up the conditions needed to produce "green hydrogen" from renewable electricity so that the energy can be stored for use, whenever it is convenient for consumers. OMV has also started preparing options for the long-term future. At the Christian Doppler Laboratory in Cambridge, Erwin Reisner and his team are researching ways to convert sunlight into usable energy-syngas. By 2019, the research team wants to develop a prototype of a reactor to produce larger amounts of hydrogen.

OMV targets to reduce greenhouse gas intensity by 10% by 2021 vs. 2013

OMV's goal is to optimize processes in order to use natural resources as efficiently as possible, and to reduce emissions and discharges. Although spill risk management is a key focus across OMV operations, there have unfortunately been six major hydrocarbon spills (L3-L5 according to OMV definitions), totaling 55,400 liters of hydrocarbons spilled. Three were caused by corrosion, one by a traffic accident and two occurred due to integrity issues. OMV has revised the Group's carbon strategy and has introduced "GHG intensity" as the new group wide performance target aiming to reduce greenhouse gas (GHG) emissions and save energy. The target is to reduce OMV's overall GHG intensity by 10% by 2021 compared to 2013. OMV carries out a broad range of incremental energy efficiency improvements across all operations. OMV Refining, Gas Connect Austria and OMV Petrom have an Energy Management System certified to ISO 50001. Key action areas include:

**Information required by section 243a
Unternehmensgesetzbuch
(Austrian Commercial Code)**

The following information is disclosed according to section 243a Austrian Commercial Code:

1. The capital stock amounts to EUR 327,272,727 and is divided into 327,272,727 bearer shares of no par value. There is only one class of shares.
2. There is a consortium agreement between the two core shareholders, Österreichische Bundes- und Industriebeteiligungen GmbH (ÖBIB) and International Petroleum Investment Company (IPIC), which provides for coordinated behavior and certain limitations to transfers of stockholdings.
3. ÖBIB holds 31.5% and IPIC holds 24.9% of the capital stock.
4. All shares have the same control rights.
5. Employees who are shareholders directly exercise their voting right at the Annual General Meeting.
6. The Company's Executive Board must consist of two to six members. The Company's Supervisory Board must consist of at least six members elected by the Annual General Meeting and of the members nominated under section 110 (1) Arbeitsverfassungsgesetz (Austrian Labor Constitution Act). Resolutions concerning the dismissal of members of the Supervisory Board pursuant to section 87 (8) Aktiengesetz (Austrian Stock Corporation Act) require a simple majority of the votes cast. To approve capital increases pursuant to section 149 Austrian Stock Corporation Act and alterations of the Articles of Association (except those concerning the Company's objects), simple majorities of the votes and capital represented in adopting the resolution are sufficient.

7. a) With regard to the expiration on May 13, 2014 of the authorized capital decided upon by the Annual General Meeting on May 13, 2009, the Annual General Meeting has authorized the Executive Board on May 14, 2014, subject to the approval of the Supervisory Board, to increase by May 14, 2019, at once or in several tranches, also by way of indirect offer for subscription after taking over by one or several credit institutions according to Section 153 Paragraph 6 Stock Corporation Act, against cash contributions, the share capital by not more than EUR 32,727,272 by issuing up to 32,727,272 new no-par value common voting shares in bearer form. Subject to the approval of the Supervisory Board, the Executive Board has been authorized to exclude in this connection the subscription right of the shareholders, (i) to adjust fractional amounts or (ii) to satisfy stock options or long term incentive plans including matching share plans for employees, senior employees and members of the Executive Board/management boards of the Company or one of its affiliates, or other employees' stock ownership plans and subject to the approval of the Supervisory Board, to set the issue price and conditions of issuance (authorized capital). The Supervisory Board has been authorized to adopt amendments to the Articles of Association resulting from the issuance of shares according to the authorized capital.
- b) On May 17, 2011, the Annual General Meeting authorized the Executive Board to repurchase treasury shares of up to 10% of the capital stock during a period of 30 months from the day of the resolution in question. Treasury shares could be

The Corporate Governance Report is integrated into this Annual Report and additional details are available on OMV's website: www.omv.com > [Investor Relations](#) > [Corporate Governance & Organization](#)

Safety performance indicators

	2015	2014	2013
Lost-Time Injury Rate (LTIR) per million hours worked for own employees	0.26	0.46	0.52
Lost-Time Injury Rate (LTIR) per million hours worked for contractors	0.28	0.42	0.52
Lost-Time Injury Rate (LTIR) per million hours worked, total	0.27	0.44	0.52
Total Recordable Injury Rate (TRIR) per million hours worked for own employees	0.59	0.98	1.11
Total Recordable Injury Rate (TRIR) per million hours worked for contractors	0.79	0.96	1.30
Total Recordable Injury Rate (TRIR) per million hours worked, total	0.73	0.97	1.24

repurchased via the stock exchange, by way of public tender or in any other legally permitted way and to any legally permitted purpose until November 16, 2013. The Executive Board had also been authorized to rescind treasury shares upon repurchase as well as treasury shares currently owned by the Company without any further resolution by the Annual General Meeting until the same date.

- c) The Executive Board has also been authorized until May 16, 2016, upon approval by the Supervisory Board but without any further resolution by the Annual General Meeting, to sell or use treasury shares upon repurchase as well as treasury shares currently owned by the Company via the stock exchange, by way of public tender, or in any other way. In particular, treasury shares can be utilized (i) to satisfy stock option and Long Term Incentive Plans for employees, executive staff and members of the Executive Board or the management of the Company or affiliated subsidiaries as well as other employees' bonus schemes, (ii) for convertible bonds, if issued, (iii) as a compensation for the acquisition of enterprises, participations or other assets and (iv) to any other legally permitted purpose. The general shareholders' subscription rights can be excluded and this authorization can be exercised wholly or partly.
8. a) A hybrid bond with a size of EUR 750 mn was placed on the market on May 25, 2011. As the repayment of principal and the payments of interest are solely at the discretion of OMV, according to IFRS, the proceeds of the hybrid bond (less costs of issuance) were fully treated as equity. The hybrid bears a fixed interest rate of 6.75% until April 26, 2018, thereafter a reset fixed rate (to be determined) until April 26, 2023, and thereafter a floating interest rate with a 100 basis points step up. The hybrid bond has no scheduled maturity date and may be redeemed at the option of OMV under certain circumstances. OMV has in particular
- the right to repay the hybrid bond at certain dates. In the case of a change of control, OMV may call the hybrid bond for redemption or else the applicable interest rate will be subject to an increase according to the terms and conditions of the hybrid bond.
- b) On December 7, 2015, OMV issued hybrid notes with an aggregate size of EUR 1.5 bn, in two tranches of EUR 750 mn each. As the repayment of principal and the payments of interest are solely at the discretion of OMV, according to IFRS, the proceeds of the hybrid notes (less costs of issuance) are fully treated as equity. Tranche 1 bears a fixed interest coupon of 5.250% until but excluding December 9, 2021, which is the first call date of tranche 1, and tranche 2 bears a fixed interest coupon of 6.250% until but excluding December 9, 2025, which is the first call date of tranche 2. From December 9, 2021, until but excluding December 9, 2025, hybrid notes of tranche 1 will bear interest according to a fixed reset interest rate to be determined according to the relevant 5-year swap rate and an additional margin of 4.942% and, from December 9, 2025, with an additional step-up of 100 basis points. From December 9, 2025, hybrid notes of tranche 2 will bear interest according to a fixed reset interest rate to be determined according to the relevant 5-year swap rate and an additional margin of 5.409%, with an additional step-up of 100 basis points. The hybrid notes have no scheduled maturity date and may be redeemed at the option of OMV under certain circumstances. OMV has in particular the right to repay the hybrid notes at certain dates. In the case of a change of control, OMV may call the hybrid notes for redemption or else the applicable interest rate will be subject to an increase according to the terms and conditions of the hybrid notes.
9. At December 31, 2015, no other material agreements to which OMV is a party are in place which in case of change of control due to a takeover offer would come into effect, be amended or terminated.

10. There are no agreements between the Company and members of the Executive Board and Supervisory Board or employees regarding the payment of compensation in the event of a public takeover bid.
11. The most important elements of the internal control and risk management system regarding the accounting process are the following: Standards for the internal control system are defined by internal Corporate Guidelines. Corporate Internal Audit controls the compliance with these standards through regular audits, based on the annual audit plan approved by the Audit Committee, or through ad-hoc audits. The results of those audits are presented to the Audit Committee. The establishment of group-wide standards for the preparation of annual and interim financial statements by means of the corporate IFRS Accounting Manual is also regulated by an internal Corporate Guideline. The Group uses a comprehensive risk management system. The essential processes of the financial reporting system have been identified and analyzed. For the main "End-to-end" processes (e.g. Purchase-to-Pay, Order-to-Cash) group-wide standards are defined. Based on a rolling time plan, the implementation and the effectiveness are being monitored. In addition, the effectiveness of the risk management system is regularly evaluated by external auditors. The results of the evaluation are reported to the audit committee.

Outlook

Market environment: For the year 2016, OMV expects the Brent oil price to average around USD 40/bbl. The Brent-Urals spread is anticipated to be wider than in recent years. The gas market environment is expected to remain challenging in 2016. Refining margins are expected to decline from 2015 levels due to persisting overcapacity in European markets. In the petrochemical business, margins are also expected to decline from 2015. Due to the decreased oil price, lower product prices are expected to support the demand for mineral oil products.

Group: CAPEX for 2016 is expected to be around EUR 2.4 bn. In 2015, OMV implemented a cost reduction program yielding savings of approx. EUR 200 mn compared to 2014. Cost reduction efforts continue, to reflect the current difficult environment, with additional savings of EUR 100 mn targeted in 2017 vs. 2015. In Q3/15, OMV Group has monetized its oil price hedges for the period Q4/15 through Q2/16. This will improve the Group's Upstream EBIT by USD 13 mn in the first half year of 2016.

Upstream: Production in Libya and Yemen is expected to be affected throughout the year due to the extended critical security situation. Excluding these two countries, OMV expects total production for 2016 to average approximately 300 kboe/d. The combined production of Romania and Austria is expected to average in the range of 190-200 kboe/d. In Romania, works at onshore facilities including shut-ins at key wells are planned in the third quarter which will have an impact on production. In Norway, the average production for 2016 is expected to increase to approx. 60 kboe/d due to additional volumes mainly from the ramp up of Edvard Grieg. The total production level in Norway will be affected by planned turnarounds during the year. Upstream capital expenditure for 2016 is expected to be roughly 70% of total Group CAPEX and includes, among others, drilling and workover activities in Romania and Austria and the following major investment projects: Gullfaks, Aasta Hansteen and Edvard Grieg in Norway, Nawara in Tunisia and Schiehallion in the UK. In the Neptun Deep block (Romanian Black Sea), the second exploration drilling campaign was completed in January 2016 with seven wells finalized, the majority of them encountering gas. Further interpretation and analysis of the data gathered is required to enhance the assessment and determine the full block potential. The results of the drilling campaign are sufficiently encouraging to progress more detailed work to determine if a development is commercially viable. Exploration and appraisal expenditure is expected to be around EUR 450 mn in 2016.

CAPEX expected to be around EUR 2.4 bn in 2016

Subsequent events: Please refer to Note 37 in the Consolidated Financial Statements

Divestment of a stake of up to 49% in Gas Connect Austria expected to be signed in 2016

Downstream: Capacity utilization adjusted for turnaround periods is expected to remain high due to the strong performance in all sales channels and will support the stable profit and cash contribution from the Downstream Oil business. Major shutdowns are planned in the Schwechat refinery for approx. one month from the end of Q1/16 into Q2/16 and in the Petrobrazi refinery for approx. one month in Q2/16. In October 2015 OMV signed a contract to acquire 100% of the shares in FE-Trading GmbH and FE-Trading trgovina d.o.o., companies that operate a chain of unmanned filling stations in Austria and Slovenia. The closing is expected in 2016. OMV has initiated a process to sell up to 100% of its wholly owned subsidiary OMV Petrol Ofisi A.Ş. OMV is currently selecting its advisors to support the potential transaction

and the structuring of the envisaged process. Natural gas sales margins are expected to remain at low levels, due to the continued weak gas market environment. Spark spreads in Romania and Turkey are expected to remain weak. The divestment of a stake of up to 49% in Gas Connect Austria has been initiated and the transaction is expected to be signed in 2016. OMV has signed an agreement with its partners for the takeover of the remaining stake of 35.75% in EconGas by OMV, for which antitrust authorities approval is expected during 2016. Consequently, EconGas will be fully integrated into OMV Group, representing a further step in restructuring and increasing the efficiency of the gas business. The final investment decision for the Nord Stream 2 pipeline project is planned to be taken in the course of 2016.

Vienna, March 22, 2016

The Executive Board



Rainer Seele



David C. Davies



Johann Pleininger



Manfred Leitner



OMV, as a publicly listed company with its headquarters in Austria, is dedicated to the principles of sound corporate governance. Austrian law, the articles of association, the internal rules for the corporate bodies and the Austrian Code of Corporate Governance (ACCG) provide the core legal framework for OMV's corporate governance. OMV has always sought to comply with best practice in corporate governance in order to ensure responsible management and control of the OMV Group, a high level of transparency for every stakeholder and, ultimately, the sustainable and long-term creation of value. OMV therefore also complies with the non-compulsory, best practice recommendations of the ACCG ("R-rules").

OMV adheres to the ACCG issued by the Austrian Working Group for Corporate Governance. The code is publicly accessible on www.corporate-governance.at. OMV's compliance with the ACCG in 2015 was evaluated externally by independent advisors. The report on the evaluation is available on www.omv.com and confirms that OMV conformed to all the C- and R-rules. As for C-rules 27 and 28, explanations concerning the variable remuneration plans are provided in the corresponding sections in the remuneration report.

Executive Board



From left to right: Johann Pleininger, David C. Davies, Rainer Seele, Manfred Leitner

Rainer Seele, *1960

Date of initial appointment: July 1, 2015

End of the current period of tenure:
June 30, 2018

Chairman of the Executive Board and
Chief Executive Officer (since July 1, 2015).

Responsible for the overall management
and coordination of the Group.

He received his PhD in Chemistry at the University of Göttingen and subsequently had senior appointments at the BASF group, where, in 2000 he first became member of the executive board and then later chairman of the executive board at WINGAS GmbH. From 2009 until 2015, he was chairman of the board of directors of Wintershall Holding GmbH.

Deputy chairman of the supervisory board
of Borealis AG.

Gerhard Roiss, *1952

Date of initial appointment: September 17, 1997
As of June 30, 2015, Gerhard Roiss resigned as Chairman of the Executive Board and Chief Executive Officer with the responsibility for the overall management and coordination of the Group.

He studied business at Vienna, Linz and Stanford universities and subsequently had senior appointments at various companies in the consumer goods industry. In 1990, he was appointed to the board of PCD Polymere GmbH. In 1997, he joined the OMV Executive Board, heading Exploration and Production and Plastics until the end of 2001. From 2002 to 2011, he was Deputy Chairman of the Executive Board and responsible for Refining and Marketing.

David C. Davies, *1955

Date of initial appointment: April 1, 2002
End of the current period of tenure: March 31, 2017 (On January 19, 2016, OMV's Supervisory Board decided that Reinhard Florey will be appointed as Chief Financial Officer, at the latest with effect from August 1, 2016. David C. Davies will resign from his position one month after the start date of Reinhard Florey's mandate.)
Chief Financial Officer (since April 1, 2002) and Deputy Chairman of the Executive Board (since April 1, 2011). Responsible for Finance and OMV Solutions GmbH.

Deputy chairman of the supervisory board of Borealis AG (until September 13, 2015). Member of the supervisory boards of Wiener Börse AG and CEESEG Aktiengesellschaft as well as member of the board of directors of Xella International SA (until November 20, 2015).

He graduated from the University of Liverpool, UK, with a degree in economics in 1978 and began his working life as a chartered accountant. He subsequently held positions with international corporations in the beverage, food and health industries. Before joining OMV, he was finance director at a number of British companies.

Johann Pleininger, *1962

Date of initial appointment: September 1, 2015
End of the current period of tenure:
August 31, 2018.
Responsible for the Business Segment Upstream since September 1, 2015.

He started his professional career at OMV in 1977 and later studied mechanical and economic engineering. In his time at OMV, he held various senior functions. From 2007 to 2013, he was Executive Board member of OMV Petrom in Bucharest, responsible for Exploration and Production. Most recently he has been the Senior Vice President responsible for the Upstream countries Romania and Austria as well as the development of the Black Sea region.

Jaap Huijskes, *1965

Date of initial appointment: April 1, 2010
As of August 31, 2015, Jaap Huijskes resigned as member of the Executive Board responsible for Upstream.

He studied mechanical engineering and started his professional career with Shell. There he held a number of engineering, petroleum engineering and economic roles and, most recently, held the position of executive vice president, responsible for major worldwide upstream projects. He has worked and lived in the UK, Norway, Oman, Australia and Russia, among other countries.

Manfred Leitner, *1960

Date of initial appointment: April 1, 2011
End of the current period of tenure:
December 31, 2017
Responsible for the Business Segment Downstream and for OMV Group's plastic and chemical interests.

Member of the supervisory board of Borealis AG and chairman of the supervisory board of Erdöl-Lagergesellschaft m.b.H (until November 20, 2015).

After graduating in commerce at the Vienna University of Economics and Business Administration, he joined OMV in 1985. After working for two years in the finance department of the E&P business unit, he became head

of finance at OMV's branch in Tripoli, Libya. Following his return to Austria, he was in charge of the controlling department within E&P until 1997. He then moved to the R&M Business Segment, where he led the Planning & Controlling Department until 2002, and was Senior Vice President for Downstream Optimization and Supply from 2003 until 2011.

Working practices of the Executive Board

The approval requirements, responsibilities of individual Executive Board members, decision-making procedures and the approach to conflicts of interest are governed by the Internal Rules of the Executive Board. The Executive Board holds at least bi-weekly meetings in order to exchange information and take decisions on all matters requiring plenary approval.

Remuneration report

The remuneration report provides an overview of the remuneration package for the Executive Board members. It outlines the principles of the remuneration policy and details of the different elements of remuneration including incentives and other benefits.

Executive Board remuneration policy

The Executive Board members are employed under local Austrian terms and conditions, and the salaries are therefore set in EUR (gross). Their employment contracts are concluded with OMV Aktiengesellschaft and governed by Austrian law. Reflecting additional responsibilities in Group companies, Gerhard Roiss had an additional employment contract with OMV Exploration & Production GmbH until June 30, 2015, and David C. Davies has an additional employment contract with OMV Solutions GmbH.

The remuneration of OMV's Executive Board members is at competitive levels for the relevant industry and has a strong performance-related component. Competitive rates are maintained through regular external benchmarking against peer groups such as European oil and gas companies and relevant Austrian and European industrial companies. PricewaterhouseCoopers LLP (PwC) acted as advisors to the Remuneration Committee throughout the year.

The performance-related component includes both short- and long-term elements. The measures used are based on financial and non-financial metrics. Specific projects related to the implementation of OMV's strategy are also taken into account.

Annual remuneration

Base salary

The fixed base remuneration of Executive Board members is paid monthly as a salary. The employment contracts stipulate 14 payments per year to be paid on the last banking day of a month.

Non-cash benefits

Executive Board members receive a company car and are eligible for accident insurance. Health coverage is only provided under the Austrian public social insurance system.

Bonus

The annual bonus consists of two integrated elements: a cash element (the Cash Bonus) and a share element (the Matching Share Plan). Both elements are equal and subject to the same performance criteria.

The **Cash Bonus** for the year 2015 was approved by the Remuneration Committee of the Supervisory Board. Depending on the achievement, a maximum of 100% of the base salary may be paid as variable cash remuneration in the following financial year.

The **Matching Share Plan (MSP)** for the year 2015 was approved by the Annual General Meeting in 2015 and serves as a long-term compensation vehicle for the members of the Executive Board that promotes retention and shareholder alignment in OMV, combining the interests of management and shareholders via a long-term investment in restricted shares. The plan also seeks to reduce inappropriate risk-taking. For Executive Board members, an award of shares will be made in the same amount of their realized gross annual cash bonus. The **performance criteria** for the annual bonus may not be amended during the term of the MSP. On determination of the annual cash bonus by the

Remuneration Committee, the MSP grant will be made net (after deduction of taxes) in Company shares which shall be transferred to a trustee deposit, managed by the Company, to be held for three years. Executive Board members can choose between cash payment or shares if and to the extent that they have already fulfilled the minimum shareholding requirements for the Long Term Incentive Plan.

Performance measures are agreed and then assessed at the end of the performance year. The performance criteria for the performance year 2015 are made up of the four areas set out below.

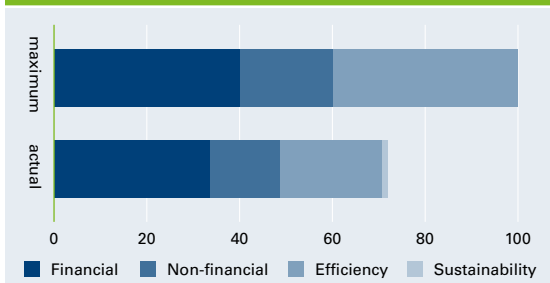
Area	Criteria
Financial	Clean CCS NOPAT; Free cash flow after dividends and before divestments
Non-financial	Production; Reserve Replacement Rate
Efficiency	Includes for example the execution of capital projects in time and in budget and cost savings
Sustainability	General progress

The achievement of targets shall be determined by comparing agreed targets with achieved results. The actual achievements are reviewed by an independent expert. The award of the Cash Bonus is conditional upon the relative achievement of the performance criteria against agreed threshold, target and stretch levels entitling to an award of 50%, 70% or 100% of the annual base salary, respectively.

The actual achievements in 2015 result in a payment of 72.1% of the base salary to be paid in 2016, and the same percentage also applies to the payments under the MSP in 2016.

The challenging market environment burdened the performance of financial targets, partly compensated by the successful implementation of the cost program and other efficiency measures. The positive LTIR development and successful sustainability projects led to a positive adjustment of the bonus achievement.

2015 bonus achievements in % of base salaries



In the case of a **clawback** event, shares granted will be reduced or may be clawed back upon request from the Supervisory Board. The following reasons are considered to be clawback events: reopening of audited financial statements due to miscalculation, material failure of risk management which leads to significant damages and serious misconduct of individual Executive Board members which violates Austrian law. Furthermore, if the shares or cash equivalent were based on incorrect calculations of the bonus, the Executive Board members are obliged to return or pay back benefits obtained due to such wrong figures.

Summary of annual remuneration

Based on the assumption that the performance criteria for the Cash Bonus and the MSP are reached at target level, the total annual remuneration corresponds to 240% of the base salaries of the Executive Board members.

Long-term remuneration and incentives

Long Term Incentive Plan

The Long Term Incentive Plan (LTIP) has operated since its introduction in 2009 and has been granted on an annual basis since then. The LTIP 2015, as approved by the Annual General Meeting in 2015, is a long-term compensation vehicle for the members of the Executive Board that promotes mid- and long-term value creation in OMV. The plan seeks to align the interests of management and shareholders by granting OMV shares to management subject to performance against key measures linked to the medium-term strategy and shareholder return.

Executive Board remuneration ¹							EUR 1,000
Remuneration 2015	Roiss ² until 6/30/2015	Seele from 7/1/2015	Davies ³	Huijskes until 8/31/2015	Pleininger from 9/1/2015	Leitner	Total
Fixed (base salary)	478	451	880	464	183	700	3,155
Variable (Cash Bonus) ⁴	414	0	361	323	0 ⁵	261	1,359
Benefits in kind (company car, accident insurance and reimbursed expenses)	5	71 ⁶	10	6	3	10	106
Total	896	522 ⁷	1,252	793	187	971	4,620
Variable (Matching Share Plan; in shares) ⁸	18,129 ⁹	0	15,845	14,161	0	11,424	59,559
Fixed/variable ratio ¹⁰	36/64	100/0	54/46	41/59	100/0	56/44	53/47
LTIP 2012 (in shares) ¹¹	14,536 ⁹	0	10,902	6,489	0 ¹²	6,489	38,416

¹ There are discrepancies between individual items and totals due to rounding differences. The variable components relate to target achievement in 2014, for which the bonuses were paid in 2015 (accordingly, no bonus payments were made to Rainer Seele and Johann Pleininger in 2015). The base salary for David C. Davies includes an annual accommodation allowance. The base salaries for Gerhard Roiss and David C. Davies were adjusted as of April 1, 2015. The base salary for Manfred Leitner was adjusted as of January 1, 2015. These adjustments are linked to the inflation index

² Partly paid out under the employment contract with OMV Exploration & Production GmbH

³ Partly paid out under the employment contract with OMV Solutions GmbH

⁴ Hans-Peter Floren received a cash bonus in the amount of EUR 272 thousand related to target achievement in 2014

⁵ Johann Pleininger received a cash bonus in the amount of EUR 93 thousand related to his target achievement as a senior manager in 2014

⁶ Including rent, parking, home flights, rental car, relocation costs and related taxes

⁷ In addition, Rainer Seele received a one-time payment in the amount of EUR 1,517 thousand which is linked to an obligation to buy OMV shares for the LTIP shareholding requirements

⁸ Hans-Peter Floren was entitled to 11,921 shares related to target achievement in 2014

⁹ Paid out in cash

¹⁰ Fixed includes base salary and benefits in kind; variable includes Cash Bonus and Matching Share Plan

¹¹ Hans-Peter Floren was entitled to 6,489 shares related to target achievement in 2012-2014

¹² Johann Pleininger was entitled to 3,504 shares based on the senior manager LTIP 2012 (partly paid out in cash)

The maximum share grant for each Executive Board member is expressed as a percentage of the annual gross base salary: 175% for the Chairman of the Executive Board, 150% for the Deputy Chairman of the Executive Board, 125% for other Executive Board members.

The performance period is three years (January 1, 2015 until December 31, 2017). At the start of the program, weightings were established for key indicators:

Measure	Weighting
Relative Total Shareholder Return (Relative TSR)	70%
Free cash flow after dividends over three years	20%
Sustainability element	10%

Relative TSR is measured against a well-balanced peer group of twelve oil and gas companies (i.e. Shell, BP, Total, Eni, Statoil, BG Group, Repsol, Galp Energia, MOL, Tupras, Neste Oil and PKN).

The achievement of targets shall be determined by comparing agreed indicators with actually achieved results.

To the extent the shareholding requirement is not fulfilled, the payment will be automatically made in the form of shares (net after tax deduction). As far as the shareholding requirement is already fulfilled, the payout can be made in cash. The base for the calculation of the respective number of shares is the average closing price on the Vienna Stock Exchange of the OMV share over the three-month period from January 1, 2015 to March 31, 2015 (EUR 23.75). The LTIP 2015 vests on March 31, 2018. The vesting levels for each performance metric are shown in the tables.

Free cash flow and Sustainability: Level of vesting	
Performance	Vesting
Stretch	100%
Target	70%
Threshold	50%
Below threshold	0%

Relative TSR: Level of vesting	
Performance	Vesting
Stretch: at or above upper quartile (≥75 th percentile)	100%
Target: at median (=50 th percentile)	50%
Threshold: at lower quartile (=25 th percentile)	25%
Below threshold: below lower quartile (<25 th percentile)	0%

Awards will vest on a straight line basis between the performance levels/quartiles.

Based on the assumption that all performance criteria of the LTIP 2015 are reached at target level, the awards will be 98%, 84% and 70% of the base salary for the Chairman of the Executive Board, the Deputy Chairman of the Executive Board, and the other Executive Board members, respectively.

Executive Board members are required to **accumulate an appropriate shareholding** in OMV and have to hold these shares until retirement or departure from the Company. The shareholding requirement is defined as a percentage of the annual gross base salary: 200% for the Chairman of the Executive Board, 175% for the Deputy Chairman of the Executive Board, 150% for other Executive Board members. The shareholding must be accumulated and achieved within five years after start of the current employment contract as Executive Board member. All Executive Board members have already fulfilled at least a part of their minimum shareholding requirement through MSP payouts, previous LTIP investments and/or transfer of private shares (see table).

The degree of fulfillment of the LTIP 2013 goals is 34.5%, and the corresponding allocation of shares or cash payment will be made in 2016.

LTIP 2013-2015 achievements		in %
Measure	Weighting	
Relative TSR vs. peers	50%	
ROACE	40%	
Sustainability: Action Item Response Rate	5%	
Sustainability: Contractor Management	5%	
Total vesting percentage	34.5%	

Strategic Incentive Plan

The Strategic Incentive Plan (SIP) is a long-term compensation scheme for Executive Board members (as well as for members of the executive management and selected Upstream experts) promoting a combined focus on the achievement of OMV's strategic objectives. It is based on virtual share grants that are paid out in cash equivalent, subject to achievement of defined performance measures, at the end of the plan period.

Each Executive Board member has to declare at the beginning of the program or at the beginning of the employment contract if he or she wants to participate in the SIP. Furthermore, each participating Executive Board member has to declare if he or she will participate with an additional personal investment. These declarations are then effective for the entire term of the plan.

Each participating Executive Board member receives a grant from OMV ("OMV Grant") in virtual shares that reflect the performance of the underlying OMV shares (the "Phantom Shares") in up to five consecutive annual tranches between 2014 and 2018, amounting to 22.5% of the annual gross base salary per year. Every year, Executive Board members having declared to make a personal investment in the form of OMV shares ("Investment Shares") must do

Shareholding requirement and fulfillment				
	Shareholding requirement		Fulfillment	
	In shares	As % salary	In shares (on Company trustee deposit)	As % requirement
Roiss	80,600	200%	80,600	100.00%
Seele	75,790	200%	32,200	42.49%
Davies	61,770	175%	54,626	88.43%
Huijskes	45,879	150%	38,419	83.74%
Pleininger	34,737	150%	8,462	24.36%
Leitner	44,211	150%	37,163	84.06%

so in an amount of 11.25% of the annual gross base salary. Shares on OMV trustee deposits relating to previous share incentive programs will not be counted towards the personal investment component under the SIP. However, vested shares granted under existing share incentive programs that exceed the shareholding requirements of those programs may be counted as Investment Shares. If Investment Shares are contributed, the OMV Grant will be supplemented by OMV with a complementary grant (the "Complementary Grant") in a ratio of 1:2 (i.e. each Phantom Share of the OMV Grant will be supplemented with two additional Phantom Shares under the Complementary Grant).

The performance measures are

(for further details, as for example the performance period, see the table "Key facts"):

- ▶ Average daily production of oil and oil equivalents in barrels on a yearly basis (440 kboe/d – 520 kboe/d, no payout in case production is <440 kboe/d) with vesting levels as shown in the table:

Production	
Performance	Vesting
Stretch	130%
Target	100%
Threshold	70%
Below threshold	0%

- ▶ Relative ROACE: Depending on the ROACE in relation to the production growth (compared to a peer group of Shell, BP, Total, Eni, Statoil, BG Group, Repsol, Galp Energia and MOL) over the performance period, the achievement will be adjusted as shown in the table:

Relative ROACE ranking	
Performance	Adjustment factor
Stretch: at or above upper quartile (≥75 th percentile)	150%
Target: at median (=50 th percentile)	100%
Threshold: at lower quartile (=25 th percentile)	50%
Below threshold: below lower quartile (<25 th percentile)	0%

For both performance measures, there is a straight line vesting between threshold and stretch levels.

Further conditions applying in combination as a prerequisite for any payout:

- ▶ The target achievement has to be sustainable – minimum of eight years 1P reserves life
- ▶ The average ROACE must exceed the average WACC (Weighted Average Cost of Capital) over a three-year period prior to vesting of the SIP. If ROACE falls below WACC after 2021 (or earlier), future payments may be adjusted downwards (sole discretion of the Remuneration Committee of the Supervisory Board)
- ▶ No capital increase during the performance period of the SIP

Under certain circumstances, the Supervisory Board may reduce or forfeit in full the payout under the SIP or may request repayment ("**clawback**"). The clawback provision will apply in defined cases of gross misconduct.

The **cash payout** of the equivalent of the OMV Grant and the Complementary Grant is subject to the fulfillment of the performance criteria as mentioned above and will be paid out at the end of the performance period after calculation of the final performance. Any awards will be released over a period of three years. A payment in the amount of dividend equivalents for the OMV Grant and the Complementary Grant – both adjusted for the level of the final performance achievement – will be paid out in cash as part of the three installments. All payments will be made net of taxes and contributions. If the defined production threshold is not reached or the relative ROACE ranking is below the lower quartile, no payout will be effected at all.

According to C-rule 27 of the ACCG, maximum limits shall be fixed in advance for the variable remuneration component. The SIP is dependent on the development of the share price of OMV, and future maximum payouts therefore cannot be calculated in advance.

Key facts	
Plan start	July 1, 2014
Grant period	2014-2018 (five annual tranches)
Performance period	July 1, 2014 – December 31, 2021 (only in case the production target of 520 kboe/d is already achieved in 2019 or 2020, the performance and payout periods will be brought forward correspondingly)
Vesting date	Last day of the month following the official performance confirmation
Payout period	2022-2024 (or earlier, analogous to the performance period; share price changes will impact the amounts)
Holding period (for Investment Shares)	Until the end of the payout period

The achievement of all performance criteria will be confirmed by an external expert.

Further, pursuant to C-rules 27 and 28 of the ACCG, for the variable remuneration components, measurable performance criteria shall be fixed in advance. Given the industry-inherent volatility of commodity prices and market conditions, political country risks as well as an increased safety exposure, the variable remuneration plans (Cash Bonus, MSP, LTIP and SIP) give the Supervisory Board respectively the Remuneration Committee, in line with the general practice in the oil and gas industry, certain room for discretion to amend individual components in case of significant changes in the underlying circumstances as well as to determine the achievement of individual criteria, always in line with relevant factors and within maximum limits.

Stock Option Programs

Up to and including 2008, long-term incentives took the form of Stock Option Programs. These plans provided for a holding period of two years followed by an exercise period of five years. The 2008 plan was not exercised as the conditions (increase in the OMV share price set as a target when the plan was approved by the Annual General Meeting) were not met. No further stock options were issued after 2008.

Pensions

Gerhard Roiss is entitled to a defined benefit pension payment. The Company pays the contributions, calculated in accordance with discounted cash flow methods, into a pension fund (APK Pensionskasse AG). Rainer Seele, David C. Davies, Jaap Huijskes, Johann Pleininger and Manfred Leitner are entitled to defined contribution pension payments. The Company pays the contributions into a pension fund (APK Pensionskasse AG). The amount of the company pension depends on the amount of available capital in the pension fund. The annuitization is made in accordance with the pension fund's approved business plan. The retirement age for all Executive Board members is the Austrian statutory retirement age.

Pension fund contribution	EUR 1,000
Seele	113
Davies	321
Huijskes	181
Pleininger	49
Leitner	175
Floren	300
Total	1,138

Termination-related benefits

Gerhard Roiss and Jaap Huijskes resigned as members of the Executive Board effective June 30, 2015 and August 31, 2015, respectively. Hans-Peter Floren resigned effective December 31, 2014. They continued to receive payments (including benefits in kind) under their employment contracts.

Termination-related payments	EUR 1,000		
	Roiss	Huijskes	Floren
Applicable period	July – Dec. 2015	Sept. – Dec. 2015	Jan. – Dec. 2015
Remuneration	485	372	902
Settlement payments	736 ¹	–	750
Total	1,220	372	1,652
Accruals for outstanding fixed payments	2,173	220 ²	–

¹ Including upfront salary payments for the period January 2016 to March 2017 less pension benefits

² Including accruals for pension

Based on their employment contracts, they will receive additional payments in subsequent years. Gerhard Roiss is entitled to bonus payments for

the period January 2016 to March 2017, which have been agreed as a lump-sum payment. LTIP and SIP payments will be settled according to the plan terms for good leavers effective March 31, 2017. Jaap Huijskes is entitled to salary and bonus payments until March 31, 2016. LTIP payments will be settled according to the plan terms for good leavers effective March 31, 2016. For Hans-Peter Floren, LTIP and SIP payments will be settled according to the plan terms for good leavers effective December 31, 2015 and June 30, 2015, respectively.

In accordance with C-rule 27a of the ACCG, the employment contracts with members of the Executive Board provide that settlement payments in the event of premature termination of such contracts without a material breach shall not exceed the amount set forth in the ACCG. For contracts concluded after July 2015, settlement payments in the event of termination within the contract period have been reduced to 18 months' pay and have been limited to fixed salary only. No settlement payment is made if the Executive Board member terminates the contract prematurely.

Directors' and officers' (D&O) insurance

OMV has concluded a Directors' and Officers' liability insurance (D&O insurance) on a group-wide basis. The expenses are borne by the Company. This insurance covers Executive Board members, Supervisory Board members and other OMV employees (officers). Coverage is provided for the personal legal liability of insured persons for financial losses out of wrongful acts committed while acting within the scope of their function. For the actual insurance period, the yearly premium (including taxes) for the entire OMV Group D&O insurance amounts to approximately EUR 550,000.

Indemnity

The Executive Board and officers of direct and indirect subsidiaries of OMV Aktiengesellschaft, to the extent legally possible, are also indemnified against claims by third parties in respect of their actions in exercise of their duties, except in cases of willful intent or gross negligence.

Policy principles for the remuneration of senior management and expert levels

The basic salaries of such employees are set in accordance with internationally accepted methods for determining market levels of remuneration and with the relevant legal regulations and collective agreements. The principles applicable to the Executive Board are applied to these employees in adapted form.

Consequently, some employees at senior management levels of the Group (98 people) are eligible for membership of the Long Term Incentive Plan. They are also eligible for bonus agreements, as discussed below.

In 2015, a total of some 3,900 managers and experts participated in a graduated Management by Objectives (MbO) program entitling them to bonuses for fulfilling objectives. There are also bonus schemes for other employees, which vary from country to country. Employee representatives are involved in designing these incentive schemes. In all these systems, payments are conditional on the attainment of financial and non-financial corporate targets as well as individually agreed objectives.

Participants in MbO programs can inspect their goal-setting agreements using the Group-wide Performance and Development System (PDS). This enables them to take account of each other's targets.

Supervisory Board

OMV's Supervisory Board consists of ten members elected by the General Meeting (shareholders' representatives) and five members delegated by the Group works council. Eight of the current shareholders' representatives were elected at the 2014 Annual General Meeting (AGM), and two were elected at the 2015 AGM, each for the maximum period as foreseen by the Aktiengesetz (AktG, Stock Corporations Act). The members of OMV's Supervisory Board in 2015 and their appointments to supervisory boards of other domestic or foreign listed companies are shown below.

Note 31 provides additional information on the Long Term Incentive Plan, the Matching Share Plan and the Strategic Incentive Plan (valuation and exercise in previous years)

More detailed information about all members of OMV's Supervisory Board, including their professional careers, can be downloaded from OMV's website at www.omv.com > **About OMV > Corporate Governance & Organization > Supervisory Board**

Peter Oswald, *1962 (from May 19, 2015; on March 4, 2016, Peter Oswald declared his resignation as member of the Supervisory Board with effect from the close of the Annual General Meeting on May 18, 2016)
(Chief Executive Officer: Europe & International Division, Mondi Group), Chairman
Seats: Mondi plc (UK), Mondi Ltd (South Africa), Miba Aktiengesellschaft (until June 25, 2015).

Rudolf Kemler, *1956 (until May 19, 2015)
(Managing Director, Österreichische Bundes- und Industriebeteiligungen GmbH (ÖBIB; former Österreichische Industrieholding AG))
(until June 8, 2015), Chairman
Seats: Österreichische Post AG (chairman) (until April 15, 2015) and Telekom Austria AG (chairman) (until May 27, 2015).

Wolfgang C. Berndt, *1942
Deputy Chairman
Seats: GfK SE and Miba Aktiengesellschaft (chairman).

Murtadha Al Hashmi, *1966
(Chief Financial Officer, International Petroleum Investment Company (IPIC)), Deputy Chairman
Seat: Banvit Bandirma Vitaminli Yem Sanayii A.Ş.

Alyazia Ali Saleh Al Kuwaiti, *1979
(Head of Midstream, Power & Utilities Investments, IPIC).

Elif Bilgi Zapparoli, *1967
(Co-Head of Emerging Markets (Ex-Asia) Investment Banking, Country Executive for Turkey and Head of Global Sovereign Wealth Funds Coverage, Bank of America Merrill Lynch).

Helmut Draxler, *1950
Seat: RHI AG (deputy chairman).

Roy A. Franklin, *1953 (until May 19, 2015)
Seats: Keller Group plc. (non-executive chairman) and SANTOS Group Ltd. and Boart Longyear Ltd. (until February 25, 2015).

Wolfram Littich, *1959
(Chairman of the executive board of Allianz Elementar Versicherungs-AG).

Herbert Stepic, *1946
(Consultant).

Gertrude Tumpel-Gugerell, *1952
(from May 19, 2015)
Seats: Commerzbank AG, Vienna Insurance Group AG.

Herbert Werner, *1948
Seats: Ottakringer Getränke AG (deputy chairman).

Delegated by the Group works council (employee representatives)

Christine Asperger, *1964,
Wolfgang Baumann, *1958,
Herbert Lindner, *1961,
Alfred Redlich, *1966,
Martin Rossmann, *1970.

Diversity

The main considerations in selecting the members of the Supervisory Board are relevant knowledge and experience in executive positions. Furthermore, aspects of diversity of the Supervisory Board with respect to the internationality of the members, the representation of both genders and the age structure are taken into account. The Supervisory Board includes four women and three non-Austrian nationals. The members of the Supervisory Board are aged between 36 and 73.

Independence

The Supervisory Board has defined the criteria that constitute independence (resolutions dated March 21, 2006 and March 25, 2009). In addition to the guidelines set out in Annex 1 of the ACCG, the Supervisory Board has established the following criteria with regard to its members elected by the General Meeting:

- ▶ A Supervisory Board member shall not serve on the executive board of an OMV Group company
- ▶ A Supervisory Board member shall not hold stock options issued by the Company or any affiliated company or receive any other performance-related remuneration from an OMV Group company
- ▶ A Supervisory Board member shall not be a shareholder with a controlling interest

in the meaning of EU Directive 83/349/EEC (i.e. a shareholder's interest of 50% or a dominant influence, e.g. through the right to appoint board members) or represent such a shareholder

All of the members elected by the General Meeting except (i) Rudolf Kemler, regarding the representation of a shareholder with controlling interest, and (ii) Helmut Draxler and Herbert Werner, regarding the duration of their terms, have declared their independence from the Company and its Executive Board during the 2015 financial year and up to the time of making such declarations (C-rule 53 of the ACCG). Under C-rule 54 of the ACCG, Peter Oswald, Wolfgang Berndt, Elif Bilgi Zapparoli, Helmut Draxler, Roy Franklin, Wolfram Littich, Herbert Stepic, Gertrude Tumpel-Gugerell and Herbert Werner have made declarations to the effect that they were not shareholders with a stake of more than 10% or represented such shareholders' interests during the financial year 2015 and up to the time of making such declarations. In the cases of Rudolf Kemler and Roy Franklin, their respective declarations relate to the period up to their leaving office as members of the Supervisory Board on May 19, 2015. Peter Oswald and Gertrude Tumpel-Gugerell were nominated for the election as Supervisory Board members by the nomination committee of the Österreichische Bundes- und Industriebeteiligungen GmbH and, subsequently (after being so proposed by the Presidential and Nomination Committee and the Supervisory Board), they were elected as Supervisory Board members on May 19, 2015.

Working practices of the Supervisory Board

The Supervisory Board fulfills its duties – in particular supervising the Executive Board and advising it on strategy – by discussing the Company's situation and objectives during board meetings. Decisions are also taken at these meetings, except in cases of urgency where decisions can be taken by circular vote. The set-up of four committees ensures that best possible use is made of the Supervisory Board members' expertise. Brief descriptions of these committees are given below.

In 2015, the Supervisory Board held seven meetings. In two of these meetings, the Executive Board and the Supervisory Board thoroughly discussed OMV's future strategy. No member of the Supervisory Board attended fewer than half of the meetings.

The Supervisory Board performed a self-evaluation and discussed the efficiency of its activities, in particular its organization and work procedures.

Presidential and Nomination Committee

This committee is empowered to take decisions on matters of urgency. The Supervisory Board may transfer other duties and powers of approval to the Presidential and Nomination Committee on an ad hoc or permanent basis. In its capacity as the Nomination Committee, this body makes proposals to the Supervisory Board for the appointment or replacement of Executive Board members and deals with succession planning. It also makes recommendations to the General Meeting for appointments to the Supervisory Board. There were five meetings of the Presidential and Nomination Committee in 2015, in which discussions focused on OMV's strategy as well as Executive and Supervisory Board matters.

Audit Committee

This committee performs the duties established by section 92 (4a) Stock Corporation Act. The committee held six meetings during the year. It predominantly dealt with preparations for the audit of the annual financial statements, assessment of the auditors' activities, internal audit, internal control and risk management systems as well as the presentation of the annual financial statements.

Auditors

The Supervisory Board monitors the auditors' independence and reviews a breakdown of the audit fees and fees for additional services besides auditing activities. In 2015, the auditors Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. (including their network in the meaning of section 271b Code of Commerce) received EUR 2.6 mn for the annual audit, EUR 1.25 mn for other assurance services and EUR 0.13 mn for other engagements.

See also the **Report of the Supervisory Board** for an overview of the individual committees' main activities in 2015

Name (current members in bold)	Position and committee memberships in 2015 ¹	Remuneration (in EUR, for 2014) ⁶	Term of office ¹
Peter Oswald	Chairman; Chairman of the Pres. Com., Proj. Com. and Remun. Com.; Audit Com.	—	May 19, 2015 to 2016 AGM ⁵
Rudolf Kemler	Chairman; Chairman of the Pres. Com., Proj. Com., Audit Com. and Remun. Com.	77,200 ²	Nov. 1, 2012 to May 19, 2015
Wolfgang C. Berndt	Deputy Chairman; Chairman of the Audit Com. (from May 19, 2015 until Sept. 29, 2015); Deputy Chairman of the Pres. Com., Proj. Com., Audit Com. and Remun. Com.	61,900	May 26, 2010 to 2019 AGM
Murtadha Al Hashmi	Deputy Chairman; Deputy Chairman of the Pres. Com., Proj. Com., Audit Com. and Remun. Com.	61,900	May 10, 2012 to 2019 AGM
Alyazia Ali Saleh Al Kuwaiti	Pres. Com. and Proj. Com.	30,600	May 14, 2008 to 2016 AGM ⁵
Elif Bilgi Zapparoli		14,600	May 13, 2009 to 2019 AGM
Helmut Draxler	Audit Com and Remun. Com.	30,600	Oct. 16, 1990 to 2019 AGM
Roy A. Franklin	Proj. Com.	22,600	May 14, 2014 to May 19, 2015
Wolfram Littich	Proj. Com. and Audit Com.	30,600	May 23, 2001 to 2016 AGM ⁵
Herbert Stepic		14,600	May 18, 2004 to 2019 AGM
Gertrude Tumpel-Gugereil	Chairwoman of the Audit Com. (as of Sept. 29, 2015)	—	May 19, 2015 to 2020 AGM
Herbert Werner	Audit Com.	22,600	June 4, 1996 to 2019 AGM
Christine Asperger		— ³	since Jan. 1, 2013 ⁴
Wolfgang Baumann	Pres. Com., Proj. Com. and Audit Com.	— ³	Dec. 16, 1998 to Apr. 1, 1999 and again since Nov. 11, 2004 ⁴
Herbert Lindner	Proj. Com. and Audit Com.	— ³	since June 1, 2013 ⁴
Alfred Redlich		— ³	since June 1, 2013 ⁴
Martin Rossmann	Pres. Com., Proj. Com. and Audit Com.	— ³	since May 5, 2011 ⁴

¹ Abbreviations: Pres. Com. = Presidential and Nomination Committee; Proj. Com. = Project Committee; Audit Com. = Audit Committee; Remun. Com. = Remuneration Committee; AGM = Annual General Meeting

² In accordance with the employment contract with ÖIAG (and subsequently ÖBIB), Rudolf Kemler transferred his remuneration to ÖIAG/ÖBIB.

³ Members delegated to the Supervisory Board by the Group works council do not receive remuneration but just attendance expenses

⁴ Delegation by the Group works council is for an indefinite period of time; however, the employee representatives may be recalled at any time by the delegating body

⁵ Declared resignation with effect from the close of the Annual General Meeting on May 18, 2016

⁶ Does not include meeting fees in the amount of EUR 365/meeting

Project Committee

This committee supports the Executive Board in preparing complex decisions on key issues, where necessary, and reports on these decisions and any recommendations to the Supervisory Board. In 2015, one meeting of the Project Committee was held.

Remuneration Committee

This committee deals with all aspects of the remuneration of Executive Board members and with their employment contracts. The committee's membership does not include employee representatives. The committee is empowered to conclude, amend and terminate Executive Board members' employment contracts and to take decisions on the award of

bonuses (variable remuneration components) and other such benefits to the latter. The Remuneration Committee met nine times during 2015. Executive Board members were invited to attend parts of the meetings of the Remuneration Committee. PwC provided remuneration advice to the Committee, which included market information drawn from published data, advice on the appropriate structure of short-term and long-term incentives as well as information on peer group performance and remuneration systems. They were appointed by the Remuneration Committee and did not advise the OMV Executive Board, ensuring independence with respect to the Austrian Code of Corporate Governance. Besides, PwC provided tax advice and valuation services to the Company in 2015.

Conflicts of interest and dealings by members of the Supervisory Board requiring approval

There were no transactions requiring approval in accordance with section 95 (5) (12) Stock Corporation Act. The Internal Rules of the Supervisory Board contain detailed procedures for the treatment of conflicts of interest on the part of Supervisory Board members.

Remuneration

In accordance with the articles of association, the AGM resolves the remuneration of the Supervisory Board members elected by the General Meeting for the previous financial year. The 2015 AGM adopted the following remuneration scale for the 2014 financial year:

Remuneration for Supervisory Board members	EUR
Chairman	29,200
Deputy Chairman	21,900
Ordinary member	14,600
Committee Chairman	12,000
Committee Deputy Chairman	10,000
Ordinary Committee member	8,000

The amounts for the financial year 2014 were disbursed to the Supervisory Board members concerned in 2015; these were exclusive of expenses (travel and attendance expenses). The total expenditure incurred by the Supervisory Board in 2015 was EUR 1,275,107, of this, members' remuneration (for the 2014 financial year) accounted for EUR 367,200, attendance expenses for EUR 81,468, travel expenses for EUR 757,826 (including retroactive reimbursement for the years 2012 to 2014), and conference equipment, organization and translation for EUR 68,614.

Employee participation

The Group works council holds regular meetings with the Executive Board in order to exchange information on developments affecting employees. Furthermore, the Group works council has made use of its right to delegate members to the Supervisory Board (one employee representative for every two members elected by the General Meeting). Therefore, out of the 15 Supervisory Board members, five members are employee representatives.

Rights of minority shareholders

- ▶ General Meeting: An Extraordinary General Meeting must be convened at the request of shareholders holding not less than 5% of the shares
- ▶ Agenda items must be included at the request of shareholders holding not less than 5% of the shares
- ▶ Shareholders holding not less than 1% of the shares may submit resolution proposals on all agenda items. Such resolution proposals must be posted on the website upon request of the respective shareholders
- ▶ Shareholders holding not less than 10% of the shares may require an extraordinary audit in the event of grounds for suspicion of irregularities or gross violations of the law or the articles of association
- ▶ All shareholders having duly provided evidence of their shareholding are entitled to attend General Meetings, ask questions and vote
- ▶ Election of the Supervisory Board: If elections to two or more positions on the Supervisory Board are held at the same General Meeting, separate votes must be held for each position. If elections to three or more seats on the Supervisory Board are held at the same General Meeting and if prior to the vote on the last position to be assigned it is found that at least one-third of all the votes have been cast in favor of the same person but he or she has not been elected, then this person must be declared as Supervisory Board member

Women's advancement

Being active in an industry with a strong technical focus, it is particularly challenging for the Company to achieve a satisfactory gender balance in all fields of business activity. Therefore, gender diversity is one of two major focus areas of OMV Group's diversity strategy. OMV is committed to supporting women's advancement to managerial positions. The strategic objective is to achieve the best diversity mix at senior management level, with the target of having 30% female Senior Vice Presidents by 2020. Mariana Gheorghe is the chairwoman of the executive board of OMV Petrom SA and Lacramioara Diaconu-Pințea is a member of

OMV Petrom's Executive Board since April 2015. Gülsüm Azeri is the chairwoman of the executive board of OMV Petrol Ofisi. There are four female members in the OMV Supervisory Board; this corresponds to about 27% of the members. At the end of 2015, women held 17% of the Senior Vice President positions. The proportion of women in the Group as a whole is about 24%. Within OMV's leadership development programs, the proportion of women reached 35% in 2015. Within OMV's integrated graduate development program, the proportion of women has increased to 35% in 2015. So far, a variety of measures to foster diversity at OMV has been initiated and implemented successfully. A group-wide educational program – the diversity e-learning program – has been introduced to improve organizational capabilities and raise awareness. In addition, the topic of diversity has been incorporated in all Leadership Development Programs. OMV promotes talents from different backgrounds, thus ensuring the best mix in diverse teams. OMV especially supports the recruitment and development of women in technical positions. Through implementing gender neutral language in OMV's job advertisements and internal communication, OMV is contributing to equal opportunities among men and women. Gender diversity measures include scholarships for female students in technical fields and the

“Technikqueens” project designed to spark girls' interest in technical careers early. Furthermore, OMV participated in Vienna's Girls' Day and the FIT (Frauen in die Technik) initiative. Through new flexible working time models such as job-sharing, flexible working time and home office options, OMV helps to improve the individual work-life balance and supports parents who would like to continue their careers while working part time. OMV also supports minor employment during periods of parental leave. The OMV head office in Vienna has two company kindergartens attended by children of OMV employees. OMV constantly monitors salary equality to ensure fair treatment and equal opportunities at all career stages.

External Evaluation of Corporate Governance

An external evaluation of OMV's compliance with the provisions of the ACCG is being performed each year. Regarding the evaluation for 2015, OMV engaged Mathias Ettl of the law firm Berger Ettl Rechtsanwälte. The official questionnaire of the Austrian Working Group for Corporate Governance was used for the evaluation, and the result was that OMV is in full compliance with the Austrian Corporate Governance Code including all non-compulsory recommendations. The report of the evaluation is available on OMV's website (www.omv.com).

Vienna, March 22, 2016

The Executive Board



Rainer Seele



David C. Davies



Johann Pleininger



Manfred Leitner



Auditors' report (report on the consolidated financial statements)

We have audited the accompanying consolidated financial statements of OMV Aktiengesellschaft, Vienna, for the fiscal year from January 1, 2015 to December 31, 2015. These consolidated financial statements comprise the consolidated statement of financial position as of December 31, 2015, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year ended December 31, 2015, and a summary of significant accounting policies and other explanatory notes except for "Oil and gas reserve estimation and disclosures (unaudited)".

The Company's management is responsible for the Group accounting system and for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements under Section 245a UGB. This responsibility includes: Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing, as well as in accordance with International Standards on Auditing (ISAs), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of December 31, 2015 and of its financial performance and its cash flows for the fiscal year from January 1, 2015 to December 31, 2015 in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU.

Pursuant to statutory provisions, the consolidated management report is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the consolidated management report is consistent with the consolidated financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the consolidated management report is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, March 22, 2016

Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.

Alexander Wlasto (Wirtschaftsprüfer)

Gerhard Schwartz (Wirtschaftsprüfer)

This report is a translation of the original report in German, which is solely valid. Publication of the consolidated financial statements together with our auditors' opinion may only be made if the consolidated financial statements and the consolidated management report are identical with the audited version attached to this report. Section 281 paragraph 2 UGB (Austrian Commercial Code) applies.

Management's responsibility for the consolidated financial statements and for the accounting system

Auditor's responsibility and description of type and scope of the statutory audit

Opinion

Comments on the consolidated management report

Consolidated income statement for 2015

Consolidated income statement		EUR mn	
	Note	2015	2014 ¹
Sales revenues		22,527	35,913
Direct selling expenses		(327)	(342)
Cost of sales		(22,174)	(32,613)
Gross profit		26	2,958
Other operating income	7	392	337
Selling expenses		(906)	(950)
Administrative expenses		(371)	(416)
Exploration expenses		(707)	(460)
Research and development expenses		(28)	(25)
Other operating expenses	8	(413)	(476)
Earnings Before Interest and Taxes (EBIT)		(2,006)	969
Income from equity-accounted investments	9	345	180
Dividend income		37	16
Interest income	9	89	33
Interest expenses	9	(304)	(362)
Other financial income and expenses	9	(70)	(44)
Net financial result		97	(177)
Profit from ordinary activities		(1,909)	792
Taxes on income	10	654	(265)
Net income for the year		(1,255)	527
thereof attributable to stockholders of the parent		(1,100)	278
thereof attributable to hybrid capital owners		42	38
thereof attributable to non-controlling interests		(197)	211
Basic Earnings Per Share (EPS) in EUR	11	(3.37)	0.85
Diluted Earnings Per Share (EPS) in EUR	11	(3.37)	0.85

¹ Figures for 2014 were adjusted according to IAS 8. Please refer to Note 4.4 for more details

Consolidated statement of comprehensive income for 2015

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Consolidated statement of comprehensive income		EUR mn	
	Note	2015	2014 ¹
Net income for the year		(1,255)	527
Exchange differences from translation of foreign operations		(109)	309
Gains/(losses) arising during the year, before income taxes		(109)	300
Reclassification of (gains)/losses to net income		—	9
Gains/(losses) on available-for-sale financial assets		(1)	0
Gains/(losses) arising during the year, before income taxes		9	0
Reclassification of (gains)/losses to net income		(10)	0
Gains/(losses) on hedges		119	(42)
Gains/(losses) arising during the year, before income taxes		104	(15)
Reclassification of (gains)/losses to net income		15	(27)
Share of other comprehensive income of equity-accounted investments		95	67
Total of items that may be reclassified ("recycled") subsequently to the income statement		103	335
Remeasurement gains/(losses) on defined benefit plans		19	(145)
Share of other comprehensive income of equity-accounted investments		9	(22)
Total of items that will not be reclassified ("recycled") subsequently to the income statement		28	(167)
Income taxes relating to items that may be reclassified ("recycled") subsequently to the income statement		(36)	3
Income taxes relating to items that will not be reclassified ("recycled") subsequently to the income statement		(5)	(56)
Total income taxes relating to components of other comprehensive income	20	(41)	(52)
Other comprehensive income for the year, net of tax	20	90	116
Total comprehensive income for the year		(1,166)	643
thereof attributable to stockholders of the parent		(987)	406
thereof attributable to hybrid capital owners		42	38
thereof attributable to non-controlling interests		(221)	199

¹ Figures for 2014 were adjusted according to IAS 8. Please refer to Note 4.4 for more details

Consolidated statement of financial position as of December 31, 2015

Assets		EUR mn	
	Note	2015	2014 ¹
Intangible assets	12	3,275	3,453
Property, plant and equipment	13	16,440	18,488
Equity-accounted investments	14	2,562	2,131
Other financial assets	17	846	816
Other assets	18	81	117
Deferred taxes	24	850	459
Non-current assets		24,054	25,464
Inventories	15	1,873	2,231
Trade receivables	16	2,567	3,042
Other financial assets	17	2,245	1,782
Income tax receivables		108	81
Other assets	18	374	514
Cash and cash equivalents		1,348	649
Current assets		8,516	8,298
Assets held for sale	19	94	93
Total assets		32,664	33,855

¹ Figures for 2014 were adjusted according to IAS 8. Please refer to Note 4.4 for more details

Equity and liabilities	EUR mn		
	Note	2015	2014 ¹
Share capital		327	327
Hybrid capital		2,231	741
Reserves		9,114	10,523
OMV equity of the parent		11,672	11,591
Non-controlling interests	21	2,626	2,924
Total equity	20	14,298	14,514
Provisions for pensions and similar obligations	22	1,045	1,115
Bonds	23	3,721	3,967
Other interest-bearing debts	23	871	674
Provisions for decommissioning and restoration obligations	22	3,342	3,148
Other provisions	22	535	329
Other financial liabilities	23	410	466
Other liabilities	23	160	176
Deferred taxes	24	229	572
Non-current liabilities		10,314	10,449
Trade payables	23	3,380	4,330
Bonds	23	295	159
Other interest-bearing debts	23	200	439
Income tax liabilities		215	286
Decommissioning and restoration obligations	22	100	78
Other provisions	22	418	474
Other financial liabilities	23	2,341	1,610
Other liabilities	23	1,074	1,486
Current liabilities		8,021	8,863
Liabilities associated with assets held for sale	19	32	29
Total equity and liabilities		32,664	33,855

¹ Figures for 2014 were adjusted according to IAS 8. Please refer to Note 4.4 for more details

Consolidated statement of changes in equity for 2015

Consolidated statement of changes in equity in 2015 ¹

	Share capital	Capital reserves	Hybrid capital	Revenue reserves	Translation of foreign operations	Available-for-sale financial assets
January 1, 2015	327	1,503	741	10,117	(1,055)	0
Net income for the year	—	—	—	(1,058)	—	—
Other comprehensive income for the year	—	—	—	10	(87)	(1)
Total comprehensive income for the year	—	—	—	(1,048)	(87)	(1)
Capital increase	—	—	1,490	—	—	—
Dividend distribution and hybrid coupon	—	—	—	(459)	—	—
Disposal of treasury shares	—	1	—	—	—	—
Share-based payments	—	(4)	—	3	—	—
Increase/(decrease) in non-controlling interests	—	—	—	(1)	(6)	—
December 31, 2015	327	1,500	2,231	8,613	(1,148)	0

Consolidated statement of changes in equity in 2014 ^{1,2}

	Share capital	Capital reserves	Hybrid capital	Revenue reserves	Translation of foreign operations	Available-for-sale financial assets
January 1, 2014	327	1,498	741	10,471	(1,369)	0
Net income for the year	—	—	—	316	—	—
Other comprehensive income for the year	—	—	—	(199)	314	0
Total comprehensive income for the year	—	—	—	117	314	0
Dividend distribution and hybrid coupon	—	—	—	(458)	—	—
Disposal of treasury shares	—	1	—	—	—	—
Share-based payments	—	4	—	—	—	—
Increase/(decrease) in non-controlling interests	—	—	—	(13)	—	—
December 31, 2014	327	1,503	741	10,117	(1,055)	0

¹ See Note 20

² Figures for 2014 were adjusted according to IAS 8. Please refer to Note 4.4 for more details

EUR mn

Hedges	Share of other compr. income of equity-accounted investments	Treasury shares	OMV equity of the parent	Non-controlling interests	Total equity
(27)	(4)	(11)	11,591	2,924	14,514
—	—	—	(1,058)	(197)	(1,255)
87	104	—	113	(24)	90
87	104	—	(945)	(221)	(1,166)
—	—	—	1,490	—	1,490
—	—	—	(459)	(72)	(531)
—	—	1	3	—	3
—	—	—	(1)	—	(1)
—	—	—	(7)	(4)	(12)
60	99	(10)	11,672	2,626	14,298

EUR mn

Hedges	Share of other compr. income of equity-accounted investments	Treasury shares	OMV equity of the parent	Non-controlling interests	Total equity
6	(50)	(11)	11,614	2,931	14,545
—	—	—	316	211	527
(33)	45	—	128	(12)	116
(33)	45	—	444	199	643
—	—	—	(458)	(194)	(653)
—	—	0	1	—	1
—	—	—	4	—	4
—	—	—	(13)	(13)	(26)
(27)	(4)	(11)	11,591	2,924	14,514

Consolidated statement of cash flows for 2015

Consolidated statement of cash flows ¹	EUR mn	
	2015	2014 ²
Net income for the year	(1,255)	527
Depreciation, amortization and impairments	5,159	3,167
Write-ups of fixed assets	(6)	(2)
Deferred taxes	(787)	(250)
Current taxes	133	515
Income taxes paid	(310)	(577)
Tax refunds	61	8
Losses/(gains) from disposal of non-current assets	(19)	6
Income from equity-accounted investments and other dividend income	(382)	(196)
Dividends received from equity-accounted investments and other companies	84	43
Interest expense	144	169
Interest paid	(166)	(215)
Interest income	(79)	(22)
Interest received	78	22
Increase/(decrease) in personnel provisions	(27)	(45)
Increase/(decrease) in long-term provisions	260	31
Other changes	347	81
	3,234	3,262
Decrease/(increase) in inventories	207	271
Decrease/(increase) in receivables	512	184
Increase/(decrease) in liabilities	(1,004)	(135)
Increase/(decrease) in short-term provisions	(114)	85
Cash flow from operating activities	2,834	3,666
Investments		
Intangible assets and property, plant and equipment	(2,978)	(3,834)
Investments, loans and other financial assets	(88)	(76)
Disposals		
Proceeds from the sale of non-current assets	193	175
Proceeds from the sale of subsidiaries and businesses, net of cash disposed	—	341
Cash flow from investing activities	(2,874)	(3,394)
Increase in long-term borrowings	332	892
Repayments of long-term borrowings	(195)	(853)
Increase/(decrease) in short-term borrowings	(327)	292
Change in non-controlling interest	(12)	(24)
Dividends paid to OMV equity holders	(459)	(458)
Dividends paid to non-controlling interests	(71)	(191)
Hybrid bond	1,490	—
Cash flow from financing activities	758	(342)
Effect of foreign exchange rate changes on cash and cash equivalents	(19)	14
Net increase/(decrease) in cash and cash equivalents	700	(56)
Cash and cash equivalents at beginning of year	649	705
Cash and cash equivalents at end of year	1,348	649

¹ See Note 25

² Figures for 2014 were adjusted according to IAS 8. Please refer to Note 4.4 for more details

OMV Aktiengesellschaft (registered in the Austrian Register of Companies with its office based at Trabrennstraße 6-8, 1020 Vienna, Austria), is an integrated, international oil and gas company with activities in Upstream and Downstream. **Upstream** engages in the business of oil and gas exploration, development and production and focuses on two core countries Romania and Austria and its international portfolio (Northwest Europe, Africa and Australasia, Middle East and Caspian). **Downstream** operates the refineries in Schwechat (Austria), Burghausen (Germany) and Petrobrazi (Romania) and a filling station network in Central and Southeastern Europe and Turkey (Downstream Oil). Downstream Gas engages in gas transit through and transport within Austria, as well as in gas storage, marketing and trading. The power business extends the gas value chain into gas-fired power plants.

These financial statements have been prepared and are in **compliance with International Financial Reporting Standards (IFRSs) as adopted by the EU and in accordance with the supplementary accounting regulations pursuant to Sec. 245a, Para. 1 of the Austrian Company Code (UGB)**. The financial year corresponds to the calendar year.

The consolidated financial statements are in general based on the historical cost principle, except for certain items that have been measured at fair value as described in Note 4 Accounting and valuation principles.

The consolidated financial statements for 2015 have been prepared in million EUR (EUR mn, EUR 1,000,000). Accordingly, there may be rounding differences.

The consolidated financial statements for 2015 were approved by the Supervisory Board on March 22, 2016.

Preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the amounts reported for assets, liabilities, income and expenses, as well as the amounts disclosed in the Notes. Actual outcomes could differ from these estimates. Estimates and assumptions need to be made particularly with respect to oil and gas reserves, provisions for decommissioning and restoration costs, the recoverability of intangible assets and property, plant and equipment and provisions for onerous contracts.

Oil and gas production assets are depreciated using the units of production (UOP) method on the basis of total proved developed reserves or total proved reserves. For more details please refer to Note 4.3g. Reserves are estimated by the Group's own engineers. An external review by DeGolyer and MacNaughton is currently being performed, with the results expected in June 2016. For details on oil and gas assets within intangible assets and property, plant and equipment please refer to Notes 12 and 13.

Estimates of future restoration costs are also based on reports prepared by Group engineers and on past experience. For details on the provision for decommissioning and restoration costs please refer to Note 22. Provisions for decommissioning and restoration costs require estimates of interest rates, which have material effects on the amounts of the provision. The interest rates applied for calculating the provision for decommissioning and restoration costs are between 0.0% and 3.0% (2014: 0.0% and 3.0%).

The Group assesses each asset or cash generating unit (CGU) each reporting period to determine whether any indication of impairment exists. Goodwill is assessed at least annually regardless of indicators. Where an indicator exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs of disposal and value in use. For all impairment tests performed the recoverable amount was based on value in use. The assessments require the use of different estimates and assumptions depending on the business such as oil and gas prices, discount rates, reserves, growth rates, gross margins and spark spreads.

The further decline in the oil and gas prices and the market volatility in 2015 have led to a further review of OMV's oil and gas price assumptions for both the short and longer term. The gas price assumptions have been aligned reflecting the current depressed European market conditions. The nominal oil price assumptions and the EUR-USD exchange rate used in the impairment review are listed below:

2015

	2016	2017	2018	2019	2020 and thereafter
Brent oil price (USD/bbl)	40	55	65	70	75
EUR-USD exchange rate	1.15	1.15	1.15	1.15	1.15
Brent oil price (EUR/bbl)	35	48	57	61	65

2014

	2015	2016	2017	2018 and thereafter
Brent oil price (USD/bbl)	55	75	90	105
EUR-USD exchange rate	1.15	1.15	1.30	1.35
Brent oil price (EUR/bbl)	48	65	69	78

The assumptions used for oil and gas prices for short- and medium-term are based on management's best estimate and were consistent with external sources. The long-term assumptions were consistent with data provided by external studies and consider long-term views of global supply and demand.

Impairment testing in Upstream

The significant drop in the oil and gas prices and the change in OMV's long-term price assumptions have triggered impairment testing throughout the entire Upstream portfolio. Generally each field in the Upstream business segment is a CGU. If a group of two or more fields and related infrastructure facilities generate cash flows that are mutually interdependent ("area"), they are grouped into one CGU. The key valuation assumptions for the recoverable amounts of Upstream assets are the oil and natural gas prices, production volumes and the discount rates. The production profiles were estimated based on past experience and represent management's best estimate of future production. The cash-flow projections for the first five years are based on the mid-term plan and thereafter on a "life of field" planning and therefore cover the whole life term of the field. The revised assumptions led to impairments of EUR 2,449 mn recognized in 2015, covering exploration assets (EUR 281 mn), as well as assets under production and development (EUR 2,101 mn) and goodwill (EUR 67 mn). The impairments have been recorded in 12 different countries across the portfolio.

The goodwill impairment was related to the goodwill allocated to the Middle East and Caspian Region, which was fully written off. The goodwill originated from the acquisition of OMV Petrol Ofisi A.Ş. in 2010. The after-tax discount rate used in the impairment test was 10.4% (2014: 8.8%).

The goodwill allocated to the Northwest Europe, Africa and Australasia region resulted from the acquisition of Pioneer's subsidiaries in Tunisia in 2011 and amounted to EUR 365 mn as of December 31, 2015 (2014: EUR 327 mn). The after-tax discount rate used was 7.5% (2014: 7.1%). An increase of 1% point in the discount rate would not lead to impairment.

For Libya and Yemen, ongoing severe production interruptions in the short and medium term have been considered in the cash flow projections, which together with the changes in the price assumptions led to impairments. The table below summarizes the material impairments, the recoverable amounts of impaired assets and the discount rates used:

Material Upstream impairments in 2015 ¹	EUR mn		
Impairments per country	Impairment	Recoverable amount of impaired assets	After-tax discount rate
Romania	554	820	7.8%
Tunisia	504	129	9.5%
Yemen	402	121	10.8%
New Zealand	255	135	7.7%
Norway	205	1,751	7.0%
Pakistan	143	93	10.5%
Libya	143	331	10.8%
United Kingdom	65	461	8.4%
Kazakhstan	55	109	8.9%

¹ Other impairments not shown above were related to goodwill and to assets in Australia, Austria and Bulgaria

The pre-tax discount rates used ranged from 7% to 48%. The pre-tax discount rates, which were derived by way of iteration, were impacted by high taxation on upstream activities in some countries as well as tax effects such as permanent differences. An increase of 1 percentage point in the pre-tax discount rates would lead to an additional impairment of EUR 581 mn throughout the entire Upstream portfolio. Furthermore, for all producing assets and assets currently under development, a long-term Brent oil price assumption of USD 65/bbl would lead to an additional impairment of approximately EUR 850 mn, without taking into account cost and CAPEX reduction measures and any other changes in the broader environment.

During 2014, there was a EUR 135 mn impairment charge in Kazakhstan due to the downward revision of production profile in the Tasbulat field. The recoverable amount was based on the value in use and amounted to EUR 18 mn. The pre-tax discount rate used was 7.3%.

Impairment testing in Downstream

The goodwill allocated to OMV Petrol Ofisi A.Ş. amounted to EUR 199 mn as of December 31, 2015 (2014: EUR 224 mn). The pre-tax rate applied to discount the future cash flows was 10.1% (2014: 9.2%). The future cash flows are derived from the mid-term planning for five years, a terminal value being assumed after the fifth year. An inflation rate of 1.7% was assumed for the terminal value. The impairment test as of December 31, 2015 did not lead to an impairment. Also an increase of 1 percentage point in the discount rate or no inflation assumed in the terminal value would not lead to an impairment. A 10% decrease in either sales volumes or margins would lead to a EUR 235 mn impairment of the CGU.

In 2014, the regulatory intervention (margin ceiling) and overall higher risk assessment in Turkey led to a EUR 334 mn impairment of the goodwill allocated to OMV Petrol Ofisi A.Ş. The carrying value of the goodwill after impairment amounted to EUR 224 mn as of December 31, 2014. Furthermore, the goodwill allocated to the Trading CGU's in the Downstream Gas business has been fully written off, with an impact of EUR 70 mn. The goodwill was related to the acquisition of OMV Petrol Ofisi A.Ş. in 2010.

A decrease in spark spreads in Turkey had an adverse effect on the Samsun power plant and led to impairment in 2015 amounting to EUR 194 mn. The recoverable amount was computed based on the future use of the power plant over its useful life. The cash flows were based on the mid-term planning assumptions of the Group and on macroeconomic assumptions for the period beyond the mid-term plan time frame. The key valuation assumptions for the recoverable amount are the spark spreads, being the differences between the electricity prices and the gas prices, and the power quantities produced. The assumptions used are consistent with data provided by external studies. The recoverable amount was computed based on a pre-tax discount rate of 7.1% (2014: 7.4%) and amounted to EUR 337 mn. A 1 percentage point increase in the discount rate used would lead to an additional impairment of EUR 47 mn. Furthermore, a decrease of EUR 1/MWh of the spark spreads would lead to an additional impairment of EUR 80 mn.

The economic surroundings for the gas storage business have further worsened in 2015 with a significant decrease in the summer/winter spreads, which led to a EUR 58 mn impairment of Etzel gas storage in Germany. The recoverable amount was EUR 143 mn. The pre-tax discount rate used was 4.5% (2014: 5.8%). The profitability of the Etzel storage facility is dependent on the summer/winter spread of gas prices. The short-term assumptions are based on market data, while the long-term assumptions are based on management expectations and are in line with external studies. A reduction of the summer/winter spread assumption by EUR 1/MWh would lead to an additional impairment of EUR 78 mn. Furthermore, a 1 percentage point increase in the discount rate would lead to an additional impairment of EUR 22 mn. The asset was also tested for impairment in 2014, which led to an impairment of EUR 17 mn.

In 2014, the increase in production from hydro and renewables on the Romanian power market had an adverse effect on Brazi power plant, and led to an impairment amounting to EUR 164 mn. The recoverable amount was computed based on a pre-tax discount rate of 6.6%.

Also as a result of the negative development of the power market in Romania, the wind park in Dorobantu was tested for impairment which led to the recognition of a EUR 17 mn impairment charge in 2014. The pre-tax discount rate used was 6.7%.

Finally, the worsening market conditions led to impairment recognized for retail assets in Hungary (EUR 27 mn) and Serbia (EUR 14 mn) during 2014. The pre-tax discount rates used were 9.9% in Hungary and 10.8% in Serbia.

Significant provisions for onerous contracts in Downstream

In 2012, OMV recorded a provision for the long-term, non-cancellable contract for regasification capacity and storage that became onerous due to the negative development of market conditions for LNG terminal capacity in Europe. The present value of the provision as at December 31, 2015 was EUR 336 mn (2014: EUR 123 mn). The provision represents the unavoidable costs of meeting the contractual obligations. Thereby, income and costs from future purchase of LNG are taken into account, since the regasification of LNG and subsequent sale of the gas positively contributes to the coverage of the fixed costs. The volume assumptions are based on management's best estimates of available LNG volumes in the future. The prices are based on forward rates, where available. If no forward prices are available, the prices represent management's best estimate of future prices, derived from current market prices or forward rates of the preceding period. A 50% decrease in either LNG volumes or margin would lead to an additional provision of EUR 194 mn. Furthermore, a 1 percentage point decrease in the discount rate would lead to an additional provision of EUR 23 mn.

3 Consolidation

The consolidated financial statements comprise the financial statements of OMV Aktiengesellschaft and the entities it controls (its subsidiaries) as at December 31, 2015.

Control is achieved when OMV is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To have power over an investee, the investor must have existing rights that give it the current ability to direct the relevant activities of the investee.

There is a presumption that a majority of voting rights result in control. To support this presumption and when OMV has less than a majority of the voting or similar rights of an investee, OMV considers all relevant facts and circumstances in assessing whether it has power over an investee, including: the contractual arrangement with the other vote holders of the investee, rights arising from other contractual arrangements as well as voting rights and potential voting rights. OMV re-assesses whether or not it controls an investee if the facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when OMV obtains control over the subsidiary and ceases when OMV loses control. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date OMV gained control until the date OMV ceased to control the subsidiary.

A list of subsidiaries, equity-accounted investments and other investments is included under Note 38 including consolidation method, Business Segment, place of business and interest held by OMV.

The financial statements of all consolidated companies have the statement of financial position date December 31, and are prepared in accordance with uniform group-wide accounting standards.

Number of consolidated companies

	Full consolidation	Share of assets and liabilities	2015 Equity consolidation	Full consolidation	Share of assets and liabilities	2014 Equity consolidation
At the beginning of the year	104	1	11	100	1	11
Included for the first time	1	—	—	18	—	1
Merged	—	—	—	(3)	—	—
Previously fully consolidated	—	—	—	—	1	—
Deconsolidated during the year	(1)	—	—	(11)	(1)	(1)
At the end of the year	104	1	11	104	1	11
[thereof domiciled and operating abroad]	[50]	[1]	[6]	[50]	[1]	[6]
[thereof domiciled in Austria and operating abroad]	[25]	[—]	[—]	[25]	[—]	[—]

Subsidiaries

In **Downstream**, OMV Nord Stream II Holding AG, based in Zug, was included starting from September 1, 2015.

In **Corporate and Other (Co&O)**, OMV FINANCE LIMITED, based in Douglas, was deconsolidated as of September 30, 2015.

All entities included for the first time in 2015 and 2014 were newly formed or existing, wholly owned subsidiaries.

On October 12, 2015, OMV signed a contract to acquire 100% of the shares in FE-Trading GmbH, based in Anif (Austria) and FE-Trading trgovina d.o.o., based in Ljubljana (Slovenia). The companies operate a chain of unmanned filling stations in Austria and Slovenia. At the date of the financial statements approval, the transaction, which is dependent on conditions precedent, was not closed.

Changes in ownership of subsidiaries without change of control

In 2015, the Group increased its interest in OMV Petrol Ofisi A.Ş. to 100% (2014: 98.79%) by acquiring the remaining non-controlling interest.

In 2014, the Group increased its interest in Adria-Wien Pipeline GmbH (AWPIP), based in Klagenfurt, from 76% to 100% and in OMV Petrol Ofisi A. Ş., based in Istanbul, from 96.98% to 98.79%.

The following table summarizes the effects described above:

Changes in ownership of subsidiaries – without change of control	EUR mn	
	2015	2014
Cash consideration received from / (paid to) non-controlling shareholders	(12)	(24)
Carrying value of related NCI	4	10
Difference recognized in retained earnings	(7)	(13)

Changes in ownership of subsidiaries with gain / loss of control

In 2015, the Group did not engage in any transaction leading to gain / loss of control of subsidiaries.

In 2014, the Group decreased its interest in Marmara Depoculuk Hizmetleri Anonim Sirketi, based in Istanbul, from 90% to 45%, losing control over its former subsidiary. As per contractual terms the control is now shared with the buyer of the shares. As the company is mainly operated with the purpose of providing storage capacity to the shareholders, the joint arrangement was classified as joint operation and is accounted for by showing OMV's share of assets, obligations for liabilities, income and expenses. The remaining stake was revalued at fair value at the time of loss of control.

The following table shows the effects described above:

Changes in ownership of subsidiaries – with loss of control	EUR mn	
	2015	2014
Gain / loss on disposal of subsidiary	–	37
thereof gain / loss from remeasuring investment retained in former subsidiary at fair value	–	24

Depending on whether it is a gain or a loss on disposal, the amount is shown in either "other operating income" or "other operating expenses".

Joint arrangements

The consolidated financial statements also include OMV's share of the assets, obligations for liabilities, share of income and expenses of joint operations as defined by IFRS 11.

Significant joint exploration and production activities are conducted through unincorporated arrangements that do not meet the definition of joint control according to IFRS 11. This is mainly because the required votes for control can be achieved by more than one combination of consenting votes of involved parties. Such agreements fall outside the scope of IFRS 11, the activities being accounted for in accordance with applicable IFRSs.

The acquisition of an additional stake in the Trans Austria Gasleitung GmbH (TAG) joint venture, based in Vienna, led to the first time at-equity consolidation as of October 1, 2014.

Material joint operations (IFRS 11)

Name	Nature of activities	Operating segment	Principal place of business	% ownership 2015	% ownership 2014
Pohokura	Offshore production of hydrocarbons	Upstream	New Zealand	26	26
Latif	Onshore development and production of hydrocarbons	Upstream	Pakistan	33	33
Mehar ¹	Onshore development and production of hydrocarbons	Upstream	Pakistan	59	59
Neptun Deep	Offshore exploration for hydrocarbons	Upstream	Romania	50	50
Cherouq	Onshore development and production of hydrocarbons	Upstream	Tunisia	50	50
Nawara	Onshore development of hydrocarbons reservoirs	Upstream	Tunisia	50	50
Cambo	Offshore exploration for hydrocarbons	Upstream	United Kingdom	48	48
Rosebank	Offshore exploration for and development of hydrocarbon reservoirs	Upstream	United Kingdom	50	50
Schiehallion	Offshore development of hydrocarbon reservoirs	Upstream	United Kingdom	12	12
Block S(2)	Onshore development and production of hydrocarbons	Upstream	Yemen	44	44
Marmara	Product terminal	Downstream	Turkey	45	45

¹ OMV has no control over the Mehar joint operation as the minimum percentage for relevant decision taking is 76%

Other significant arrangements

Name	Nature of activities	Operating segment	Principal place of business	% ownership 2015	% ownership 2014
Nafoora - Augila	Onshore development of hydrocarbon reservoirs	Upstream	Libya	25 ¹	25 ¹
Concession 103	Onshore development and production of hydrocarbons	Upstream	Libya	25 ¹	25 ¹
NC 115	Onshore development and production of hydrocarbons	Upstream	Libya	30 ¹	30 ¹
NC 186	Onshore development and production of hydrocarbons	Upstream	Libya	24 ¹	24 ¹
Maari ²	Offshore production of hydrocarbons	Upstream	New Zealand	69	69
Aasta Hansteen	Offshore development of hydrocarbon reservoirs	Upstream	Norway	15	15
Edvard Grieg	Offshore production of hydrocarbons	Upstream	Norway	20	20
Gudrun	Offshore production of hydrocarbons	Upstream	Norway	24	24
Gullfaks	Offshore production of hydrocarbons	Upstream	Norway	19	19

¹ OMV's stake in the international partners' share of the EPSA (see Note 4.3.e)

² OMV has no control nor joint control over the Maari fields as there is more than one combination of parties which ensures the necessary majority (75%) for relevant decisions

For details on equity-accounted joint arrangements please refer to Note 14 Equity-accounted investments.

Interests in unconsolidated structured entities

Starting with February 2013, OMV is selling trade receivables in a securitization program to Carnuntum Ltd., based in Dublin, Ireland. In 2015, OMV transferred trade receivables amounting in total to EUR 4,485 mn to Carnuntum Ltd (2014: EUR 5,317 mn).

As at December 31, 2015, OMV held seller participation notes in Carnuntum Ltd. amounting to EUR 97 mn (2014: EUR 129 mn) shown in other financial assets. There were no complementary notes held at the end of 2015 and 2014. As of December 31, 2015, the maximum exposure to loss from the securitization transaction was EUR 104 mn (2014: EUR 129 mn).

The fair value of the seller participation notes and complementary notes corresponds to their book value. The seller participation notes are senior to a loss reserve and a third party investor participation. The complementary notes are of the same seniority as the senior notes issued by the program. The risk retained by OMV Group is insignificant and therefore the trade receivables sold are derecognized in their entirety. The receivables are sold at their nominal amount less a discount. The discount was recognized in profit or loss and amounted in total to EUR 28 mn in 2015 (2014: EUR 39 mn). Interest income on the notes held in Carnuntum Ltd. amounted to EUR 4 mn in 2015 (2014: EUR 4 mn). In addition, OMV received a service fee for the debtor management services provided for the receivables sold.

OMV did not provide any financial support to Carnuntum Ltd. and does not intend to provide such support in the future.

4 Accounting and valuation principles

1) First-time adoption of new or revised standards

The accounting policies adopted are consistent with those of the previous financial year, except for the changes as described below.

The Group has adopted the following amended standards with a date of initial application of January 1, 2015:

- Amendments to IAS 19 Defined Benefit Plans: Employee Contributions
- Annual Improvements to IFRSs 2010-2012 Cycle
- Annual Improvements to IFRSs 2011-2013 Cycle

They did not have a material impact on the consolidated financial statements of the Group.

2) New or revised standards not yet mandatory

OMV has not applied the following new and revised IFRSs that have been issued but are not yet effective. EU endorsement is still pending in some cases.

- IFRS 9 Financial Instruments. In July 2014, the IASB completed its project to replace IAS 39, Financial Instruments: Recognition and Measurement by publishing the final version of IFRS 9 Financial Instruments. IFRS 9 introduces key changes to the classification and measurement of financial assets being based on a business model and contractual cash flows approach and implements a new impairment model based on expected credit losses. Changes to hedge accounting have been made with the objective to better represent the effect of risk management activities that an entity adopts to manage exposures.

The Group is currently assessing the impact of adopting IFRS 9 on the Group's financial statements. Based on a preliminary high-level assessment IFRS 9 is not expected to significantly change the recognition and measurement of OMV's financial assets and liabilities. The new impairment requirements will, however, generally result in earlier recognition of credit losses. The new hedging model may lead to more hedging strategies meeting the requirements for hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018 with early adoption permissible. At the date of signing the financial statements this new standard has not been endorsed by the EU. The Group will decide upon the adoption date when EU approval has been obtained.

- **IFRS 15 Revenue from Contracts with Customers.** In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers. IFRS 15 replaces all existing revenue recognition requirements in IFRS and applies to all revenue arising from contracts with customers. According to the new standard, revenue is recognized to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is recognized when, or as, the customer obtains control of the goods or services. The standard is effective for annual periods beginning on or after January 1, 2018.

The Group is currently assessing the impact of adopting IFRS 15 on the Group's Consolidated Financial Statements. Key considerations for oil and gas entities are for example, the accounting for production imbalances in the Upstream business and performance obligations in long-term supply agreements such as take-or-pay contracts in the Downstream business. As the Group applies the sales method which is generally considered to be in line with IFRS 15, no impact from IFRS 15 is expected on the accounting for production imbalances. Long-term supply contracts are analyzed with regards to the identification of the performance obligations, determination of the transaction price and the allocation of the transaction price to the performance obligations. For take-or-pay contracts the new rules on the accounting for breakage are specifically considered. The Group will need to perform further assessments in the future to determine the impact of IFRS 15 to its financial statements and does not plan to adopt this standard early.

- **IFRS 16 Leases.** In January 2016, the IASB issued IFRS 16 Leases which replaces the previous leases standard IAS 17 and several interpretations and sets out new rules for lease accounting. For the lessee's accounting, IFRS 16 will eliminate the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Applying that model, a lessee will be required to recognize assets and liabilities for most leases and depreciation of lease assets separately from interest on lease liabilities in the income statement. For lessors, there will only be minor changes compared to IAS 17. OMV will start its detailed analysis of the effects of IFRS 16 in the near future. The effective date is January 1, 2019.
- **Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations.** The amendments require an entity acquiring an interest in a joint operation in which the activity of the joint operation constitutes a business to apply, to the extent of its share, the principles of IFRS 3. Currently the Group has the accounting policy to allocate the acquisition costs to the individual assets acquired in analogy to IAS 16, irrespective of whether the activity of the joint operation constitutes a business or not. Transaction costs are capitalized and deferred taxes are not recognized according to the initial recognition exceptions in IAS 12. The amended IFRS 11 will increase the scope of transactions being accounted for according to the principles in IFRS 3. The amendments are applied prospectively. The effective date is January 1, 2016.
- **IFRS 14 Regulatory Deferral Accounts.** IFRS 14 is applicable for first-time adopters of International Financial Reporting Standards only and will not be endorsed by the EU. It therefore is not relevant for OMV Group's financial statements.

In addition, the following amendments to standards were issued which are not expected to have any material effects on the Group's financial statements:

Amendments to standards	IASB effective date
Amendments to IAS 1 Disclosure Initiative	January 1, 2016
Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation	January 1, 2016
Amendments to IAS 16 and IAS 41 Agriculture – Bearer Plants	January 1, 2016
Amendments to IAS 27 Equity Method in Separate Financial Statements	January 1, 2016
Annual Improvements to IFRSs 2012–2014 Cycle	January 1, 2016
Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely
Amendments to IFRS 10, IFRS 12 and IAS 28 Investments Entities: Applying the Consolidation Exception	January 1, 2016
Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses	January 1, 2017
Amendments to IAS 7 Disclosure Initiative	January 1, 2017

3) Summary of accounting and valuation principles

a) Business combinations

Business combinations are accounted for using the acquisition method. Assets and liabilities of subsidiaries acquired are included at their fair value at the time of acquisition. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Goodwill is calculated as the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interest and the fair value of the equity previously held by OMV in the acquired entity over the net identifiable assets acquired and liabilities assumed. Goodwill is recorded as an asset and is tested for impairment at least yearly. Impairments are recorded immediately through profit or loss, subsequent write-ups are not possible.

b) Revenue recognition

In general, revenues are realized when goods or services are supplied to and acknowledged by the customer, the amount receivable is fixed or can be determined, and collection is probable. Specifically, revenues are recognized in the Upstream segment when products are delivered and risks as well as rewards of ownership have passed to the customer. In the gas business, sales under long-term contracts are recognized on delivery. Additional gas volumes supplied under these contracts are recognized when accepted by the customer. Gas storage revenues are recognized on the basis of committed storage and withdrawal rates; similarly, gas transport revenues are recognized on the basis of committed volumes. Revenue from the delivery of electricity is realized at the performance date. In the retail business, revenues from the Group's own filling stations are recognized when products are supplied to the customers. In the case of non-Group filling stations, revenues are recognized when products are delivered to the stations. Award credits, related to customer loyalty programs operated within the Downstream Oil business, are recognized as a separate component of the sales transaction in which they are granted. Consideration received is allocated between the products sold and the award credits issued in the form of points. The fair value of the points issued is deferred and recognized as revenue when the points are redeemed. Where forward sales and purchase contracts for commodities are determined to be for trading purposes and not for the final physical delivery, the associated sales and purchases are reported net within sales revenues.

c) Exploration expenses

Exploration expenses relate exclusively to Upstream and comprise the costs associated with unproved reserves. These include geological and geophysical costs for the identification and investigation of areas with possible oil and gas reserves and administrative, legal and consulting costs in connection with exploration. They also include all impairments on exploration wells where no proved reserves could be demonstrated. Depreciation of economically successful exploration wells forms part of cost of sales.

d) Research and development expenses

Research and development (R&D) expenses include all direct and indirect materials, personnel and external services costs incurred in connection with the focused search for new development techniques and significant improvements in products, services and processes and in connection with research activities. Expenditure related to research activities is shown as R&D expenses in the period in which it is incurred. Development costs are capitalized if the recognition criteria according to IAS 38 are fulfilled.

R&D grants received from third parties are shown in other operating income. Government grants provided for projects or services are generally deducted from the cost of the assets. For grants received from customers, income is recognized over the service period in case of a future service obligation; without a service obligation the entire income is recognized immediately.

e) Exploration and production sharing agreements

Exploration and production sharing agreements (EPSAs) are contracts for oil and gas licenses in which production is shared between one or more oil companies and the host country/national oil company in defined proportions. Exploration expenditures are carried by the oil companies as a rule and recovered from the state or the national oil company through so called 'cost oil' in a successful case only. Under certain EPSA contracts the host country's/national oil company's profit share represents imposed income taxes and is treated as such for purposes of the income statement presentation.

f) Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are recognized at costs of acquisition or construction (where and to the extent applicable) net of accumulated depreciation, amortization and impairment losses. Such cost includes directly attributable costs of major inspections and general overhauls which are capitalized in the year in which they are incurred, and thereafter depreciated on a straight-line basis over the period until the next inspection/overhaul. The costs for replacements of components are capitalized and carrying values of the replaced parts are derecognized. Costs relating to minor maintenance and repairs are treated as expenses in the year in which they are incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with indefinite useful lives and goodwill are not subject to amortization, but must be tested for impairment at least annually. Intangible assets with finite useful lives (except exploration licenses, see Note 4.3g) and depreciable property, plant and equipment are amortized or depreciated over the useful economic life and assessed for impairment whenever there is an indication that the asset may be impaired.

Depreciation and amortization is calculated on a straight-line basis, except for upstream activities, where depletion occurs to a large extent on a unit-of-production basis. In the consolidated income statement, depreciation and amortization as well as impairment losses for filling stations are disclosed as part of selling expenses, those for exploration assets as exploration expenses, and those for other assets are reported as cost of sales or as other operating expenses.

Useful life	Years
Intangible assets	
Goodwill	Indefinite
Software	3–5
Concessions, licenses, etc.	5–20 or contract duration
Business-specific property, plant and equipment	
Upstream Oil and gas wells	Unit-of-production method
Downstream Gas Gas pipelines	30
	Gas power plants 8–30
	Wind power station 10–20
Downstream Oil Storage tanks	40
	Refinery facilities 25
	Pipeline systems 20
	Filling stations 5–20
Other property, plant and equipment	
Production and office buildings	20–50
Other technical plant and equipment	10–20
Fixtures and fittings	5–10

g) Oil and gas assets

Upstream activities are recorded using the successful efforts method. The acquisition costs of geological and geophysical studies before the discovery of proved reserves form part of expenses for the period. The costs of wells are capitalized and reported as intangible assets until the existence or absence of potentially commercially viable oil or gas reserves is determined. Wells which are not commercially viable are expensed. The costs of exploration wells whose commercial viability has not yet been determined continue to be capitalized as long as the following conditions are satisfied:

- Sufficient oil and gas reserves have been discovered that would justify completion as a production well
- Sufficient progress is being made in assessing the economic and technical feasibility to justify beginning field development in the near future

Exploratory wells in progress at period end which are determined to be unsuccessful subsequent to the statement of financial position date are treated as non-adjusting events, meaning that the costs incurred for such exploratory wells remain capitalized in the financial statements of the reporting period under review and will be expensed in the subsequent period. Information on such non-adjusting subsequent events is disclosed in Note 37.

License acquisition costs and capitalized exploration and appraisal activities are generally not amortized as long as they are related to unproved reserves, but tested for impairment. Once the reserves are proved and commercial viability is established, the related assets are reclassified into tangible assets. Development expenditure on the construction, installation or completion of infrastructure facilities such as platforms and pipelines and drilling development wells is capitalized within tangible assets. Once production starts, depreciation commences. Capitalized exploration and development costs and support equipment are generally depleted based on proved developed reserves by applying the unit-of-production method; only capitalized exploration rights and acquired reserves are amortized on the basis of total proved reserves.

h) Impairment of non-financial assets

In accordance with IAS 36, the Group assesses at each statement of financial position date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. The recoverable amount is the higher of its fair value less costs of disposal and value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In this case the impairment test is done on the level of the cash generating unit. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset has to be considered impaired and written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. The pre-tax discount rate is determined by way of iteration. The cash flows are generally derived from the recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated.

In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

If the reasons for impairment no longer apply in a subsequent period, a reversal is to be recognized in profit or loss. The increased carrying amount related to the reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization, depreciation or depletion) had no impairment loss been recognized in prior years.

Goodwill is tested for impairment annually (as at December 31) and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

i) Assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts are to be realized by sale rather than through continued use. This is the case when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Property, plant and equipment and intangible assets once classified as held for sale are no longer depreciated.

j) Leases

The Group holds a number of assets for its various activities under lease contracts. These leases are analyzed based on the situations and indicators set out in IAS 17 in order to determine whether they constitute operating leases or finance leases. A finance lease is defined as a lease which transfers substantially all the risks and rewards incidental to the ownership of the related asset to the lessee. All leases which do not meet the definition of a finance lease are classified as operating leases.

Finance leases are capitalized at the lower of the present value of the minimum lease payments or fair value and then expensed over their expected useful lives or the duration of the lease, if shorter. A liability equivalent to the capitalized amount is recognized, and future lease payments are split into the finance charge and the capital repayment element.

In the case of operating leases, lease payments are recognized on a straight-line basis over the lease term.

Lease contracts are distinguished from service contracts, which do not convey the right to use a specific asset. OMV has entered into long-term contracts for storage capacities, pipeline and other transportation capacities, and contracts for processing, producing or modifying goods. Such capacity contracts are not considered leases if they do not involve specified single assets or do not convey the right to control the use of the assets. Payments for such contracts are expensed in the period for which the capacities are contractually available to OMV.

k) Associated companies and joint arrangements

Associated companies are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Joint arrangements, which are arrangements of which the Group has joint control together with one or more parties, are classified into joint ventures and joint operations. Joint ventures are joint arrangements in which the parties that share control have rights to the net assets of the arrangement. Joint operations are joint arrangements in which the parties that share joint control have rights to the assets, and obligations for the liabilities, relating to the arrangement.

Investments in associated companies or joint ventures are accounted for using the equity method, under which the investment is initially recognized at cost and subsequently adjusted for the Group's share of the profit or loss less dividends received and the Group's share of other comprehensive income and other movements in equity.

At each statement of financial position date, investments in associates and joint ventures are reviewed for any objective evidence of impairment. If there is such evidence, the amount of impairment is calculated as the difference between the recoverable amount of the associate or joint venture and its carrying amount and recognized in profit and loss.

For joint operations, which exist mainly in the Upstream segment, the Group's share of all assets, liabilities, income and expenses is included in the consolidated financial statements. When interests in joint operations are acquired, the acquisition costs are allocated to the individual assets acquired. Transaction costs are capitalized and deferred taxes are not recognized according to the initial recognition exceptions in IAS 12.

l) Non-derivative financial assets

At initial recognition OMV classifies its financial assets into the following three categories: Financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. The classification depends on the nature and purpose of the financial asset. All regular way trades are recognized and derecognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Securities are classified as **at fair value through profit or loss** when they are either held for trading or if they are designated as at fair value through profit or loss. Financial assets at fair value through profit or loss are measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss.

Loans and receivables are measured at amortized cost less any impairment. Whether loans and receivables are impaired is assessed individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

Available-for-sale financial assets, which include mainly investment funds and debt instruments, are recognized at fair value. The fair value of these instruments is the published exchange price as these instruments were traded on active markets as of statement of financial position date.

Unrealized gains and losses are disclosed separately in other comprehensive income net of any attributable tax effects. If there is objective evidence of impairment, write-downs including amounts previously recognized in other comprehensive income, are recognized in profit and loss. If the reason for the recognition of an impairment loss subsequently ceases to exist, the amount of the reversal up to amortized costs is included either as income in the case of debt instruments, or is taken to equity in the case of equity instruments.

Investments in unconsolidated subsidiaries and other companies, whose fair value cannot be reliably estimated, are measured at acquisition cost less any impairment losses.

At every statement of financial position date, the carrying amounts of financial assets not classified as at fair value through profit or loss are reviewed for objective evidence of impairment. Evidence of impairment may include for example indications that the debtor or issuer is experiencing significant financial difficulty, default or delinquency in payments, the probability that the debtor or issuer will enter bankruptcy or a considerable detrimental change in the debtor's or issuer's technological, economical, legal environment and/or market environment. In the case of equity instruments classified as available for sale, objective evidence would include significant or prolonged decrease in fair value below cost. Any impairment is recognized in profit or loss.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

m) Derivative financial instruments

Derivative instruments are used to hedge risks resulting from changes in interest rates, currency exchange rates and commodity prices. Derivative instruments are recognized at fair value, which reflects the estimated prices that OMV would pay or receive if the positions were transferred at statement of financial position date. Quotations from respective exchanges, banks or appropriate pricing models have been used to estimate the fair value of these instruments at statement of financial position date. Price calculation in these models is based on forward prices of the underlying, foreign exchange rates, counterparty credit risk as well as volatility indicators as of statement of financial position date. Unrealized gains and losses are recognized as income or expense, except where hedge accounting is applied.

Those derivatives qualifying and designated as hedges are either (i) a fair value hedge when hedging exposure to changes in the fair value of a recognized asset or liability or (ii) a cash flow hedge when hedging exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction.

In the case of fair value hedges, changes in the fair value resulting from the risk being hedged for both the underlying and the hedging instrument are recognized as income or expense.

For cash flow hedges, the effective part of the changes in fair value is recognized in other comprehensive income, while the ineffective part is recognized immediately in the income statement. Where the hedging of cash flows results in an asset or liability, the amounts that have previously been recognized in other comprehensive income are reclassified into profit and loss in the period in which the hedged position affects earnings.

Contracts to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments, as if the contracts were financial instruments, are accounted for as financial instruments. However, contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group's expected purchase, sale or usage requirements are not accounted for as derivative financial instruments, but rather as executory contracts. However, even though such contracts are not financial instruments, they may contain embedded derivatives. Embedded derivatives are accounted for separately from the host contract when the economic characteristics and risks of the embedded derivatives are not closely related to the economic characteristics and risks of the host contract.

Currently embedded derivatives exist mainly within long-term gas contracts, amongst others. These embedded derivatives are regarded as clearly and closely related to the host gas contracts because for the time being no active market for such volumes exists. Consequently these instruments are not separated from their host contracts.

n) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualified assets are capitalized until these assets are substantially ready for their intended use or sale. All other costs of borrowing are expensed in the period in which they are incurred.

o) Government grants

Government grants – except for emission rights (see Note 4.3 r) – are recognized as income or deducted from the related asset where it is reasonable to expect that the granting conditions will be met and that the grants will be received.

p) Inventories

Inventories are recognized at the lower of cost and net realizable value using the average price method for acquisition or production or the individual costs for not interchangeable goods respectively. Costs of production comprise directly attributable costs as well as fixed and variable indirect material and production overhead costs. Production-related administrative costs, the costs of company pension schemes and voluntary employee benefits are also included. In refineries, a carrying capacity approach is applied according to which the production costs are allocated to product groups on the basis of their relative market values at the end of the period.

A special accounting treatment is applied to inventories held according to compulsory stock obligations in Austria and Turkey. The additional quantities in crude oil and products held under the Austrian Oil Stockholding Act (2013) are valued using a long-term weighted average price method, applied on the basis of oil equivalents. A similar method, however on the basis of product groups, is applied in Turkey. Quantities exceeding the compulsory stocks are valued at the lower of current production or acquisition costs and the net realizable value.

q) Cash and cash equivalents

Cash and cash equivalents include cash balances, bank accounts and highly liquid short-term investments with low realization risk i.e. negligible short-term exchange and interest risks. The maximum maturity at the time of acquisition for such investments is three months.

r) Provisions

A provision is recorded when it is probable that an obligation will be settled and the settlement amount can be estimated reliably. Provisions for individual obligations are based on the best estimate of the amount necessary to settle the obligation, discounted to the present value in the case of long-term obligations.

Decommissioning and environmental obligations: The Group's core activities regularly lead to obligations related to dismantling and removal, asset retirement and soil remediation activities. These decommissioning and restoration obligations are principally of material importance in the Upstream segment (oil and gas wells, surface facilities) and in connection with filling stations on third-party property. At the time the obligation arises, it is provided for in full by recognizing the present value of future decommissioning and restoration expenses as a liability. An equivalent amount is capitalized as part of the carrying amount of long-lived assets. Any such obligation is calculated on the basis of best estimates. The capitalized asset is depreciated on a straight-line basis in Downstream and using the unit-of-production method in Upstream. The unwinding of discounting leads to interest expense and accordingly to increased obligations at each statement of financial position date until decommissioning or restoration. For other environmental risks and measures, provisions are recognized if such obligations are probable and the amount of the obligation can be estimated reliably.

Pensions and similar obligations: OMV has both defined contribution and defined benefit pension plans. In the case of defined contribution plans, OMV has no obligations beyond payment of the agreed premiums, and no provision is therefore recognized. In contrast, participants in defined benefit plans are entitled to pensions at certain levels. The risks associated with these defined benefit pension plans remain with OMV. Defined benefit pension obligations are accounted for by setting up provisions for pensions.

Provisions for pensions, severance payments and jubilee payments are calculated using the projected unit credit method, which divides the costs of the estimated benefit entitlements over the whole period of employment and thus takes future increases in remuneration into account. Actuarial gains and losses for defined benefit pension and severance payment obligations are recognized in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are not reclassified to profit or loss in subsequent periods. Actuarial gains and losses on obligations for jubilee payments are recognized in profit or loss. Net interest expense is calculated on the basis of the net defined benefit obligation and disclosed as part of the financial result. Differences between the return on plan assets and interest income on plan assets included in the net interest expense is recognized in other comprehensive income.

Provisions for voluntary and mandatory separations under restructuring programs are recognized if a detailed plan has been approved by management and communicated to those affected prior to the statement of financial position date and an irrevocable commitment is thereby established. Voluntary modifications to employees' remuneration arrangements are recognized on the basis of the expected number of employees accepting the employing company's offer. Provisions for obligations related to individual separation agreements which lead to fixed payments over a defined period of time are recognized at the present value of the obligation.

Emission allowances received free of cost from governmental authorities (EU Emissions Trading Scheme for greenhouse gas emissions allowances) reduce financial obligations related to CO₂ emissions; provisions are recognized only for shortfalls (see Note 22).

s) Non-derivative financial liabilities

Liabilities are carried at amortized cost, with the exception of derivative financial instruments, which are recognized at fair value. Long-term liabilities are discounted using the effective interest rate method.

t) Taxes on income including deferred taxes

In addition to corporate income taxes and trade earnings taxes, typical upstream taxes on net cash flows from oil and gas production like the country's/national oil company's profit share for certain EPSAs (see Note 4.3 e) are disclosed as income taxes.

Deferred taxes are recognized for temporary differences. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the statement of financial position. Tax losses carried forward are taken into account in calculating deferred tax assets. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the unused tax losses, unused tax credits and deductible temporary differences can be utilized. Where a deferred tax asset or liability arises on a business combination, that deferred tax asset or liability is calculated at the date of acquisition and affects goodwill.

Deferred tax is not recognized for

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss,
- temporary differences related to investments in subsidiaries, associates and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future, and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets and liabilities at Group level are shown net where there is a right of set-off and the taxes relate to matters subject to the same tax jurisdiction.

u) Long Term Incentive (LTI) plans, Matching Share Plan (MSP) and Strategic Incentive Plan (SIP)

Starting with 2009, LTI plans were introduced for the Executive Board, selected senior executives and selected employees with outstanding development potential. In 2013, a MSP has been introduced for the Executive Board. At each vesting date bonus shares, respectively bonuses will be granted to the participants; disbursement is made in cash or shares. In 2014, the SIP was granted to Executive Board members, selected executive managers and selected Upstream experts in the Group. It is based on virtual share grants that are paid out in cash equivalent, subject to achievement of defined performance measures, at the end of the plan period.

Fair values are determined using models which are based on the expected target achievements and the expected share prices. For cash-settled awards, provisions based on applicable fair values are built up over the vesting period, so that by the end of the vesting period the fair value of the bonus share to be granted is fully provided for. For equity-settled awards, a corresponding entry in equity is recognized for the movement in cumulative expense. For more details on the plans see note 31.

4) Restatement

The consolidated financial statements for the year 2014 as well as the half-year financial statements 2014 and 2015 of OMV Group were selected at random by the Austrian Financial Reporting Enforcement Panel (Österreichische Prüfstelle für Rechnungslegung - OePR) and were audited according to Section 2 (1) 2 of the Law on Financial Reporting Enforcement (audit without particular cause).

OMV was informed by OePR that its interpretation of IFRS 10 in combination with IFRS 13 was incorrect with regard to the partial divestment of the 45% stake in Marmara Depoluk Hizmetleri ve Ticaret Anonim Sirketi (Marmara) on June 16, 2014 which led to loss of control in this entity. At the time of loss of control the remaining stake in Marmara should have been revalued at their fair value in accordance with IFRS 10.25 (b). As a consequence a gain of EUR 23 mn should have been recognized.

Furthermore, additional impairments of goodwill, intangibles and tangible assets amounting to EUR 109 mn should have been recorded in the 2014 financial statements. These related to the goodwill arising from the Petrol Ofisi acquisition (EUR 71 mn including the effect from the revaluation of Marmara that increased the carrying amount of the Cash Generating Unit (CGU)), to Brazi power plant (EUR 20 mn) as well as to Etzel gas storage (EUR 17 mn).

The discount rates used to calculate the value in use of these CGUs did not reflect the current market assessments as of the statement of financial position date and therefore did not comply with IAS 36.55 for two reasons: market risk premium included in the discount rate was not based on the latest available data and the discount rates for Etzel and Brazi were determined on the basis of tax rates, that were distorted by exceptional non-recurring expenses.

Prior period errors are accounted for retrospectively. The Consolidated Financial Statements including comparative figures for prior periods are reported as if the prior period errors had not occurred.

The retrospective adjustment did not have any impact on the information provided in the statement of financial position at the beginning of the prior year (January 1, 2014).

The effects on the items concerned in the consolidated financial statements as of December 31, 2014 are presented in the following tables:

Consolidated income statement	EUR mn		
	Adjusted figures 2014	Previously reported 2014	Δ
Sales revenues	35,913	35,913	–
Direct selling expenses	(342)	(342)	–
Cost of sales	(32,613)	(32,504)	(109)
Gross profit	2,958	3,067	(109)
Other operating income	337	314	24
Selling expenses	(950)	(950)	–
Administrative expenses	(416)	(416)	–
Exploration expenses	(460)	(460)	–
Research and development expenses	(25)	(25)	–
Other operating expenses	(476)	(476)	–
Earnings Before Interest and Taxes (EBIT)	969	1,054	(86)
Income from equity-accounted investments	180	180	–
Dividend income	16	16	–
Interest income	33	33	–
Interest expenses	(362)	(362)	–
Other financial income and expenses	(44)	(44)	–
Net financial result	(177)	(177)	–
Profit from ordinary activities	792	878	(86)
Taxes on income	(265)	(264)	(1)
Net income for the year	527	613	(86)
thereof attributable to stockholders of the parent	278	357	(79)
thereof attributable to hybrid capital owners	38	38	–
thereof attributable to non-controlling interests	211	219	(8)
Basic Earnings Per Share (EPS) in EUR	0.85	1.09	(0.24)
Diluted Earnings Per Share (EPS) in EUR	0.85	1.09	(0.24)

	EUR mn		
	Adjusted figures 2014	Previously reported 2014	Δ
Net income for the year	527	613	(86)
Exchange differences from translation of foreign operations	309	311	(1)
Gains/(losses) on available-for-sale financial assets	0	0	—
Gains/(losses) on hedges	(42)	(42)	—
Share of other comprehensive income of equity-accounted investments	67	67	—
Total of items that may be reclassified ("recycled") subsequently to the income statement	335	337	(1)
Remeasurement gains/(losses) on defined benefit plans	(145)	(145)	—
Share of other comprehensive income of equity-accounted investments	(22)	(22)	—
Total of items that will not be reclassified ("recycled") subsequently to the income statement	(167)	(167)	—
Income taxes relating to items that may be reclassified ("recycled") subsequently to the income statement	3	3	—
Income taxes relating to items that will not be reclassified ("recycled") subsequently to the income statement	(56)	(56)	—
Total income taxes relating to components of other comprehensive income	(52)	(52)	—
Other comprehensive income for the year, net of tax	116	117	(1)
Total comprehensive income for the year	643	730	(88)
thereof attributable to stockholders of the parent	406	486	(80)
thereof attributable to hybrid capital owners	38	38	—
thereof attributable to non-controlling interests	199	207	(8)

Summarized consolidated statement of financial position

EUR mn

	Adjusted figures Dec. 31, 2014	Previously reported Dec. 31, 2014	Δ
Intangible assets	3,453	3,528	(74)
Property, plant and equipment	18,488	18,500	(12)
Equity-accounted investments	2,131	2,131	—
Other financial assets	816	816	—
Other assets	117	117	—
Deferred taxes	459	456	3
Non-current assets	25,464	25,548	(83)
Current assets	8,298	8,298	—
Assets held for sale	93	93	—
Total assets	33,855	33,938	(83)
OMV equity of the parent	11,591	11,670	(80)
Non-controlling interests	2,924	2,932	(8)
Total equity	14,514	14,602	(88)
Non-current liabilities excl. Deferred taxes	9,877	9,877	—
Deferred taxes	572	568	4
Non-current liabilities	10,449	10,445	4
Current liabilities	8,863	8,863	—
Liabilities associated with assets held for sale	29	29	—
Total equity and liabilities	33,855	33,938	(83)

	EUR mn		
	Adjusted figures 2014	Previously reported 2014	Δ
Net income for the period	527	613	(86)
Depreciation and amortization including write-ups	3,165	3,056	109
Deferred taxes	(250)	(251)	1
Losses/(gains) on the disposal of non-current assets	6	6	—
Net change in long-term provisions	(14)	(14)	—
Other adjustments	(173)	(150)	(24)
	3,262	3,262	—
(Increase)/decrease in inventories	271	271	—
(Increase)/decrease in receivables	184	184	—
(Decrease)/increase in liabilities	(135)	(135)	—
(Decrease)/increase in short-term provisions	85	85	—
Net cash from operating activities	3,666	3,666	—
Investments			
Intangible assets and property, plant and equipment	(3,834)	(3,834)	—
Investments, loans and other financial assets	(76)	(76)	—
Disposals			
Proceeds from sale of non-current assets	175	175	—
Proceeds from the sale of subsidiaries and businesses, net of cash disposed	341	341	—
Cash flow from investing activities	(3,394)	(3,394)	—
Cash flow from financing activities	(342)	(342)	—
Effect of exchange rate changes on cash and cash equivalents	14	14	—
Net increase/(decrease) in cash and cash equivalents	(56)	(56)	—
Cash and cash equivalents at beginning of period	705	705	—
Cash and cash equivalents at end of period	649	649	—

Monetary foreign currency balances are measured at closing rates, and exchange gains and losses accrued at statement of financial position date are recognized in the income statement.

The financial statements of Group companies with functional currencies different from the Group's presentation currency are translated using the closing rate method. Differences arising from statement of financial position items translated at closing rates are disclosed in other comprehensive income. Income statement items are translated at average rates for the period (mean rates). The use of average rates for the income statement creates additional differences compared to the application of the closing rates in the statement of financial position which are directly adjusted in other comprehensive income.

The main rates applied in translating currencies to EUR were as follows:

Foreign currency translation

	Statement of financial position date	2015 Average	Statement of financial position date	2014 Average
Australian dollar (AUD)	1.490	1.478	1.483	1.472
Bulgarian lev (BGN)	1.956	1.956	1.956	1.956
Romanian leu (RON)	4.524	4.445	4.483	4.444
New Zealand dollar (NZD)	1.592	1.593	1.553	1.600
Norwegian krone (NOK)	9.603	8.950	9.042	8.354
Czech crown (CZK)	27.023	27.279	27.735	27.536
Turkish lira (TRY)	3.177	3.026	2.832	2.907
Hungarian forint (HUF)	315.980	309.996	315.540	308.706
US dollar (USD)	1.089	1.110	1.214	1.329

Notes to the income statement

6 Total cost information

The positions of the income statement contain the following **personnel expenses**:

Personnel expenses	EUR mn	
	2015	2014
Wages and salaries	1,038	1,075
Costs of defined benefit plans	11	9
Costs of defined contribution plans (pension fund contributions)	27	25
Net expenses for personnel reduction schemes	38	46
Other employee benefits	147	143
Total	1,260	1,298

The total expenses for pensions included in the costs of defined benefit plans, costs of defined contribution plans and net expenses for personnel reduction schemes amounted to EUR 43 mn (2014: EUR 47 mn).

Depreciation, amortization and impairment losses of intangible assets and property, plant and equipment consisted of:

Depreciation, amortization and impairment losses	EUR mn	
	2015	2014
Depreciation and amortization	2,147	1,963
Impairment losses	3,010	1,204
Total	5,157	3,167

Details on the impairment tests performed and impairment losses recognized in 2015 and 2014 can be found in Note 2. Additionally, in 2015 there were impairments related to unsuccessful exploration wells mainly in Romania (EUR 92 mn), Norway (EUR 29 mn), Tunisia (EUR 15 mn) and Pakistan (EUR 13 mn) and impairments due to unsuccessful workovers and obsolete or replaced assets in Romania (EUR 93 mn).

Additionally, in 2014 there were impairments related to unsuccessful exploration wells in New Zealand (EUR 81 mn), the Faroe Islands (EUR 48 mn), in Gabon (EUR 44 mn), Norway (EUR 27 mn), Romania (EUR 14 mn), a write-off of an exploration license in Tunisia (EUR 23 mn), and impairments due to unsuccessful workovers and obsolete or replaced assets in Romania (EUR 102 mn).

In the consolidated income statement, the impairment losses are disclosed as follows:

Disclosure of impairment losses	2015	2014
Cost of sales	2,546	890
Exploration expenses	456	259
Selling and administration expenses	3	43
Other operating expenses	5	13

7 Other operating income

Other operating income	EUR mn	
	2015	2014
Other operating income	392	337
[thereof gains on the disposal and write-up of tangible and intangible fixed assets]	[51]	[27]
[thereof exchange gains from operating activities]	[106]	[103]

In 2015, **other operating income** included gains related to insurance reimbursements resulting from a damage claim in New Zealand in the amount of EUR 44 mn and the positive outcome of a litigation dispute during 2015 in OMV Petrom SA of EUR 25 mn.

In 2014, other operating income included gains related to the transfer of the business dedicated to the operation and maintenance services of the TAG Pipeline to Trans Austria Gasleitung GmbH amounting to EUR 13 mn and to the partial disposal of the stake held in Marmara Depoculuk Hizmetleri Anonim Şirketi in the amount of EUR 37 mn.

Other operating expenses	EUR mn	
	2015	2014
Other operating expenses	413	476
[thereof expenses on disposals of tangible and intangible fixed assets]	[38]	[30]
[thereof exchange losses from operating activities]	[136]	[108]
[thereof personnel reduction schemes]	[34]	[46]

8 Other operating expenses

In 2015, **other operating expenses** included bad debt provisions of EUR 20 mn for receivables from two Romanian customers within the Downstream Gas business.

In 2014, negative effects resulting from the sale of Bayernoil and its related business activities of EUR 37 mn were part of other operating expenses.

Income from equity-accounted investments included income of EUR 369 mn (2014: EUR 209 mn) and expenses of EUR 24 mn (2014: EUR 29 mn).

9 Net financial result

Interest income	EUR mn	
	2015	2014
Interest income from available-for-sale financial instruments	1	3
Interest income from loans, receivables and cash deposits	37	19
Interest income on discounted receivables	10	11
Other interest income	41	0
Interest income	89	33

Interest income from loans and receivables contained EUR 0.3 mn (2014: EUR 0.5 mn) income from already impaired receivables.

Interest income on discounted receivables is mainly related to the unwinding of receivables from the Romanian State related to decommissioning and environmental provisions. **Other interest income** is mainly related to the positive outcome of a litigation dispute in OMV Petrom SA during 2015.

Interest expenses	EUR mn	
	2015	2014
Interest expenses on financial liabilities measured at amortized cost	143	169
Interest expenses component of provisions	152	134
Interest expenses non-financial liabilities	8	59
Interest expenses	304	362

The **interest expenses component of provisions** contained accrued interest on pension provisions and severance of EUR 22 mn (2014: EUR 29 mn) and interest accrued on provisions for jubilee payments, personnel reduction

plans and other employee benefits of EUR 4 mn (2014: EUR 5 mn). The interest expenses on pension provisions were netted against interest income on pension plan assets amounting to EUR 11 mn (2014: EUR 17 mn).

The position also contained the interest component on the provision for decommissioning and restoration obligations in an amount of EUR 85 mn (2014: EUR 83 mn).

Interest expenses on non-financial liabilities in 2014 were mainly related to late payment interest charges following a tax review of the years 2009 and 2010 of OMV Petrom SA.

	EUR mn	
	2015	2014
Other financial income and expense		
Net foreign exchange gain/(loss)	(27)	16
Financing charges for factoring and securitization	(32)	(40)
Other	(12)	(19)
Other financial income and expense	(70)	(44)

The position **Other** mainly consisted of other financing costs, primarily related to bank charges of EUR 22 mn (2014: EUR 21 mn), partially compensated by a gain on disposal of financial assets of EUR 11 mn (2014: loss of EUR 1 mn).

In 2015, interest on borrowings amounting to EUR 25 mn (2014: EUR 18 mn) was capitalized, using an average interest rate of 1.3% (2014: 1.2%) applied to the carrying value of qualifying assets and was mainly related to the development of oil and gas assets in Norway and the United Kingdom.

10 Taxes on income

In 2015, total tax income recognized in the income statement amounted to EUR 654 mn (2014: expenses of EUR 265 mn), thereof EUR 133 mn current tax expenses (2014: expenses of EUR 515 mn) and EUR 787 mn deferred tax income (2014: income of EUR 250 mn). Current tax expenses included tax income related to previous years of EUR 83 mn (2014: income of EUR 68 mn). Deferred tax income in 2015 was significantly impacted by impairments of assets in the Upstream business.

The reconciliation of deferred taxes was as follows:

Changes in deferred taxes	EUR mn	
	2015	2014
Deferred taxes January 1	(113)	(272)
Deferred taxes December 31 ¹	622	(113)
Changes in deferred taxes	735	159
Deferred taxes accounted for in other comprehensive income	35	47
Changes in consolidated Group, exchange differences	17	43
Deferred taxes per income statement	787	250
The deferred taxes per income statement comprise the following elements:		
Change in tax rate	26	9
Release of and allocation to valuation allowance for deferred taxes	(753)	(530)
Adjustments within loss carryforwards (not recognized in prior years, expired loss carryforwards and other adjustments)	(56)	(19)
Reversal of temporary differences, including additions to and use of loss carryforwards	1,570	790

¹ Including deferred taxes reclassified to assets or liabilities associated with assets held for sale of EUR 1 mn (2014: EUR nil)

Taxes on income accounted for in other comprehensive income totaled EUR 41 mn (2014: EUR 52 mn), thereof EUR 35 mn deferred taxes (2014: EUR 47 mn) and EUR 6 mn current taxes (2014: EUR 5 mn).

In 2015, tax loss carryforwards of EUR 169 mn (2014: EUR 41 mn) were used. The corresponding deferred tax impact amounted to EUR 44 mn (2014: EUR 11 mn).

OMV Aktiengesellschaft forms a **tax group** in accordance with section 9 of the Austrian Corporate Income Tax Act 1988 (KStG), which aggregates the taxable profits and losses of all the Group's main subsidiaries in Austria and possibly arising losses of some foreign subsidiaries (OMV AUSTRALIA PTY LTD., OMV (U.K.) Ltd. and OMV Slovensko s.r.o.).

Investment income from domestic subsidiaries is in general exempt from taxation in Austria. Dividends from EU- and EEA-participations as well as from subsidiaries whose residence state has a comprehensive administrative assistance agreement with Austria are exempt from taxation in Austria if certain conditions are fulfilled. Dividends from other foreign investments that are comparable to Austrian corporations, for which the Group holds a 10% investment share or more for a minimum period of one year, are also excluded from taxation at the level of the Austrian parent company.

In 2015 as well as in the previous year, a **valuation allowance for deferred tax assets for the Austrian tax group** was recognized. Hence deferred tax assets of the Austrian tax group were only recognized to the extent that it is probable that taxable profit will be available in the foreseeable future against which the deductible temporary differences can be utilized. The valuation allowance was reported as deferred tax expense in the income statement, except to the extent that the deferred tax assets arose from transactions or events which were recognized outside profit or loss, i.e. in other comprehensive income or directly in equity.

The **effective tax rate** is the ratio of income tax expense to profit from ordinary activities – to the extent that the tax expense is attributable to profit from ordinary activities. The table hereafter reconciles the effective tax rate and the standard Austrian corporate income tax rate of 25% showing the major differences. In contrast to 2014, there was a loss from ordinary activities in 2015 which led to opposite signs in the table.

Tax rates	%	
	2015	2014
Austrian corporate income tax rate	25.0	25.0
Tax effect of:		
Differing foreign tax rates	26.7	11.0
Non-deductible expenses	(24.0)	33.5
Non-taxable income	14.5	(29.1)
Change in tax rate	1.4	(1.1)
Permanent effects within tax loss carryforwards	(0.4)	0.2
Tax write-downs on investments at parent company level	25.9	(65.5)
Change in valuation allowance for deferred taxes	(39.4)	66.9
Taxes related to previous years	3.7	(8.5)
Other	0.9	1.0
Effective Group income tax rate	34.3	33.4

Non-deductible expenses in 2015 mainly comprised permanent effects related to impairments of assets in the Upstream business, covering both assets under production and development as well as exploration assets. Non-deductible expenses in 2014 mainly contained permanent effects in depreciation, depletion and amortization from acquisitions and goodwill impairments.

Non-taxable income in 2015 and 2014 was predominantly attributable to tax incentives in Norway and the United Kingdom as well as to the result contribution from equity-accounted investments.

In 2015, the position **tax write-downs on investments at parent company level** primarily contained tax deductible impairments of participations in Upstream companies as well as in OMV Petrol Ofisi A.Ş., in OMV Petrol Ofisi Holding Anonim Şirketi and in OMV Samsun Elektrik Üretim Sanayi ve Ticaret A.Ş. In 2014, tax write-downs on investments at parent company level were mainly a result from tax deductible impairments of participations in OMV Petrol Ofisi A.Ş. and OMV Petrom SA. According to Austrian Corporate Tax Law the tax relief may only be claimed in installments over seven years.

In 2015 as well as in 2014, the **changes in valuation allowance for deferred taxes** were significantly impacted by the valuation allowance recognized for the Austrian tax group.

11 Earnings Per Share

Earnings Per Share (EPS)						
	2015			2014		
	Earnings attributable to stockholders of the parent in EUR mn	Weighted average number of shares outstanding	EPS in EUR	Earnings attributable to stockholders of the parent in EUR mn	Weighted average number of shares outstanding	EPS in EUR
Basic	(1,100)	326,333,966	(3.37)	278	326,251,752	0.85
Diluted	(1,100)	326,637,889	(3.37)	278	327,272,727	0.85

The calculation of diluted Earnings Per Share takes into account the weighted average number of ordinary shares in issue following the conversion of all potentially diluting ordinary shares. This includes 303,923 (2014: 1,071,907) contingently issuable bonus shares related to the Long Term Incentive and Matching Share Plans.

Notes to the statement of financial position

12 Intangible assets

Intangible assets	EUR mn				
2015	Concessions, software, licenses, rights	Oil and gas assets with unproved reserves	Goodwill	Payments in advance	Total
Costs of acquisition and production					
January 1, 2015	1,793	2,531	1,078	—	5,402
Exchange differences	(121)	111	1	—	(9)
Changes in consolidated Group	—	—	—	—	—
Additions	211	422	—	—	633
Internally generated additions	—	3	—	—	3
Transfers	1	(54)	—	—	(52)
Assets held for sale	(10)	0	—	—	(10)
Disposals	(28)	(181)	(67)	0	(276)
December 31, 2015	1,846	2,832	1,012	0	5,690
Development of amortization					
January 1, 2015	973	633	343	—	1,949
Exchange differences	(47)	31	—	—	(16)
Changes in consolidated Group	—	—	—	—	—
Amortization	157	—	—	—	157
Impairments	53	456	67	—	576
Transfers	(13)	—	—	—	(13)
Assets held for sale	(7)	—	—	—	(7)
Disposals	(7)	(157)	(67)	0	(230)
Write-ups	0	(2)	—	—	(2)
December 31, 2015	1,110	962	343	0	2,415
Carrying amount January 1, 2015	820	1,898	735	—	3,453
Carrying amount December 31, 2015	736	1,870	669	—	3,275
2014					
Costs of acquisition and production					
January 1, 2014	1,656	1,981	1,086	8	4,731
Exchange differences	41	126	70	0	237
Changes in consolidated Group	0	—	—	—	0
Additions	84	662	—	1	747
Internally generated additions	—	5	—	—	5
Transfers	24	(110)	—	(5)	(92)
Assets held for sale	0	(52)	—	—	(52)
Disposals	(12)	(81)	(79)	(4)	(176)
December 31, 2014	1,793	2,531	1,078	0	5,402
Development of amortization					
January 1, 2014	788	346	—	—	1,134
Exchange differences	11	37	8	—	56
Changes in consolidated Group	0	—	—	—	0
Amortization	160	0	—	—	160
Impairments	22	259	413	0	694
Transfers	1	0	—	—	1
Assets held for sale	0	—	—	—	0
Disposals	(9)	(9)	(79)	0	(97)
Write-ups	—	0	—	—	0
December 31, 2014	973	633	343	—	1,949
Carrying amount January 1, 2014	868	1,635	1,086	8	3,597
Carrying amount December 31, 2014	820	1,898	735	0	3,453

At December 31, 2015, the concessions, software, licenses, rights position included EUR 94 mn related to the Petrol Ofisi brand (2014: EUR 105 mn) and EUR 263 mn customer related intangible assets (2014: EUR 316 mn) coming from OMV Petrol Ofisi A.Ş. acquisition in 2010.

As at the statement of financial position date, there were contractual obligations for the acquisition of intangible assets amounting to EUR 859 mn (2014: EUR 974 mn).

Intangible assets with a total carrying amount of EUR 3 mn (2014: EUR 52 mn) were transferred to assets held for sale. For details please see Note 19, Assets and liabilities held for sale.

At the statement of financial position date there are no intangible assets whose title is restricted or which are pledged as security for liabilities.

Exploration for and evaluation of oil and natural gas resources

The following financial information represents the amounts included within the Group totals relating to exploration for and evaluation of oil and natural gas resources. All such activity is recorded within the Upstream segment.

Exploration for and evaluation of mineral resources	EUR mn	
	2015	2014
Exploration write-off (impairments)	456	259
Other exploration costs	251	200
Exploration expenses	707	460
Total assets – exploration and appraisal expenditure incl. acquisition of unproved reserves	1,870	1,898
Net cash used in operating activities	187	218
Net cash used in investing activities	427	594

Goodwill acquired through business combinations has been allocated to the following CGUs and groups of CGUs, for impairment testing:

Goodwill allocation	EUR mn	
	2015	2014
Northwest Europe, Africa and Australasia	365	327
Middle East and Caspian	–	72
Goodwill allocated to Upstream	365	399
Downstream Gas Austria	38	38
Refining West	60	68
Downstream Oil Turkey	199	224
Retail Slovakia	7	7
Goodwill allocated to Downstream	304	336
Total	669	735

Property, plant and equipment
EUR mn
13 Property, plant and equipment

	Land, land rights and buildings, including buildings on third-party property	Oil and gas assets	Plant and machinery	Other fixtures, fittings and equipment	Assets under construction	Payments in advance	Total
Costs of acquisition and construction							
January 1, 2015	2,999	19,473	8,358	2,147	558	0	33,534
Exchange differences	(38)	318	(63)	(41)	2	0	179
Changes in consolidated Group							
Group	—	—	—	—	—	—	—
Additions	23	2,107	139	86	200	—	2,555
Transfers	17	18	294	76	(352)	—	52
Assets held for sale	(61)	(152)	(71)	(8)	—	—	(293)
Disposals	(47)	(257)	(49)	(63)	(31)	0	(447)
December 31, 2015	2,892	21,507	8,607	2,198	376	0	35,580
Development of depreciation							
January 1, 2015	1,361	7,681	4,552	1,402	51	0	15,047
Exchange differences	(3)	225	(15)	(15)	0	0	192
Changes in consolidated Group							
Group	—	—	—	—	—	—	—
Depreciation	92	1,404	363	131	—	—	1,990
Impairments	30	2,154	218	7	25	—	2,434
Transfers	(4)	1	13	3	0	—	13
Assets held for sale	(48)	(152)	(55)	(7)	—	—	(263)
Disposals	(7)	(119)	(61)	(53)	(28)	0	(268)
Write-ups	(1)	(1)	0	0	(2)	—	(4)
December 31, 2015	1,420	11,193	5,014	1,468	46	0	19,140
Carrying amount							
January 1, 2015	1,638	11,792	3,806	745	507	0	18,488
Carrying amount							
December 31, 2015	1,473	10,314	3,593	730	330	0	16,440

Property, plant and equipment							EUR mn
	Land, land rights and buildings, including buildings on third-party property	Oil and gas assets	Plant and machinery	Other fixtures, fittings and equipment	Assets under construction	Payments in advance	Total
Costs of acquisition and construction							
January 1, 2014	2,963	16,434	7,851	2,053	520	25	29,846
Exchange differences	(2)	478	18	17	5	0	515
Changes in consolidated Group							
	0	0	0	(4)	0	0	(4)
Additions	33	2,820	432	75	292	22	3,673
Transfers	61	116	127	57	(251)	(18)	92
Assets held for sale	(3)	(62)	0	0	(2)	—	(68)
Disposals	(53)	(312)	(70)	(51)	(5)	(29)	(520)
December 31, 2014	2,999	19,473	8,358	2,147	558	0	33,534
Development of depreciation							
January 1, 2014	1,260	6,136	4,067	1,304	28	0	12,796
Exchange differences	(8)	342	(2)	4	0	0	336
Changes in consolidated Group							
	0	0	0	(5)	0	—	(5)
Depreciation	97	1,222	350	134	—	—	1,802
Impairments	36	238	204	5	27	—	511
Transfers	(1)	0	(5)	5	0	—	(1)
Assets held for sale	(2)	(53)	0	0	(1)	0	(56)
Disposals	(21)	(204)	(61)	(46)	(2)	0	(335)
Write-ups	0	0	(1)	0	0	—	(2)
December 31, 2014	1,361	7,681	4,552	1,402	51	0	15,047
Carrying amount							
January 1, 2014	1,703	10,298	3,784	749	492	25	17,051
Carrying amount							
December 31, 2014	1,638	11,792	3,806	745	507	0	18,488

Land, land rights and buildings, including buildings on third-party property include land in the amount of EUR 641 mn (2014: EUR 692 mn).

Property, plant and equipment with a total carrying amount of EUR 33 mn (2014: EUR 13 mn) was transferred to **assets held for sale**. Assets with a total carrying amount of EUR 3 mn (2014: EUR nil) were reinstated in property, plant and equipment. For details please see Note 19, Assets and liabilities held for sale.

For details on impairments please see Note 6, Total cost information.

At December 31, 2015, there were contractual obligations for the acquisition of property, plant and equipment amounting to EUR 1,049 mn (2014: EUR 1,412 mn).

At the statement of financial position date there was no property, plant and equipment whose title was restricted or which was pledged as security for liabilities.

Finance leases

Finance lease assets were mainly related to gas caverns in Germany, land and filling stations in Austria, Germany, Slovakia and the Czech Republic, gas equipment at filling stations, a hydrogen plant at Petrobrazi refinery in Romania as well as power generators in Upstream Romania.

Lease and rental agreements	EUR mn					
	Acquisition cost	Accumulated depreciation	2015 Carrying amount	Acquisition cost	Accumulated depreciation	2014 Carrying amount
Land, land rights and buildings, including buildings on third-party property	39	21	18	41	20	21
Oil and gas assets	12	5	7	12	4	7
Plant and machinery	276	157	119	278	98	180
Other fixtures, fittings and equipment	4	3	1	22	17	5
Total	331	185	146	352	139	213

In 2015, contingent lease payments under finance lease agreements amounted to EUR 6 mn (2014: EUR 6 mn).

Commitments under existing finance leases as of December 31	EUR mn					
	≤1 year	1–5 years	2015 >5 years	≤1 year	1–5 years	2014 >5 years
Total future minimum lease commitments	31	109	449	34	112	470
[thereof interest component]	[20]	[67]	[213]	[20]	[69]	[227]
Present value of minimum lease payments	12	42	236	14	43	243

Operating leases

OMV also makes use of operating leases, mainly for filling station sites, office buildings, IT equipment and vehicle fleets. In 2015, these expenses amounted to EUR 129 mn (2014: EUR 128 mn). There are options to renew the leases for some of the leased filling station sites.

Future minimum lease payments under non-cancellable operating leases	EUR mn	
	2015	2014
Payable within 1 year	82	76
Payable between 1 and 5 years	194	186
Payable after more than 5 years	205	234
Total future minimum lease commitments	482	496

**14 Equity-
 accounted
 investments**

As per IAS 28, an associate is an entity over which an investor has a significant influence. This is normally presumed to exist when the investor has 20% or more of the voting power of the entity.

According to the contractual agreement between OMV and Pearl Petroleum Company Limited (Pearl), OMV has significant influence within the meaning of IAS 28, as unanimous consent is required for some strategic decisions; therefore Pearl is accounted for using the equity method although OMV's share is just 10%.

OMV holds 55.6% of Erdöl-Lagergesellschaft m.b.H (ELG), which is holding the major part of the emergency stock of crude and petroleum products in Austria. In spite of holding the majority of voting rights in the general assembly, OMV does not have control over ELG. The significant decisions on the financial and operating policies are delegated to the standing shareholder's committee in which a quorum of two thirds of the share capital is required for decisions.

As per IFRS 11 a joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets of the arrangement.

Trans Austria Gasleitung GmbH is classified as a joint venture according to IFRS 11, as unanimous consent of the parties is required for decisions about relevant activities of the company. Furthermore, based on the legal structure, OMV has rights to the net assets of Trans Austria Gasleitung GmbH.

Material associates

OMV has a 36% (2014: 36%) interest in Borealis AG, a provider of innovative solutions in the fields of polyolefins, base chemicals and fertilizers. The company is incorporated in Vienna, Austria and operates on a global level.

Furthermore OMV has 10% (2014: 10%) of Pearl Petroleum Company Limited, registered in Road Town, British Virgin Islands, which is involved in exploration and production of hydrocarbons in the Kurdistan Region of Iraq.

Both companies are not listed on public exchanges thus quoted market prices do not exist.

The tables below contain summarized financial information for the material associates:

Statement of comprehensive income	EUR mn			
	2015		2014	
	Borealis	Pearl	Borealis	Pearl
Revenue	7,700	322	8,365	466
Profit from continuing operations	988	(233)	570	(281)
Other comprehensive income	298	—	126	—
Total comprehensive income	1,286	(233)	696	(281)
Group's share	463	(23)	251	(28)
Dividends received	36	—	25	—

Statement of financial position

EUR mn

	2015		2014	
	Borealis	Pearl	Borealis	Pearl
Current assets	2,524	1,950	2,271	1,679
Non-current assets	6,737	630	6,082	568
Current liabilities	1,486	80	1,540	80
Non-current liabilities	2,078	211	2,302	205
Equity	5,697	2,289	4,511	1,962
Group's share	2,051	229	1,624	196
Goodwill	30	—	30	—
Other adjustments	(5)	81	(4)	103
Group's carrying amount of investment	2,076	310	1,649	299

Carrying amount reconciliation

EUR mn

	2015		2014	
	Borealis	Pearl	Borealis	Pearl
January 1	1,649	299	1,427	290
Exchange differences	—	34	—	37
Net income	356	(23)	205	(28)
Other comprehensive income	107	—	45	—
Dividends and elimination of intercompany profits	(37)	—	(28)	—
December 31	2,076	310	1,649	299

There are no unrecognized shares of losses for the material associates of OMV.

Contingent liabilities

On December, 30, 2015, Borealis Polymers Oy (BPOY), a Finnish subsidiary of Borealis AG (BAG), received a reassessment decision by the Finnish Tax Authority (FTA) regarding the year 2009. Based on this re-assessment decision the taxable income of BPOY has been increased by an amount of EUR 364 mn; leading to an additional requested payment of EUR 153 mn (EUR 95 mn as additional taxable income, EUR 58 mn for penalties and interests).

The re-assessment decision relates to a license arrangement and other agreements entered into between BPOY and BAG in connection with the conclusion of a toll manufacturing agreement, whereby BPOY's contractual status was amended from that of a full-risk manufacturer to one of a toll manufacturer. The purpose of the toll manufacturing agreement was to align the contractual allocation of risks and responsibilities between BPOY and BAG with the commercial reality of a centralized group management structure of the Borealis group that had gradually evolved over the years.

Borealis filed the appeal to the re-assessment decision to the Board of Adjustment in February 2016.

The management of Borealis believes that the FTA's decision is unjustified and is confident that the decision of the FTA will be reversed in one of the next phases of the proceeding.

On December 29, 2014, the management of Borealis Technology Oy (TOY), a Finnish subsidiary of BAG, which owns intellectual property (IP) for both polyolefin and catalyst technologies, has received a re-assessment decision by the FTA regarding polyolefin IP.

Based on this re-assessment the taxable income of TOY in the year 2008 has been increased by an amount of EUR 700 mn. This leads to a requested additional total payment of EUR 282 mn, comprising taxes, late payment interest and penalties.

On June 9, 2015, TOY received from the FTA a second re-assessment decision requesting TOY to pay an additional amount of EUR 125 mn in taxes, penalties and interest regarding catalyst IP. The claimed amount is based on an additional taxable income in the year 2010 of EUR 340 mn.

Borealis believes both decisions are unfounded and has filed claims both for the re-assessment decision concerning the year 2008 (on February, 27, 2015) and for the decision concerning the year 2010 (on November, 13, 2015).

All payment obligations have been suspended pending all above mentioned appeals.

Individually immaterial associates and joint ventures

Financial information for the individually immaterial associates and joint ventures is presented in the tables below:

Statement of comprehensive income for individually immaterial associates and joint ventures – Group's share

	EUR mn			
	Associates	2015 Joint ventures	Associates	2014 Joint ventures
Revenue	446	33	517	8
Profit from continuing operations	7	6	2	1
Total comprehensive income	7	6	2	1

Carrying amount reconciliation for individually immaterial associates and joint ventures

	EUR mn			
	Associates	2015 Joint ventures	Associates	2014 Joint ventures
January 1	126	57	136	—
Exchange differences	(4)	—	3	—
Changes in consolidated Group	—	0	—	56
Net income	7	6	2	1
Other comprehensive income	(4)	0	0	—
Disposals and other changes	(2)	—	(13)	—
Dividends and elimination of intercompany profits	0	(9)	(2)	—
December 31	123	53	126	57

Disposals and other changes consisted in 2014 mainly of the sale of Congaz SA.

In 2014 OMV had commitments amounting to EUR 8 mn towards Trans Austria Gasleitung GmbH consisting mainly of an undrawn loan facility (2015: EUR nil).

There are no other unrecognized commitments for the individually immaterial associates and joint ventures.

15 Inventories

Inventories at December 31 were as follows:

Inventories	EUR mn	
	2015	2014
Crude oil	523	560
Natural gas	205	320
Other raw materials	231	242
Work in progress: Petroleum products	114	98
Other work in progress	2	1
Finished petroleum products	768	976
Other finished products	31	33
Total	1,873	2,231

The write-down of inventories recognized as an expense during the period amounted to EUR 104 mn (2014: EUR 77 mn) and was mainly related to the significant decline in oil and gas prices at year end.

Cost of materials and goods purchased for resale recognized as an expense during 2015 amounted to EUR 13,646 mn (2014: EUR 26,039 mn).

16 Trade receivables

Trade receivables (carrying amounts)	EUR mn	
	2015	2014
Receivables from equity-accounted companies	26	18
Receivables from other companies	2,542	3,024
Total	2,567	3,042

The carrying amounts of trade receivables approximate their fair values.

Valuation allowances for trade receivables	EUR mn	
	2015	2014
January 1	95	101
Additions/(releases)	27	(3)
Disposals	(6)	(5)
Foreign exchange rate differences and changes in consolidated Group	(2)	1
December 31	114	95

Carrying amount of impaired trade receivables	EUR mn	
	2015	2014
Before impairments	140	123
Net of impairments	26	28

The aging of past due but not impaired trade receivables was as follows:

Carrying amounts of trade receivables past due but not impaired	EUR mn	
	2015	2014
Up to 60 days overdue	57	115
61 to 120 days overdue	1	11
More than 120 days overdue	6	23
Total	64	149

No negative information has been received regarding the credit quality of financial assets that are not impaired and not past due.

17 Other financial assets

The carrying amount of **other financial assets** was as follows:

Other financial assets	EUR mn					
	Valued at fair value through profit or loss	Valued at fair value through other comprehensive income	Valued at amortized cost	Total carrying amount	[thereof short-term]	[thereof long-term]
December 31, 2015						
Investments in other companies	—	—	44	44	[—]	[44]
Investment funds ¹	—	7	—	7	[—]	[7]
Bonds	—	97	—	97	[62]	[35]
Derivatives designated and effective as hedging instruments	—	165	—	165	[164]	[1]
Other derivatives	1,626	—	—	1,626	[1,558]	[67]
Loans	—	—	25	25	[3]	[22]
Other receivables from equity-accounted investments	—	—	5	5	[5]	[—]
Other sundry receivables	—	—	1,122	1,122	[454]	[669]
Total	1,626	269	1,196	3,091	[2,245]	[846]
December 31, 2014						
Investments in other companies	—	—	45	45	[—]	[45]
Investment funds ¹	—	7	—	7	[—]	[7]
Bonds	—	79	—	79	[65]	[14]
Derivatives designated and effective as hedging instruments	1	183	—	184	[149]	[35]
Other derivatives	1,013	—	—	1,013	[907]	[106]
Loans	—	—	62	62	[29]	[33]
Other receivables from equity-accounted investments	—	—	5	5	[5]	[—]
Other sundry receivables	—	—	1,203	1,203	[627]	[576]
Total	1,014	270	1,314	2,598	[1,782]	[816]

¹ Credit lines for "Abwasserverband Schwechat" are secured by pledged financial instruments (A&P investment fund) amounting to EUR 2 mn (2014: EUR 2 mn)

With the exception of investments in other companies valued at cost, for which no reliable estimates of their fair values can be made, the carrying amounts are the fair values.

The carrying amount of other financial assets at fair value through profit or loss as at December 31, 2015, was EUR 1,626 mn (2014: EUR 1,013 mn). These consist exclusively of financial assets held for trading. The carrying amount of available-for-sale financial assets at December 31, 2015 was EUR 149 mn (2014: EUR 131 mn).

Loans include shareholder loans to equity-accounted investments, for which more details are provided in Note 36.

Other sundry receivables include a claim amounting to EUR 568 mn (2014: EUR 527 mn) against the Romanian State related to obligations for decommissioning and restoration costs in OMV Petrom SA. The receivables consist of EUR 53 mn (2014: EUR 62 mn) for costs relating to environmental cleanup and EUR 515 mn (2014: EUR 465 mn) for costs relating to decommissioning.

Amortized costs of securities	EUR mn	
	2015	2014
Investments in other companies	44	45
Investment funds	6	6
Bonds	97	79

Valuation allowances for other financial receivables ¹	EUR mn	
	2015	2014
January 1	179	172
Additions/(releases)	12	1
Disposals	(1)	(1)
Foreign exchange rate differences	5	7
December 31	196	179

¹ Related to other sundry receivables included in item other financial assets

Carrying amount of impaired other financial receivables	EUR mn	
	2015	2014
Before impairments	210	191
Net of impairments	14	11

The aging of other past due but not impaired financial receivables was as follows:

Carrying amount of other financial receivables past due but not impaired	EUR mn	
	2015	2014
Up to 60 days overdue	7	5
61 to 120 days overdue	6	2
More than 120 days overdue	17	40
Total	29	48

18 Other assets

Other assets	EUR mn			
	2015		2014	
	Short-term	Long-term	Short-term	Long-term
Prepaid expenses	57	20	115	20
Advanced payments on fixed assets	78	0	31	—
Other payments on account	54	0	158	0
Receivables other taxes / social securities	87	52	114	45
Other non-financial assets	98	9	96	52
Other assets	374	81	514	117

19 Assets and liabilities held for sale

In 2015, the main parts of assets held for sale and liabilities associated with assets held for sale consisted of cushion gas and a wind park in Downstream Gas as well as Upstream assets in the United Kingdom. The position also includes filling stations in Czech Republic and other non-core assets within Downstream Oil.

For the retail assets in Czech Republic, cushion gas in Austria and a wind park in Romania an impairment loss of EUR 34 mn was recognized prior to their reclassification to assets and liabilities held for sales. With regard to fair value hierarchy, the basis for the impairment recognized was the agreed selling price for the Czech filling stations (Level 2), quoted market prices for the cushion gas (Level 2) and market price indications received for the wind park (Level 2).

As of December 31, 2015, the Management expects that these transactions will be largely closed within the following twelve months.

In 2014, the main parts of assets held for sale and liabilities associated with assets held for sales consisted of the Upstream assets in the Kurdistan Region of Iraq and the 5% stake held in Gate Terminal c.v. The position also included Upstream assets in the United Kingdom and some filling stations together with other non-core assets in Downstream. The transactions were closed during 2015.

Assets and liabilities held for sale	EUR mn	
	2015	2014
Non-current assets incl. deferred taxes	59	92
Current assets	35	1
Assets held for sale	94	93
Provisions	30	29
Liabilities incl. deferred taxes	2	0
Liabilities associated with assets held for sale	32	29

Assets held for sale amounted to EUR 10 mn (2014: EUR 66 mn) in the Upstream Business Segment and to EUR 84 mn (2014: EUR 27 mn) in Downstream Business Segment.

Liabilities associated with assets held for sale in the Upstream Business Segment amounted to EUR 25 mn (2014: EUR 29 mn) and in Downstream Business Segment to EUR 7 mn (2014: EUR nil).

The **capital stock** of OMV Aktiengesellschaft consists of 327,272,727 (2014: 327,272,727) fully paid no par value shares with a total nominal value of EUR 327,272,727 (2014: EUR 327,272,727). There are no different classes of shares and no shares with special rights of control. All shares are entitled to dividends for the financial year 2015, with the exception of treasury shares held by OMV Aktiengesellschaft.

With regard to the expiration on May 13, 2014 of the authorized capital decided upon by the Annual General Meeting on May 13, 2009, the Annual General Meeting has authorized the Executive Board on May 14, 2014, subject to the approval of the Supervisory Board, to increase by May 14, 2019, at once or in several tranches, also by way of indirect offer for subscription after taking over by one or several credit institutions according to Section 153 Paragraph 6 Stock Corporation Act, against cash contributions, the share capital by not more than EUR 32,727,272 by issuing up to 32,727,272 new no-par value common voting shares in bearer form. Subject to the approval of the Supervisory Board, the Executive Board has been authorized to exclude in this connection the subscription right of the shareholders (i) to adjust fractional amounts or (ii) to satisfy stock options or long term incentive plans including matching share plans for employees, senior employees and members of the Executive Board/ management boards of the Company or one of its affiliates, or other employees' stock ownership plans and subject to the approval of the Supervisory Board, to set the issue price and conditions of issuance (authorized capital). The Supervisory Board has been authorized to adopt amendments to the Articles of Association resulting from the issuance of shares according to the authorized capital.

A hybrid bond issue at a nominal amount of EUR 750,000,000 was completed on May 25, 2011. As the repayment of principal and the payments of interest are solely at the discretion of OMV, according to IFRS, the proceeds of the hybrid bond (less costs of issuance) were fully treated as equity. The hybrid bears a fixed interest rate of 6.75% until April 26, 2018, thereafter a reset fixed rate (to be determined) until April 26, 2023 and thereafter a floating interest rate with a 100 basis points step up. The hybrid notes have no scheduled maturity date and may be redeemed at the option of OMV under certain circumstances. OMV has in particular the right to repay the hybrid notes at certain dates. In the case of a change of control OMV may call the hybrid notes for redemption or else the applicable interest rate will be subject to an increase according to the terms and conditions of the hybrid bond.

On May 17, 2011, the Annual General Meeting authorized the Executive Board to repurchase treasury shares of up to 10% of the capital stock during a period of 30 months from the day of the resolution in question. Treasury shares could be repurchased via the stock exchange, by way of public tender or in any other legally permitted way and to any legally permitted purpose until November 16, 2013. The Executive Board had also been authorized to rescind treasury shares upon repurchase as well as treasury shares currently owned by the Company without any further resolution by the Annual General Meeting until the same date.

The Executive Board has also been authorized until May 16, 2016, upon approval by the Supervisory Board but without any further resolution by the Annual General Meeting, to sell or use treasury shares upon repurchase as well as treasury shares currently owned by the Company via the stock exchange, by way of public tender, or in any other way. In particular, treasury shares can be utilized (i) to satisfy stock option and long term incentive plans for employees, executive staff and members of the Executive Board or the management of the Company or affiliated subsidiaries as well as other employees' bonus schemes, (ii) for convertible bonds, if issued, (iii) as a compensation for the acquisition of enterprises, participations or other assets and (iv) to any other legally permitted purpose. The general shareholders' subscription rights can be excluded and this authorization can be exercised wholly or partly.

On December 7, 2015, OMV issued hybrid notes with an aggregate size of EUR 1.5 bn, in two tranches of EUR 750 mn each. As the repayment of principal and the payments of interest are solely at the discretion of OMV, according to IFRS, the proceeds of the hybrid notes (less costs of issuance) were fully treated as equity. Tranche 1 bears a fixed interest coupon of 5.25% until but excluding December 9, 2021, which is the first call date of tranche 1, and tranche 2 bears a fixed interest coupon of 6.25% until but excluding December 9, 2025, which is the first call date of tranche 2. From December 9, 2021, until but excluding December 9, 2025, hybrid notes of tranche 1 will bear interest according to a fixed reset interest rate to be determined according to the relevant 5-year swap rate and an additional margin of 4.942% and, from December 9, 2025, with an additional step-up of 100 basis points. From December 9, 2025, hybrid notes of tranche 2 will bear interest according to a fixed reset interest rate to be determined according to the relevant 5-year swap rate and an additional margin of 5.409%, with an additional step-up of 100 basis points. The hybrid notes have no scheduled maturity date and may be redeemed at the option of OMV under certain circumstances. OMV has in particular the right to repay the hybrid notes at certain dates. In

the case of a change of control, OMV may call the hybrid notes for redemption or else the applicable interest rate will be subject to an increase according to the terms and conditions of the hybrid notes.

Capital reserves have been formed by the contribution of funds into OMV Aktiengesellschaft by its shareholders over and above the capital stock, on the basis of their ownership relationship.

The Group's **revenue reserves** included the net income and losses of consolidated subsidiaries and investments included at equity, as adjusted for the purposes of consolidation.

The **gains and losses recognized directly in other comprehensive income and their related tax effects** were as follows:

	2015			2014		
	Before-tax (expense) income	Tax (expense) benefit	Net-of-tax (expense) income	Before-tax (expense) income	Tax (expense) benefit ¹	Net-of-tax (expense) income
Exchange differences from translation of foreign operations	(109)	(6)	(115)	309	(8)	302
Gains/(losses) on available-for-sale financial assets	(1)	0	(1)	0	0	0
Gains/(losses) on hedges	119	(30)	88	(42)	11	(30)
Remeasurement gains/(losses) on defined benefit plans	19	(5)	14	(145)	(56)	(201)
Share of other comprehensive income of equity-accounted investments	104	–	104	45	–	45
Other comprehensive income for the year	131	(41)	90	168	(52)	116

¹ Includes valuation allowances for deferred tax assets for the Austrian tax group. For further details please refer to Note 10

For 2015, the Executive Board of OMV Aktiengesellschaft proposed a dividend of EUR 1.00 per eligible share, which is subject to confirmation by the Annual General Meeting in 2016. The dividend for 2014 was paid in May 2015 and amounted to EUR 408 mn (EUR 1.25 per share). In 2014, the payment amounted to EUR 408 mn (EUR 1.25 per share).

The Annual General Meetings for the years 2000 to 2011 (with the exception of 2010) approved the repurchase of treasury shares. The costs of repurchased shares have been reflected as a reduction in equity. Gains or losses on the re-issue of treasury shares (issue proceeds less acquisition cost) resulted in an increase or a reduction in capital reserves.

Changes in **treasury shares** were as follows:

Treasury shares	Number of shares	Cost EUR mn
January 1, 2014	1,038,404	11.4
Disposals	(23,302)	(0.3)
December 31, 2014	1,015,102	11.1
Disposals	(102,278)	(1.1)
December 31, 2015	912,824	10.0

The **number of shares in issue** was as follows:

Number of shares in issue	Number of shares	Treasury shares	Shares in issue
January 1, 2014	327,272,727	1,038,404	326,234,323
Used for share-based compensations	—	(23,302)	23,302
December 31, 2014	327,272,727	1,015,102	326,257,625
Used for share-based compensations	—	(102,278)	102,278
December 31, 2015	327,272,727	912,824	326,359,903

OMV has two subgroups of subsidiaries whose non-controlling interest (NCI) are material, as follows:

21 Non-controlling interests

Subsidiaries with material NCI							EUR mn
Subsidiary	Place of business	% NCI	Profit / loss allocated to NCI	2015		2014	
				Accumulated NCI	% NCI	Profit / loss allocated to NCI	Accumulated NCI
OMV Petrom group	n.a.	49%	(76)	2,736	49%	217	2,906
OMV PETROM SA	Romania	49%	(71)	2,684	49%	256	2,753
OMV PETROM MARKETING SRL	Romania	49%	39	196	49%	34	190
TASBULAT OIL CORPORATION LLP	Kazakhstan	49%	(19)	(84)	49%	(72)	(67)
KOM MUNAI LLP	Kazakhstan	52%	(32)	(127)	52%	(7)	(85)
Others	n.a.	—	6	67	—	7	115
EconGas group	n.a.	36%	(124)	(140)	36%	(9)	(15)
EconGas GmbH	Austria	36%	(125)	(141)	36%	(9)	(17)
Others	n.a.	36%	0	1	36%	1	1
Subsidiaries with individually immaterial non-controlling interests	n.a.	—	3	30	—	3	33
OMV Group	n.a.	n.a.	(197)	2,626	n.a.	211	2,924

The proportion of ownership corresponds to the proportion of voting rights of the non-controlling interests in all cases. OMV Petrom SA owns 95% of KOM MUNAI LLP and thus the related NCI is 52%.

OMV has signed an agreement with its partners for the takeover of the NCI in EconGas. The closing is expected in 2016 and is pending the approval of antitrust authorities.

The main activities of the **OMV Petrom group** are exploration and production of hydrocarbons (in Romania and Kazakhstan), refining of crudes (in Romania), marketing of petroleum products (in Romania, Bulgaria, Serbia and Moldova) as well as production and the sales of electricity (in Romania).

The main activities of the **EconGas group** are supply and trading of gas in Central Europe (Austria, Germany, Italy, Hungary and Croatia).

The following tables summarize the financial information relating to the subsidiaries with material non-controlling interests, before intra-group eliminations:

Statement of comprehensive income	EUR mn			
	2015		2014	
	OMV Petrom SA	EconGas GmbH	OMV Petrom SA	EconGas GmbH
Revenue	3,083	2,217	3,645	3,975
Net income/(loss) for the year	(18)	(348)	617	(23)
Total comprehensive income	(30)	(348)	617	(15)
Attributable to NCI	(15)	(125)	302	(6)
Dividends paid to NCI	69	0	189	0

Statement of financial position	EUR mn			
	2015		2014	
	OMV Petrom SA	EconGas GmbH	OMV Petrom SA	EconGas GmbH
Current assets	951	1,346	1,267	1,287
Non-current assets	7,886	28	8,222	65
Current liabilities	960	1,398	1,391	1,272
Non-current liabilities	2,137	397	2,070	123

Statement of cash flows	EUR mn			
	2015		2014	
	OMV Petrom SA	EconGas GmbH	OMV Petrom SA	EconGas GmbH
Operating cash flow	1,302	(79)	1,392	(62)
Investing cash flow	(996)	0	(1,142)	(1)
Financing cash flow	(371)	80	(281)	63
Net increase/(decrease) in cash and cash equivalents	(65)	0	(31)	0

There are no protective rights of non-controlling interests which significantly restrict the Group's ability to access or use the assets and settle the liabilities of the Group.

Changes in **provisions** during the year were as follows:

Provisions	EUR mn			
	Pensions and similar obligations	Decommissioning and restoration	Other provisions	Total
January 1, 2015	1,115	3,226	804	5,146
Exchange differences	(1)	(17)	0	(18)
Used	(60)	(67)	(305)	(431)
Payments to funds	(12)	0	0	(12)
Allocations	27	304	431	762
Transfers	(25)	0	24	(1)
Liabilities associated with assets held for sale	0	(5)	(1)	(5)
December 31, 2015	1,045	3,442	953	5,440
[thereof short-term as of December 31, 2015]	[—]	[100]	[418]	[517]
[thereof short-term as of January 1, 2015]	[—]	[78]	[474]	[552]

Provisions for pensions and similar obligations

OMV has made pension commitments to employees in Austria and Germany in the form of **defined benefit plans and defined contribution plans**. The defined benefit plans are generally based on years of service and the employee's average compensation over the last five calendar years of employment. These pension plans do not require contributions of the employees. These defined benefit plans expose the Group to actuarial risks, such as longevity risk, interest rate risk, inflation risk (as a result of indexation of pension) and market risk. For the defined contribution plans, the reported expense corresponds to the contributions payable for the period.

The majority of **pension commitments** of several Austrian OMV companies were transferred to an external pension fund managed by APK-Pensionskasse AG in earlier years.

Employees of Austrian Group companies whose service began before December 31, 2002 are entitled to receive **severance payments** upon termination of employment or on reaching normal retirement age. The entitlements depend on years of service and final compensation levels. Entitlements to severance payments for employees whose service began after December 31, 2002 are covered by defined contribution plans. Similar obligations as entitlement to severance payments also exist in other countries, where the Group provides employment.

Employees in Austria and Germany are entitled to **jubilee payments** after completion of a given number of years of service. These plans are non-contributory and unfunded.

Provisions for **personnel reduction schemes** are recognized for irrevocable commitments for separations under restructuring programs within the OMV Group.

Defined benefit pension obligations and obligations for severance payments were as follows:

Defined benefit pension plans and obligations for severance payments	EUR mn				
	2015	2014	2013	2012	2011
Present value of funded obligations	728	745	668	639	567
Market value of plan assets	(460)	(471)	(461)	(460)	(408)
Provision for funded obligations	268	274	207	179	159
Present value of unfunded obligations	497	530	508	493	479
Provision for unfunded obligations	497	530	508	493	479
Present value of obligations of severance payments	150	163	146	109	114
Total	915	967	861	780	753

Changes in the provisions for **jubilee payments, personnel reduction schemes and other employee benefits** were as follows:

Jubilee payments, personnel reduction schemes and other employee benefits	EUR mn				
	2015	2014	2013	2012	2011
Provision for jubilee payments	31	32	30	30	22
Provision for personnel reduction schemes	127	138	134	166	180
[thereof short-term personnel reduction schemes]	[51]	[49]	[39]	[59]	[66]
Provision for other employee benefits	23	28	36	60	50
Total	182	198	200	256	252

Present value of obligations	EUR mn			
	2015	2014	2013	2012
	Pensions and severance	Jubilee entitlements, personnel reduction schemes and other employee benefits	Pensions and severance	Jubilee entitlements, personnel reduction schemes and other employee benefits
Present value of obligation as of January 1	1,438	198	1,322	200
Changes in the consolidated group	—	—	(2)	0
Exchange difference	(1)	0	0	0
Liabilities associated with assets held for sale	—	—	3	4
Current service cost	12	3	9	3
Interest cost	33	4	45	5
Benefits paid	(90)	(49)	(90)	(49)
Expected defined benefit obligations as per December 31	1,391	155	1,287	162
Actual defined benefit obligations as per December 31	1,375	182	1,438	198
Remeasurements of the period (OCI)	(16)	—	151	—
thereof changes in demographic assumptions	—	—	5	—
thereof changes in financial assumptions	(13)	—	153	—
thereof experience adjustments	(3)	—	(7)	—
Remeasurements recognized in profit & loss	—	26	—	35

The **market value of plan assets** for defined benefit pension obligations financed through funds was as follows:

Market value of plan assets						EUR mn
	VRG IV	VRG VI	2015 Total	VRG IV	VRG VI	2014 Total
Market value of plan assets as of January 1	300	171	471	289	173	461
Disposals	—	—	—	(1)	—	(1)
Interest income	7	4	11	10	6	17
Allocation to funds	6	6	12	16	9	25
Benefits paid	(19)	(17)	(37)	(18)	(18)	(36)
Remeasurements of the period (OCI)	8	(5)	3	4	1	6
Market value of plan assets as of December 31	301	159	460	300	171	471

Changes in the **provisions** as well as related **expenses** of the period were as follows:

Provisions and expenses					EUR mn
	Pensions and severance	2015 Jubilee entitlements, personnel reduction schemes and other employee benefits	Pensions and severance	2014 Jubilee entitlements, personnel reduction schemes and other employee benefits	
Provision as of January 1	967	198	861	200	
Expense for the year	33	7	38	8	
Changes in the consolidated group	—	—	(1)	0	
Payments to funds	(12)	—	(25)	—	
Benefits paid	(53)	(49)	(55)	(49)	
Exchange difference	(1)	0	0	0	
Liabilities associated with assets held for sale	—	—	3	4	
Remeasurements for the year	(19)	—	145	—	
thereof changes in demographic assumptions	—	—	5	—	
thereof changes in financial assumptions	(13)	—	153	—	
thereof experience adjustments	(6)	—	(12)	—	
Remeasurements recognized in profit & loss	—	26	—	35	
Provision as of December 31	915	182	967	198	
Current service cost	12	3	9	3	
Net interest cost	22	4	29	5	
Expenses of defined benefit plans for the year	33	7	38	8	

The total pension fund contributions for the Executive Board in 2015 amounted to EUR 1 mn (2014: EUR 2 mn).

Expenses for interest accrued on personnel reduction schemes of EUR 2 mn (2014: EUR 2 mn) have been included under interest expense.

Underlying assumptions for calculating pension expenses and expected defined benefit entitlements as of December 31

	2015		2014	
	Pensions	Severance, jubilees	Pensions	Severance, jubilees
Capital market interest rate	2.25%	2.25%	2.25%	2.25%
Future increases in salaries	3.25%	3.25%	3.25%	3.25%
Future increase in pensions	1.60–1.80%	—	1.80%	—

The biometrical basis for the calculation of provisions for pensions, severance and jubilee entitlements of Austrian Group companies is provided by AVÖ 2008 P – Rechnungsgrundlagen für die Pensionsversicherung (Biometric Tables for Pension Insurance) – Pagler & Pagler, using the variant for salaried employees. In other countries, similar actuarial parameters are used. Employee turnover was computed based on age or years of service respectively. The expected retirement age used for calculations is based on the relevant country's legislation.

The following actuarial assumptions for calculating pension expenses and expected defined benefit entitlements are considered as material and are stress tested within the following ranges. The increase or decrease compared to the values accounted for defined benefit obligations in relative deviation terms are as follows:

Sensitivities

	Capital market interest rate		Future increases in salaries		Fluctuation	2015
	+0.50%	(0.50)%	+0.25%	(0.25)%		double
Pensions	(5.54)%	6.12%	2.63%	(2.50)%	—	—
Severance	(3.78)%	4.03%	1.93%	(1.88)%	(0.87)%	0.47%

Duration profiles and average durations were as follows:

Duration profiles and average duration of defined benefit obligations as of December 31

	Duration profile			2015
	1–5 years	6–10 years	>10 years	Duration in years
	Pensions	350	276	599
Severance	41	43	65	10

Cash duration profiles and average duration as of December 31

	Duration profile			2015
	1–5 years	6–10 years	>10 years	Duration in years
	Pensions	369	327	998
Severance	47	62	145	11

Allocation of plan assets as of December 31

Asset category	2015		2014	
	VRG IV	VRG VI	VRG IV	VRG VI
Equity securities	23.36%	6.22%	26.04%	9.45%
Debt securities	59.19%	29.26%	59.98%	33.74%
Cash and money market investments	14.22%	64.52%	11.66%	56.81%
Other	3.23%	—	2.32%	—
Total	100.00%	100.00%	100.00%	100.00%

Investment policies aim to achieve an optimal investment portfolio structure and to ensure that existing entitlements are covered at all times. The investment of plan assets is governed by section 25 Austrian Pension Fund Act and the Investment Fund Act. In addition to these regulations, the investment guidelines of APK-Pensionskasse AG regulate the spread of asset allocation, the use of umbrella funds and the selection of fund managers. New categories of investments or the employment of a wider range of funds require the approval of the APK-Pensionskasse AG management board. Diversification of both equity and debt securities is global; however, the bulk of the debt securities is EUR-denominated.

The funds of the asset allocation and risk group VRG IV are invested in international equity and bond funds, alternative investment strategies (absolute return strategies, real estate and private equity) as well as money market investments. As part of the risk diversification policy, in selecting the asset managers, their different management styles and investment approaches have been taken into account. The long-term investment objective of the VRG IV is to outperform the benchmark (20% global equity, 45% global bonds and 35% absolute return/ money market instruments, from 2015 onwards 20% global equity, 65% global bonds, 5% cash, 5% alternatives, 5% real estate) and to cover existing and future entitlement payments of the VRG IV. The assets of the VRG IV are invested in such a manner as to ensure the security, quality, liquidity and profitability of the portfolio as a whole, as defined in the Austrian pension fund section 25. The asset allocation and the regional allocation of the VRG IV can and will deviate from the benchmark allocation if this in the judgment of APK is warranted by current asset prices and/or future expected returns. To enhance the return potential, active strategies for all asset classes will be used when justified by market characteristics and/or cost/benefit considerations. The majority of the assets of the VRG IV are invested in liquid active markets for which quoted prices are available. A smaller allocation to assets for which only observable but not quoted prices are available (e.g. real estate and certain absolute return strategies) is allowed when the risk return profile of such assets is believed to be favorable. Risk is managed actively and it is generally expected that the volatility and especially the drawdown risk of the VRG IV will be lower than that of the benchmark.

The investment management policy for the funds of VRG VI is a value-at-risk approach. The process involves investing in global equity markets, European bond instruments and low-risk money market funds with a defined worst-case loss limit, whereby the tactical allocation of funds is very flexible and model-driven. At the same time, the opportunity of benefiting from positive stock market performance shall be partly maintained. The long-term investment objective of the VRG VI is to provide stable, predictable returns that to the greatest possible extent cover the existing and future entitlement payments of the VRG VI. To increase the efficiency of the portfolio management and for cost considerations the portfolio is set up as a base portfolio consisting of short maturity government bonds and a futures overlay strategy. Active quoted prices are available for all assets of the VRG VI.

The actual returns of individual VRGs deviate from the target returns on the plan assets, due to their different maturities and to different developments in the capital markets. In 2015, the performance of VRG IV was slightly below the target return with a performance of +1.2%. The performance of VRG VI was slightly negative.

In 2016, defined benefit related contributions for 2015 to APK-Pensionskasse AG of EUR 14 mn are planned.

Provisions for decommissioning and restoration obligations

Changes in provisions for decommissioning and restoration obligations are shown in the table below. In the event of changes in estimated parameters, the effect is recognized in the period concerned. If the value increases, the increase is depreciated over the remaining useful life of the asset, and if it decreases, the decrease is deducted from the capitalized asset value.

Provisions for decommissioning and restoration obligations	EUR mn
	Carrying amount
January 1, 2015	3,226
Exchange differences	(17)
New obligations	96
Increase arising from revisions in estimates	240
Reduction arising from revisions in estimates	(131)
Unwinding of discounting	99
Liabilities associated with assets held for sale	(5)
Used	(67)
December 31, 2015	3,442
[thereof short-term as of December 31, 2015]	[100]
[thereof short-term as of January 1, 2015]	[78]

The provision for decommissioning and restoration costs includes obligations in respect of OMV Petrom SA amounting to EUR 1,804 mn (2014: EUR 1,655 mn). As of December 31, 2015, OMV Petrom SA holds receivables from the Romanian state amounting to EUR 568 mn (2014: EUR 527 mn), which are disclosed as other financial assets (please refer to Note 17).

Other provisions	EUR mn			
	2015		2014	
	Short-term	Long-term	Short-term	Long-term
Environmental costs	22	37	15	42
Other personnel provisions	130	13	107	2
Other	265	485	353	286
Other provisions	418	535	474	329

Other personnel provisions include short-term costs of staff reductions amounting to EUR 51 mn (2014: EUR 49 mn). Other provisions contain EUR 3 mn (2014: EUR 16 mn) short-term and EUR 66 mn (2014: EUR 69 mn) long-term litigation provisions due to litigations with former and current employees for various types of claims due to differing interpretations of some of the clauses of the Collective Bargaining Agreements applicable at OMV Petrom SA. In addition, this position includes provisions for onerous contracts amounting to EUR 413 mn (2014: EUR 190 mn), which are mainly related to the Gate LNG obligation and associated transportation commitments of EconGas GmbH and to certain retail assets in Austria.

Emissions certificates

Directive 2003/87/EC of the European Parliament and of the European Council established a greenhouse gas emissions trading scheme, requiring member states to draw up national plans to allocate emissions certificates. Under this scheme, affected OMV Group companies received a total of 6,169,811 free emissions certificates in 2015 (2014: 6,529,196), thereof 2,611,848 received by OMV Petrom SA (2014: 3,690,188). As of December 31, 2015, the market value of emissions certificates amounted to EUR 86 mn (December 31, 2014: EUR 67 mn).

As of December 31, 2015, the Group held 10,446,287 emissions certificates. In 2016, the Group expects to surrender 6,357,455 emissions certificates for (not yet externally verified) emissions in 2015.

Emissions certificates

	2015	2014
Certificates held as of January 1	9,135,247	7,555,728
Free allocation for the year	6,169,811	6,529,196
Certificates surrendered according to verified emissions for the prior year	(5,633,323)	(6,503,789)
Net purchases and sales during the year ¹	774,552	1,554,112
Certificates held as of December 31	10,446,287	9,135,247

¹ Purchases are valued at their acquisition cost

A shortfall in emissions certificates would be provided for. Neither as of December 31, 2015, nor as of December 31, 2014 was the Group short of certificates.

Liabilities

EUR mn

23 Liabilities

	2015			2014		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Bonds	295	3,721	4,016	159	3,967	4,127
Other interest-bearing debts	200	871	1,071	439	674	1,113
[thereof to banks]	[200]	[871]	[1,071]	[439]	[674]	[1,113]
Trade payables (short-term)	3,380	—	3,380	4,330	—	4,330
[thereof to equity-accounted investments]	[28]	[—]	[28]	[41]	[—]	[41]
Other financial liabilities	2,341	410	2,750	1,610	466	2,077
Other liabilities	1,074	160	1,234	1,486	176	1,662
Liabilities associated with assets held for sale	32	—	32	29	—	29
Total	7,320	5,162	12,482	8,054	5,284	13,338

Bonds

Bonds issued

	Nominal	Coupon	Repayment	2015	2014
				Carrying amount December 31 EUR mn	Carrying amount December 31 EUR mn
US private placement ¹	USD 138,000,000	4.88% fixed	6/27/2015	—	115
International corporate bond	EUR 250,000,000	5.25% fixed	6/22/2016	257	257
	EUR 750,000,000	0.60% fixed	11/19/2018	750	749
	EUR 500,000,000	1.75% fixed	11/25/2019	498	498
	EUR 500,000,000	4.375% fixed	2/10/2020	518	517
	EUR 500,000,000	4.25% fixed	10/12/2021	501	500
	EUR 750,000,000	2.625% fixed	09/27/2022	747	746
	EUR 750,000,000	3.5% fixed	09/27/2027	746	745
Total				4,016	4,127

¹ Derivatives (interest swaps) with a nominal value of USD 50 mn were used in 2014 to convert the interest rates from fixed to floating

Bonds and other interest-bearing debts

Some of the Group's interest-bearing debts involve financial covenants, which relate mainly to adjusted equity ratios, cash flow from operating activities excluding interest expense, and Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA).

Bonds and other interest-bearing debts have the following maturities:

Bonds and other interest-bearing debts	EUR mn	
	2015	2014
Short-term loan financing	33	367
Short-term component of long-term financing	461	231
Total short-term	494	598
Maturities of long-term financing		
2016/2015 (short-term component of long-term financing)	461	231
2017/2016	98	384
2018/2017	1,148	65
2019/2018	598	814
2020/2019	570	564
2021/2020 and subsequent years	2,178	2,815
Total for 2016/2015 onwards	5,053	4,873

Breakdown of bonds and other interest-bearing debts by currency and interest rate		EUR mn			
		2015		2014	
		Weighted average interest rate		Weighted average interest rate	
Bonds and other long-term interest-bearing debts ¹					
Fixed rates	EUR	4,313	2.97%	4,326	2.97%
	USD	37	2.28%	105	4.07%
Total		4,349	2.96%	4,432	3.00%
Variable rates	EUR	543	1.21%	284	2.56%
	USD	161	2.29%	157	1.80%
Total		704	1.46%	441	2.29%
Other short-term interest-bearing debts					
	EUR	19	0.50%	321	0.48%
	TRY	12	8.35%	19	6.00%
	HUF	0	2.18%	16	2.19%
	USD	—	—	11	1.00%
	NOK	2	1.40%	—	—
Total		33	3.40%	367	0.86%

¹ Including short-term components of long-term debts

Bonds issued and other interest-bearing debts amounting to EUR 5,087 mn (2014: EUR 5,240 mn) are valued at amortized cost.

The fair value of the issued bonds was EUR 4,348 mn (2014: EUR 4,647 mn), which has been categorized as Level 1 measurement based on price quotations at the reporting date.

The fair value of other interest-bearing debts (Level 2 valuation – observable inputs) was determined by discounting future cash flows using interest rates prevailing at statement of financial position date for similar liabilities with similar maturities, which amounted to EUR 1,101 mn (2014: EUR 1,151 mn).

The estimated fair value of these liabilities was in total EUR 5,449 mn (2014: EUR 5,798 mn), of which EUR 4,709 mn (2014: EUR 4,998 mn) was at fixed rates and EUR 739 mn (2014: EUR 801 mn) was at floating rates.

Other financial liabilities

Other financial liabilities	EUR mn		
	Short-term	Long-term	Total
2015			
Liabilities to equity-accounted investments	1	0	1
Liabilities on derivatives designated and effective as hedging instruments	91	0	91
Liabilities on other derivatives	1,604	93	1,696
Liabilities on finance leases	12	278	290
Other sundry financial liabilities	634	39	672
Total	2,341	410	2,750
2014			
Liabilities to equity-accounted investments	–	–	–
Liabilities on derivatives designated and effective as hedging instruments	198	34	232
Liabilities on other derivatives	898	108	1,005
Liabilities on finance leases	14	286	300
Other sundry financial liabilities	500	38	538
Total	1,610	466	2,077

Fair value adjustments on liabilities related to derivatives designated and effective as hedging instruments have been recognized in other comprehensive income. The liabilities on other derivatives are financial liabilities at fair value through profit or loss. All other items are liabilities to be classified as measured at amortized cost.

The estimated fair value of the finance leases liabilities was EUR 403 mn (2014: EUR 415 mn); this was established by discounting future lease payments using interest rates prevailing at statement of financial position date for similar liabilities with similar maturities (Level 2 valuation – observable inputs).

The table hereafter summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows:

Financial liabilities				EUR mn
	≤1 year	1–5 years	>5 years	Total
2015				
Bonds	365	2,142	2,244	4,751
Other interest bearing debts	208	735	196	1,138
Trade payables	3,380	—	—	3,380
Derivative financial liabilities	1,680	93	—	1,772
Other financial liabilities	657	133	448	1,239
Total	6,290	3,102	2,889	12,281
2014				
Bonds	232	1,918	2,833	4,983
Other interest bearing debts	445	475	277	1,197
Trade payables	4,330	—	—	4,330
Derivative financial liabilities	1,105	133	—	1,238
Other financial liabilities	544	150	473	1,167
Total	6,655	2,676	3,583	12,915

Other liabilities

Other liabilities			EUR mn
	Short-term	Long-term	Total
2015			
Other taxes and social security liabilities		797	797
Payments received in advance	170	158	329
Other sundry liabilities	106	1	108
Total	1,074	160	1,234
2014			
Other taxes and social security liabilities		972	972
Payments received in advance	259	174	434
Other sundry liabilities	256	1	257
Total	1,486	176	1,662

The long-term payments received in advance consist mainly of a non refundable prepayment of storage fee received from Erdöl-Lagergesellschaft m.b.H, Lannach on the basis of a long-term service contract.

The carrying amount of other liabilities is effectively the same as their fair value because they are predominantly short-term.

Deferred taxes
EUR mn
24 Deferred tax

	Deferred tax assets (incl. deferred tax assets not recognized)	Deferred tax assets not recognized	Deferred tax assets recognized	Deferred tax liabilities
2015				
Intangible assets	174	84	89	347
Property, plant and equipment	262	171	91	1,524
Other financial assets	9	6	2	18
Inventories	29	1	27	14
Derivatives	160	47	113	192
Receivables and other assets	50	11	38	32
Deferred taxes reclassified to assets and liabilities associated with assets held for sale	2	—	2	1
Untaxed reserves	—	—	—	1
Provisions for pensions and similar obligations	166	123	43	6
Provisions for decommissioning, restoration obligations and environmental costs	987	83	905	0
Other provisions	118	69	48	34
Liabilities	41	11	30	7
Tax impairments according section 12 (3)/2 of the Austrian Corporate Income Tax Act (KStG)	863	418	444	—
Tax loss carryforwards	1,610	644	966	—
Total	4,470	1,671	2,798	2,176
Netting (same tax jurisdictions)			(1,947)	(1,947)
Deferred taxes reclassified to assets and liabilities associated with assets held for sale			(1)	—
Deferred taxes as per statement of financial position			850	229

Deferred taxes	EUR mn			
	Deferred tax assets (incl. deferred tax assets not recognized)	Deferred tax assets not recognized	Deferred tax assets recognized	Deferred tax liabilities
2014				
Intangible assets	155	91	64	423
Property, plant and equipment	44	31	14	1,876
Other financial assets	5	4	1	13
Inventories	35	2	33	23
Derivatives	116	27	89	114
Receivables and other assets	50	11	40	22
Untaxed reserves	—	—	—	2
Provisions for pensions and similar obligations	174	126	48	3
Provisions for decommissioning, restoration obligations and environmental costs	949	37	912	0
Other provisions	64	9	55	17
Liabilities	44	8	36	8
Tax impairments according section 12 (3)/2 of the Austrian Corporate Income Tax Act (KStG)	506	206	300	—
Tax loss carryforwards	1,167	370	798	—
Total	3,309	921	2,388	2,500
Netting (same tax jurisdictions)			(1,928)	(1,928)
Deferred taxes reclassified to assets and liabilities associated with assets held for sale			0	0
Deferred taxes as per statement of financial position			459	572

Deferred taxes were mainly related to different valuation methods, differences in impairments, write-offs, depreciation and amortization as well as different definition of costs.

In 2015, deferred taxes related to property, plant and equipment and intangible assets were significantly impacted by impairments in the Upstream business, covering both assets under production and development as well as exploration assets.

Deferred taxes on the retained earnings of Group companies are generally only recognized where there is no possibility of tax-free transfers to the parent company.

The overall net deferred tax asset position of tax jurisdictions which suffered a loss either in current or preceding year amounted to EUR 327 mn, thereof EUR 263 mn is attributable to the Austrian tax group (2014: EUR 195 mn, thereof Austrian tax group EUR 178 mn). The recoverability of the recognized deferred tax assets was assessed based on detailed tax plannings.

As of December 31, 2015, OMV recognized **tax loss carryforwards** of EUR 4,226 mn before allowances (2014: EUR 2,797 mn), thereof EUR 1,775 mn (2014: EUR 1,384 mn) are considered recoverable for calculation of deferred taxes. Eligibility of losses for carryforward expires as follows:

Losses for carryforward	EUR mn			
	Base amount (before allowances)		thereof not recognized	
	2015	2014	2015	2014
2015	—	34	—	20
2016	10	5	10	4
2017	6	10	5	8
2018	40	57	36	39
2019	192	219	112	28
2020	213	—	94	—
After 2020/2019	148	72	124	52
Unlimited	3,618	2,400	2,069	1,262
Total	4,226	2,797	2,451	1,413

The increase in tax loss carryforwards in 2015 resulted to a large extent from tax impairments of participations in Upstream companies as well as in OMV Petrol Ofisi A.Ş., in OMV Petrol Ofisi Holding Anonim Şirketi and in OMV Samsun Elektrik Üretim Sanayi ve Ticaret A.Ş. (see Note 10) as well as from accelerated tax depreciation of upstream assets and other tax incentives in the United Kingdom.

As of December 31, 2015, the aggregate amount of temporary differences associated with fully consolidated and equity-accounted investments for which deferred tax liabilities have not been recognized amounted to EUR 3,660 mn (2014: EUR 2,923 mn). Capital gains on disposals of investments may be realized on various levels of the Group depending on the structuring of potential divestments. Due to the complexity of the group and the associated tax implications simplifying assumptions for the calculation have been made that aim to diminish cascade effects.

Supplementary information on the financial position

25 Statement of cash flows

There were no cash outflows from acquisition of subsidiaries in 2015.

The net assets of disposed subsidiaries and businesses at the date of disposal were as follows:

Net assets of disposed subsidiaries and businesses	EUR mn	
	2015	2014
Non-current assets	—	190
Current assets	—	452
Non-current liabilities	—	47
Current liabilities	—	228
Net assets of disposed subsidiaries and businesses	—	367

In 2015, there were no cash inflows from sale of subsidiaries and businesses (2014: EUR 342 mn). In 2014 this position mainly included the sale of the 45% stake in the Bayernoil refinery network. The amount of cash and cash equivalents of subsidiaries over which control was lost amounted to EUR 1 mn in 2014.

Cash flow from financing activities reflected a net inflow of funds amounting to EUR 758 mn (2014: net outflow of EUR 342 mn) following the issuance of the new hybrid notes (inflow of EUR 1,490 mn) and new drawings of long-term loans, compensated by repayments of the US private placement bond and other long-term debt as well as short-term money market lines. In addition, there was a net cash outflow of EUR 12 mn from the purchase of remaining shares from the minority shareholders of OMV Petrol Ofisi A.Ş. In 2014, there was a net cash outflow of EUR 24 mn from changes in non-controlling interests, related to the acquisition of an additional stake of 1.8% in OMV Petrol Ofisi A.Ş. and of the remaining non-controlling interest in Adria-Wien Pipeline GmbH.

On October 1, 2014, OMV increased its stake in Trans Austria Gasleitung GmbH by 4.53%. As part of the consideration, OMV transferred the business dedicated to the operation and maintenance services of the TAG Pipeline to Trans Austria Gasleitung GmbH and paid in addition EUR 21 mn.

In 2015, non-cash additions to fixed assets included mainly effects related to the reassessment of decommissioning and restoration obligations. In 2014, non-cash additions to fixed assets included among others new finance leases in the amount of EUR 128 mn mainly relating to two new salt dome caverns for storage capacities in Etzel, Germany.

26 Contingent liabilities

OMV recognizes provisions for litigations if these are more likely than not to result in obligations. Management is of the opinion that litigations, to the extent not covered by provisions or insurance, will not materially affect the Group's financial position. The production facilities and properties of all Group companies are subject to a variety of environmental protection laws and regulations in the countries where they operate. The estimated cost of known environmental obligations has been provided in accordance with the Group's accounting policies. Provisions for decommissioning and restoration are recognized if an obligation exists at the statement of financial position date.

Management believes that compliance with current laws and regulations and future more stringent laws and regulations will not have a material negative impact on the Group's results, financial position or cash flows in the near future.

OMV has EUR 48 mn contingent liabilities related to deferred considerations from the acquisition of an increased share in four licenses in the West of Shetland area (United Kingdom) in 2014. The contingent obligations are dependent on drilling a successful well in Blackrock exploration prospect and on developing the Cambo field.

Capital risk

Capital risk management at the OMV Group is part of value management and is based on two key performance measures: Return On Average Capital Employed (ROACE) and the gearing ratio. OMV commits to a long-term gearing ratio target of up to 30%.

Liquidity risk

For the purpose of assessing liquidity risk, budgeted operating and financial cash inflows and outflows throughout the Group are monitored and analyzed on a monthly basis in order to establish the expected net change in liquidity. This is then compared with current money market deposits and existing loans as well as maturities of the current portfolio and the available liquidity reserves. This analysis provides the basis for financing decisions and capital commitments.

To ensure that the OMV Group remains solvent at all times and retains the necessary financial flexibility, liquidity reserves in the form of committed credit lines are maintained. As of December 31, 2015, the average weighted maturity of the Group's debt portfolio is slightly above five years (as of December 31, 2014: close to six years).

The operational liquidity management includes cash pooling enabling the management of surplus liquidity and liquidity requirements to the benefit of individual companies and the Group as a whole.

Details of OMV Group's financial liabilities are shown in Note 23.

Political risk

The Group operates in countries that have recently been and may continue to be subject to political instability, in particular Libya, Yemen, Pakistan and Tunisia. The possible political changes may lead to disruptions and limitations in production, as well as increased tax burden, restrictions on foreign ownership or even nationalization of property, having as a result consequences on the Group's financial condition.

Market risk

Derivative and non-derivative instruments are used to manage market risks resulting from changes in interest rates, foreign exchange rates and commodity prices which could have a negative effect on assets, liabilities or expected future cash flows. As a general rule, derivatives are mainly used for the purpose of reducing market risks on underlying transactions.

Derivative instruments are contracts whose value is derived from one or more underlying financial instruments, indices or prices that are defined in the contract. The initial recognition of derivatives takes place as soon as the contracts become contractually binding i.e. when the rights and obligations arise. They are derecognized when the contractual rights and obligations lapse or are transferred.

Commodity price risk management

To protect the Group's cash flow from the potential negative impact of falling oil prices, derivative instruments were used to hedge the proceeds from the sale of 50,000 bbl/d for the period July 2015 – June 2016. OMV secured via a zero premium collar program a Brent price floor of USD 55/bbl by giving away the upside above USD ~68/bbl throughout July to December 2015, above USD ~73/bbl throughout January to March 2016, and above USD ~82/bbl throughout April to June 2016. The transaction was accounted for as a cash flow hedge until August 2015, when OMV monetized the oil price hedges for the period Q4/15 through Q2/16, leading to a positive EBIT impact of EUR 74 mn in 2015. Furthermore, a EUR 12 mn valuation gain on the January – June 2016 hedging instruments is reported within other comprehensive income and will be recycled to profit and loss in 2016.

Operational risk management

In Downstream Gas, OTC swaps, options, futures and forwards are used to hedge purchase and sales price risks. The aim is to hedge the price risk on inventory fluctuations and the differences in terms and conditions of purchases and sales.

In Downstream Oil, limited use is made of derivative instruments for both hedging selected product sales and reducing exposure to price risks on inventory fluctuations. Crude oil and product swaps are used to hedge the refining margin (crack spread) – the difference between crude oil prices and bulk product prices.

Exchange-traded oil futures as well as OTC contracts (contracts for difference and swaps) are used in supply, marketing and trading to hedge short-term purchase and sales market price risks. Gains and losses on hedging transactions are allocated to Downstream Oil and calculated using fair values.

Limited proprietary trading activities are performed for the purpose of creating market access and market intelligence within the oil, power and gas markets.

Swaps do not involve an investment at the time the contracts are concluded; settlement normally takes place at the end of the quarter or month. The premiums on options are payable when the contract is concluded; where options are exercised, payment of the difference between strike price and average market price for the period takes place at contract expiration.

The tables hereafter show the fair values of derivative financial instruments together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of the transactions outstanding at the year-end and are not indicative of either the market risk nor the credit risk.

Open commodity contracts as of December 31 were as follows:

Nominal and fair value of open contracts	EUR mn			
	Nominal	2015 Fair value	Nominal	2014 Fair value
Strategic risk management				
Upstream				
Commodity options	2,213	0	—	—
Operational risk management				
Downstream Oil				
Commodity futures	6,289	26	4,589	28
Commodity swaps	6,865	14	4,702	(73)
Downstream Gas				
Commodity swaps	8	0	154	(5)
Commodity futures	411	(73)	269	(22)
Commodity forwards	4,689	37	5,766	32

The fair values at statement of financial position date were as follows:

Fair values	EUR mn					
	Nominal	Fair value assets	2015 Fair value liabilities	Nominal	Fair value assets	2014 Fair value liabilities
Cash flow hedges						
Downstream Oil swaps	664	171	(94)	1,773	183	(235)
Downstream Gas swaps	–	–	–	1	–	0
Derivatives held for trading						
Upstream options	2,213	68	(68)	–	–	–
Downstream Oil futures	6,289	729	(703)	4,589	584	(556)
Downstream Oil swaps	6,201	255	(318)	2,928	66	(88)
Downstream Gas swaps	8	0	0	152	10	(15)
Downstream Gas futures	411	3	(76)	269	4	(26)
Downstream Gas forwards	4,689	564	(527)	5,766	348	(316)

Cashflow hedging for commodities

Cash flow hedging for commodities	EUR mn				
	Period of expected cash flows for cash flow hedges	Adjustments from cash flow hedges in other comprehensive income	[thereof: Transfer from other comprehensive income disclosed in income statement]	[thereof: Transfer from other comprehensive income against original costs of acquisition]	
2015					
Upstream price risk hedge					
Brent options	until Q2/16	12	[(38)]		[–]
Downstream Oil price risk hedge					
Swaps fix to floating – Brent	until Q4/16	110	[68]		[–]
Swaps fix to floating – products	until Q4/17	(4)	[(15)]		[–]
Downstream Gas price risk hedge					
Swaps fix to floating – gas	until Q1/15	0	[0]		[–]
2014					
Downstream Oil price risk hedge					
Swaps fix to floating – Brent	until Q4/16	(209)	[(17)]		[–]
Swaps fix to floating – products	until Q4/16	157	[13]		[–]
Downstream Gas price risk hedge					
Swaps fix to floating – gas	until Q1/15	10	[(17)]		[–]

In Downstream Oil, crude oil and products are hedged separately, aiming at protecting future margins. Crude is hedged by buying on a fixed and selling on a floating rate basis, and products are hedged by selling on a fixed and buying on a floating rate basis.

The hedging of future cash flows is accounted for as a cash flow hedge, and the effective part of the change in value of the derivative is accounted for in other comprehensive income. When the hedged item (underlying transaction) affects profit and loss, the amounts previously accounted for in other comprehensive income are recycled to profit and loss. The ineffective part of the cash flow hedges, amounting to a negative EUR 7.5 mn (2014: negative EUR 2.3 mn) was recognized in profit and loss.

Sensitivity analysis

For open hedging contracts of the kinds discussed above, sensitivity analysis is performed to determine the effect of market price fluctuations (+/-10%) on market value. The sensitivity of OMV Group's overall earnings differs from the sensitivity shown below, since the contracts concluded are used to hedge operational exposures.

The effect of market price fluctuations on earnings or equity depends on the type of derivative used and on whether hedge accounting is applied. Market price sensitivity for derivatives to which cash flow hedge accounting is applied is shown in the sensitivity table for equity. Sensitivity to market price fluctuations for all other open derivatives is shown in the sensitivity table for earnings.

As of balance sheet date, the market value sensitivities of open derivatives are as follows:

Sensitivity analysis for open derivatives affecting profit from ordinary activities before taxes				EUR mn	
	2015		2014		
	Market price +10%	Market price (10)%	Market price +10%	Market price (10)%	
Operational risk management					
Downstream Gas					
Commodity swaps	0	0	3	(3)	
Commodity futures	25	(25)	12	(12)	
Commodity forwards	(17)	17	(17)	17	
Downstream Oil					
Commodity futures	(31)	31	(5)	5	
Commodity swaps	19	(19)	1	(1)	

Sensitivity analysis for open derivatives affecting equity				EUR mn	
	2015		2014		
	Market price +10%	Market price (10)%	Market price +10%	Market price (10)%	
Operational risk management					
Downstream Gas					
Commodity Swaps	—	—	0	0	
Downstream Oil					
Commodity swaps	(20)	20	2	(2)	

Foreign exchange risk management

OMV operates in many countries and currencies, therefore industry-specific activities and the corresponding exchange risks need to be analyzed precisely. The USD represents OMV's greatest risk exposure, in the form of movement of the USD against the EUR, the RON, the TRY and the NOK. Other currencies have only a limited impact on cash flow and EBIT.

The transaction risk on foreign currency cash flows is monitored on an ongoing basis. The Group's net position is reviewed at least on a semiannual basis and the sensitivity is calculated as follows: OMV has a USD long position in Upstream and a comparatively smaller USD short position in its Downstream Oil business, overall OMV has a netted USD long position. This analysis provides the basis for management of transaction risks on currencies.

As of December 31, the value of transactions used to hedge foreign currency receivables and liabilities and of transactions used to manage liquidity was as follows:

Currency derivatives	EUR mn			
	2015		2014	
	Nominal	Fair value	Nominal	Fair value
Currency forwards	157	0	146	0
Currency swaps	43	0	64	(1)

Forwards and swaps shown above are used exclusively to hedge foreign exchange rate risks on outstanding receivables and payables. The market value of these instruments will move in the opposite direction to the value of the underlying receivable or liability if the relevant foreign exchange rate changes.

Cash flow hedging for currency derivatives

In 2015, OMV did not enter into any centrally managed foreign currency hedges.

During 2014, OMV Enerji Ticaret Anonim Sirketi, a subsidiary in Turkey entered into USD-TRY hedges for an exposure of USD 190 mn to secure cash flows and to reduce impact of fluctuations of USD-TRY exchange rate. As of December 31, 2014, all these hedges were settled. The hedging of future USD cash flows was accounted for as a cash flow hedge, and the effective part of the change in value of the derivative was accounted for in other comprehensive income. When the transaction affected profit and loss, the amounts previously accounted for in other comprehensive income were reclassified to profit and loss. The amount that was reclassified from other comprehensive income during 2014 amounted to EUR (6) mn.

Translation risk is also monitored on an ongoing basis at Group level, and the risk position is evaluated. Translation risk arises on the consolidation of subsidiaries with functional currencies different from EUR. The largest exposures result from changes in RON, USD, TRY and NOK denominated assets against the EUR.

For financial instruments, sensitivity analysis is performed for changes in foreign exchange rates. The sensitivity of the principal currency exposures is as follows: As of December 31, 2015, the main exposures were to the EUR-RON and EUR-USD as well as the EUR-TRY exchange rates. On Group level, the EUR-RON sensitivity not only includes the RON net exposure versus the EUR but also the net RON exposure versus the USD, since the USD-RON exposure can be split into a EUR-RON and EUR-USD exposure. The same is true for the EUR-TRY exposure.

Sensitivity analysis for financial instruments affecting profit from ordinary activities before taxes ¹	EUR mn			
	2015		2014	
	10% appreciation of the EUR	10% depreciation of the EUR	10% appreciation of the EUR	10% depreciation of the EUR
EUR-RON	7	(7)	(6)	6
EUR-TRY	(27)	27	(26)	26
EUR-USD	(37)	37	(13)	13

¹ Refers only to financial instruments and is not the same as the Group's overall foreign exchange rate sensitivity in terms of EBIT

Interest rate management

To facilitate management of interest rate risk, OMV's liabilities are analyzed in terms of fixed and floating rate borrowings, currencies and maturities. Appropriate ratios for the various categories are established, and where necessary, derivative instruments are used to hedge fluctuations outside predetermined ranges.

Interest rate swaps are generally used to convert fixed rate debt into floating rate debt, and vice versa. At December 31, 2015, OMV did not have any open position, as the interest rate swap ran out. Per December 31, 2014, fair value hedge accounting was applied for an interest swap of a notional volume of USD 50 mn from fixed to floating rates. This interest rate swap was used to hedge the fair value of a bond (fair value hedge) issued by the OMV Group (see Note 23). The interest rate spread between the swap and the loan was accounted for as an adjustment to interest expense.

As of December 31, open positions were as follows:

Open positions	EUR mn			
	2015		2014	
	Nominal	Fair value	Nominal	Fair value
Interest rate swaps (USD 50 mn)	—	—	41	1

Interest sensitivities

As of December 31, 2014, the effect of an interest rate increase of 0.5 percentage points would have been a EUR 0.1 mn reduction in market value. The effect of an interest rate decrease of 0.5 percentage points as of December 31, 2014, would have been a EUR 0.1 mn increase in market value.

OMV Petrom SA holds financial assets whose market value would be affected by changes in interest rates. The effect of an interest rate increase of 0.5 percentage points as of December 31, 2015, would have been a EUR 22 mn reduction in the market value of these financial assets (2014: EUR 19 mn). A 0.5 percentage points fall in the interest rate as of December 31, 2015 would have led to an increase in market value of EUR 23 mn (2014: EUR 20 mn).

OMV regularly analyzes the impact of interest rate changes on interest income and expense from floating rate deposits and borrowings. Currently the effects of changes in interest rate are not considered constituting a material risk.

On the Group's floating rate net debt as of December 31, 2015, the respective net interest result would rise or fall by EUR 3.2 mn (December 31, 2014: EUR 0.7 mn) if interest rates rose or fell by 0.5 percentage points. In 2015, OMV had a positive floating rate net debt position due to the high cash position as of year-end (2014: negative net debt position).

Credit risk management

The main counterparty credit risks are assessed and monitored at Group level and segment level using predetermined limits for all counterparties, banks and security providers. On the basis of a risk assessment all counterparties, banks and security providers are assigned to a credit limit, an internal risk class and a specific validity. The risk assessments are reviewed at least annually or on an ad-hoc basis. The procedures are governed by guidelines at OMV level. The main counterparties with contracts involving derivative financial instruments have investment grade credit ratings. For the sake of risk diversification, financial agreements are always spread between different banks.

Credit risk versus financial counterparties in strategic risk management, foreign exchange rate risk management, interest rate risk management and liquidity management amounted to a maximum of EUR 884.1 mn as of December 31, 2015 (2014: EUR 150.1 mn). Credit risk versus financial counterparties and other third parties in operational risk management in the Downstream Oil business amounted to a maximum of EUR 343.8 mn (2014: EUR 481.7 mn).

The following overview presents the measurement of financial instruments (assets and liabilities) recognized at fair value. In accordance with IFRS 13, the individual levels are defined as follows:

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

Level 2: Using inputs for the asset or liability, other than quoted prices, that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

There were no transfers between levels of the fair value hierarchy.

The measurements of commodity futures contracts are Level 1 measurements as defined under IFRS 13. Commodity forward contracts as well as commodity swaps and commodity options fall under Level 2 measurements.

Investment funds and debt instruments are valued at fair value, which is determined on the basis of quoted prices. These are Level 1 measurement as defined under IFRS 13.

Fair value hierarchy 2015				EUR mn
	Level 1	Level 2	Level 3	Total
Financial assets				
Investment funds	7	—	—	7
Bonds	97	—	—	97
Derivatives designated and effective as hedging instruments	—	165	—	165
Other derivatives	732	894	—	1,626
Total	836	1,059	—	1,895

Fair value hierarchy 2015				EUR mn
	Level 1	Level 2	Level 3	Total
Financial liabilities				
Liabilities on derivatives designated and effective as hedging instruments	—	91	—	91
Liabilities on other derivatives	779	917	—	1,696
Total	779	1,008	—	1,787

Fair value hierarchy 2014				EUR mn
	Level 1	Level 2	Level 3	Total
Financial assets				
Investment funds	7	—	—	7
Bonds	79	—	—	79
Derivatives designated and effective as hedging instruments	—	184	—	184
Other derivatives	588	425	—	1,013
Total	675	610	—	1,284

Fair value hierarchy 2014				EUR mn
	Level 1	Level 2	Level 3	Total
Financial liabilities				
Liabilities on derivatives designated and effective as hedging instruments	—	232	—	232
Liabilities on other derivatives	580	425	—	1,005
Total	580	657	—	1,238

**29 Offsetting of
 financial assets and
 financial liabilities**

Financial assets and financial liabilities are offset only when the Group has a current and legally enforceable right to set-off the recognized amounts and when there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. OMV enters in the normal course of business into various master netting arrangements in the form of International Swaps and Derivatives Association (ISDA) agreements or European Federation of Energy Traders (EFET) agreements or other similar arrangements that do not meet the criteria of offsetting in the statement of the financial position in accordance with IAS 32.

The tables hereafter show the carrying amounts of recognized financial assets and financial liabilities that are subject to various netting arrangements. The net column would be on the Group's statement of financial position, if all set-off rights were exercised.

Offsetting of financial assets 2015						EUR mn
	Note	Financial instruments (gross)	Amounts set off in the statement of financial position	Financial instruments in the statement of financial position (net)	Liabilities with right of set-off (not offset)	Net
Derivative financial instruments	17	1,870	(80)	1,791	(1,408)	383
Trade receivables	16	2,567	—	2,567	(711)	1,857
Other sundry receivables	17	1,165	(43)	1,122	(90)	1,032
Total		5,603	(122)	5,480	(2,209)	3,271

Offsetting of financial liabilities 2015						EUR mn
	Note	Financial instruments (gross)	Amounts set off in the statement of financial position	Financial instruments in the statement of financial position (net)	Assets with right of set- off (not offset)	Net
Derivative financial instruments	23	1,867	(80)	1,787	(1,498)	289
Trade payables	23	3,380	—	3,380	(711)	2,669
Other sundry financial liabilities	23	715	(43)	672	—	672
Total		5,962	(122)	5,839	(2,209)	3,630

Offsetting of financial assets 2014
EUR mn

	Note	Financial instruments (gross)	Amounts set off in the statement of financial position	Financial instruments in the statement of financial position (net)	Liabilities with right of set-off (not offset)	Net
Derivative financial instruments	17	1,198	—	1,198	(960)	237
Trade receivables	16	3,042	—	3,042	(697)	2,345
Other sundry receivables	17	1,203	—	1,203	(42)	1,161
Total		5,442	—	5,442	(1,699)	3,743

Offsetting of financial liabilities 2014
EUR mn

	Note	Financial instruments (gross)	Amounts set off in the statement of financial position	Financial instruments in the statement of financial position (net)	Assets with right of set-off (not offset)	Net
Derivative financial instruments	23	1,238	—	1,238	(1,001)	237
Trade payables	23	4,330	—	4,330	(697)	3,633
Other sundry financial liabilities	23	538	—	538	(1)	537
Total		6,106	—	6,106	(1,699)	4,407

Result on financial instruments
EUR mn

	Amount	Fair value through profit or loss	Available-for-sale financial instruments	Loans and receivables	Liabilities measured at amortized cost
2015					
Dividend income	37	—	37	—	—
Interest income	89	(1)	1	47	1
Interest expense	(304)	0	—	—	(143)
Other financial income and expenses	(70)	0	—	(32)	—
Results from the disposal of financial instruments	0	—	—	—	—
Results from the disposal of other investments	11	—	—	—	—
Impairments of financial instruments	—	—	—	—	—
Expenses on the sales of trade receivables	(32)	—	—	(32)	—
Foreign exchange result	(27)	0	—	—	—
Other (mainly banking fees)	(22)	—	—	—	—
Financial result	(248)	0	38	16	(142)

30 Result on financial instruments

Result on financial instruments	EUR mn				
	Amount	Fair value through profit or loss	Available-for-sale financial instruments	Loans and receivables	Liabilities measured at amortized cost
2014					
Dividends	16	—	16	—	—
Interest income	33	(2)	3	30	2
Interest expense	(362)	0	—	—	(169)
Other financial income and expenses	(43)	(1)	—	(40)	—
Results from the disposal of financial instruments	0	—	—	—	—
Results from the disposal of other investments	(1)	—	—	—	—
Impairments of financial instruments	—	—	—	—	—
Expenses on the sales of trade receivables	(40)	—	—	(40)	—
Foreign exchange result	16	(1)	—	—	—
Other (mainly banking fees)	(17)	—	—	—	—
Financial result	(357)	(2)	19	(10)	(167)

Income or expense on derivative instruments used to hedge operational risks and offset by corresponding expenses or income in cost of sales or sales revenues are not included in the result on financial instruments. The **interest income** not allocated to IAS 39 categories refers mainly to the positive outcome of a litigation dispute in OMV Petrom SA during 2015.

The **interest expense** not allocated to the IAS 39 categories mainly refers to the unwinding of provisions in amount of EUR 152 mn (2014: EUR 134 mn unwinding of provisions and EUR 58 mn late payment interest charges following a tax review of the years 2009 and 2010 of OMV Petrom SA).

In addition to the result on available-for-sale financial instruments shown in the table above, a loss of EUR 1 mn (2014: gain of EUR 0.4 mn) was recognized directly in other comprehensive income in 2015.

31 Share based payments

Long Term Incentive (LTI) plans

Since 2009 LTI plans have been granted to the Executive Board and selected senior executives in the Group. From 2010 to 2015, yearly LTI plans were granted, with similar conditions. Participants of the plans 2009, 2010 and 2011 must hold shares until the end of the holding period. At vesting date, bonus shares will be granted to the participants. The number of bonus shares is determined depending on the achievement of defined performance targets. Disbursement is made in cash or in shares. Since 2011 participation to the plan also was granted to selected employees with outstanding development potential (potentials). Executive Board members and senior executives as participants of the 2012, 2013, 2014 and 2015 plans are required to build up an appropriate volume of shares and to hold those shares until retirement or departure from the Company.

Provision is made for the expected future costs of the LTI plans at statement of financial position date based on fair values. Fair values are determined using a model considering the expected target achievement and the expected share price. Expected dividends were incorporated into the measurement according to the Company's mid-term planning. For new plans, the expense is spread over the three-year vesting period. As of December 31, 2015, the provision amounted to EUR 15 mn (2014: EUR 11 mn), and the net increase was EUR 4 mn (2014: net decrease of EUR 8 mn).

Main conditions

	2015 plan	2014 plan	2013 plan	2012 plan
Start of plan	1/1/2015	1/1/2014	1/1/2013	1/1/2012
End of performance period	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Vesting date	3/31/2018	3/31/2017	3/31/2016	3/31/2015
Share holding requirement				
Executive Board Chairman	200% of gross base salary	200% of gross base salary	200% of gross base salary	200% of gross base salary
Executive Board Deputy Chairman	175% of gross base salary	175% of gross base salary	175% of gross base salary	175% of gross base salary
Executive Board members	150% of gross base salary	150% of gross base salary	150% of gross base salary	150% of gross base salary
Senior executives	75% of gross base salary	75% of gross base salary	75% of gross base salary	75% of gross base salary
Personal investment held in shares				
Executive Board members				
Davies	54,626 shares	46,070 shares	46,070 shares	32,855 shares
Floren	31,929 shares	22,725 shares	16,226 shares	7,500 shares
Huijskes	38,419 shares	28,095 shares	21,298 shares	12,136 shares
Leitner	37,163 shares	28,207 shares	27,406 shares	16,060 shares
Pleininger ¹	8,462 shares	—	—	—
Roiss	80,600 shares	60,173 shares	60,173 shares	44,259 shares
Seele	32,200 shares	—	—	—
Total — Executive Board	283,399 shares	185,270 shares	171,173 shares	112,810 shares
Other senior executives	287,397 shares	263,809 shares	271,434 shares	278,497 shares
Total personal investment	570,796 shares	449,079 shares	442,607 shares	391,307 shares
Expected bonus shares as of December 31, 2015	875,438 shares	280,268 shares	271,858 shares	—
Maximum bonus shares as of December 31, 2015	1,186,287 shares	800,918 shares	827,034 shares	—
Fair value of plan (EUR mn)	20	6	7	—

¹ Johann Pleininger also takes part in the 2013 to 2015 plans in his position as senior executive. His personal investment for the 2013 and 2014 plans was 8,217 shares

Strategic Incentive Plan (SIP)

In 2014, the Strategic Incentive Plan (SIP) was granted to Executive Board members, selected executive managers and selected Upstream experts in the Group. The SIP is a long-term compensation scheme and is based on virtual share grants that are paid out in cash equivalent, subject to achievement of defined performance measures, at the end of the plan period. Further conditions apply in combination as a prerequisite for any payout (grant period 2014-2018, performance period 2014-2021, payout period 2022-2024).

Each potential participant has to declare at the beginning of the program, if he or she wants to participate in the SIP. Furthermore, Executive Board members and participating senior executives have to declare if they will participate with an additional personal investment ("Investment Shares"). These declarations are then effective for the entire term of the plan.

Each participant will receive a grant from OMV ("OMV Grant") in virtual shares that reflect the performance of the underlying OMV shares (the "Phantom Shares") in up to five consecutive annual tranches between 2014 and 2018. If Investment Shares are contributed, the OMV Grant will be supplemented by OMV with a complementary grant (the "Complementary Grant") in a ratio of 1:2 i.e. each Phantom Share of the OMV Grant will be supplemented with two additional Phantom Shares under the Complementary Grant.

As of December 31, 2015, the maximum number of Phantom Shares granted amounted to 697,801, thereof 139,895 for Executive Board members.

Provision is made for the expected future costs of the Strategic Incentive Plans at statement of financial position date based on fair values. Fair values are determined using a model considering the expected target achievement and the expected share price using a Monte Carlo simulation. Expected dividends were incorporated into the measurement according to the Company's mid-term planning and a discount rate of 0.71% was used. For new plans, the expense is spread over the vesting period. As of December 31, 2015, the provision amounted to EUR 2 mn (2014: EUR 1 mn).

Matching Share Plan (MSP)

The Matching Share Plans for the years 2014 and 2015, as approved by the Annual General Meeting in 2014, respectively 2015, are an integral part of the annual bonus agreement and serves as a long-term compensation vehicle for the members of the Executive Board that promotes retention and shareholder alignment in OMV, combining the interests of management and shareholders via a long-term investment in restricted shares. The plan also seeks to reduce inappropriate risk-taking. For Executive Board members, an award of shares will be made to match 100% of their realized gross annual cash bonus. The performance criteria for the annual bonus may not be amended during the term of the MSP. On determination of the annual cash bonus by the Remuneration Committee, an equivalent matching bonus grant will be made net (after deduction of taxes) in Company shares which shall be transferred to a trustee deposit, managed by the Company, to be held for three years.

Executive Board members can choose between cash payment or shares if and to the extent that they have already fulfilled the minimum shareholding requirements for the LTI Plans 2012 to 2015. As of December 31, 2015, a provision amounting to EUR 2 mn was recorded (2014: EUR 1 mn).

Total expense

In 2015, total expense of EUR 10 mn (2014: EUR 5 mn) has been recognized arising from share-based payment transactions, thereof EUR (4) mn (2014: EUR 4 mn) from transactions accounted for as equity-settled share-based payment transactions.

Segment reporting

32 Business operations and key markets

Starting with January 1, 2015, the internal organizational structure was changed following a Supervisory Board decision. The Business Segment Gas and Power (Downstream Gas) was merged with the Business Segment Refining and Marketing (Downstream Oil), thereby creating a combined Business Segment Downstream.

The internal reporting and the relevant information provided to the “chief operating decision maker” in order to assess performance and allocate resources has been updated to reflect the current organization structure.

Segment reporting information of earlier periods has been adjusted consequently.

For business management purposes, OMV is divided into two operating Business Segments: Upstream and Downstream, as well as the segment Corporate and Other (Co&O). Each segment represents a strategic unit with different products and markets. Each Business Segment is managed independently. Strategic business decisions are made by the Executive Board of OMV. With the exception of Co&O, the reportable segments of OMV are the same as the operating segments.

Upstream (U/S) engages in the business of oil and gas exploration, development and production and focuses on two core countries Romania and Austria and its international portfolio (Northwest Europe, Africa and Australasia, Middle East and Caspian). The produced oil and gas is primarily sold within the OMV Group.

The Downstream Oil (D/S Oil) part of the **Downstream** (D/S) Business Segment operates the refineries Schwechat (Austria), Burghausen (Germany) and Petrobrazi (Romania). In these refineries, crude oil is processed into petroleum products, which are sold to commercial and private customers. Distribution is partially effected via an own operated filling station network in Central and Southeastern Europe and via the filling station network in Turkey. Downstream Gas (D/S Gas) engages in gas transit through and transport within Austria, as well as in gas storage, marketing and trading. OMV is an operator of long-distance gas transmission pipelines in Austria. The power business extends the gas value chain into gas-fired power plants.

Group management, financing and insurance activities and certain service functions are concentrated in the **Co&O** segment.

The key measure of operating performance for the Group is Earnings Before Interest and Taxes (EBIT) according to IFRS. Total assets include intangible assets as well as property, plant and equipment. Sales to external customers are split up by geographical areas on the basis of where the delivery of goods or services is effective. Accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. Intra-group sales and cost allocations by the parent company are determined in accordance with internal OMV policies. Management is of the opinion that the transfer prices of goods and services exchanged between segments correspond to market prices. Business transactions not attributable to operating segments are included in the results of the Co&O segment.

33 Segment reporting

Segment reporting									EUR mn
	U/S	D/S	thereof D/S Oil	thereof D/S Gas	thereof intra-seg- mental elim. D/S	Co&O	Total	Consoli- dation	Consoli- dated total
2015									
Sales ¹	3,900	21,589	17,323	4,382	(116)	397	25,886	(3,359)	22,527
Intra-group sales	(2,883)	(83)	(32)	(167)	116	(393)	(3,359)	3,359	—
External sales	1,017	21,506	17,290	4,215	—	4	22,527	—	22,527
Segment assets ²	13,036	6,492	4,985	1,507	—	188	19,715	—	19,715
Investments in PPE/IA	2,570	599	537	62	—	21	3,190	—	3,190
Depreciation and amortization	1,467	640	539	101	—	39	2,147	—	2,147
Impairment losses	2,728	281	11	270	—	0	3,010	—	3,010
2014									
Sales ¹	5,773	34,518	27,830	6,799	(111)	420	40,711	(4,799)	35,913
Intra-group sales	(4,284)	(99)	(43)	(167)	111	(416)	(4,799)	4,799	—
External sales	1,489	34,419	27,787	6,632	—	4	35,913	—	35,913
Segment assets ²	14,619	7,113	5,213	1,899	—	209	21,941	—	21,941
Investments in PPE/IA	3,618	777	588	189	—	31	4,426	—	4,426
Depreciation and amortization	1,295	626	514	111	—	42	1,963	—	1,963
Impairment losses	532	673	379	294	—	0	1,204	—	1,204

¹ Including intra-group sales

² Property, plant and equipment (PPE), intangible assets (IA)

Segment and Group profit	EUR mn	
	2015	2014
EBIT Upstream	(2,371)	1,466
EBIT Downstream	334	(538)
thereof EBIT Downstream Oil	890	(338)
thereof EBIT Downstream Gas	(555)	(200)
EBIT Co&O	(48)	(63)
EBIT segment total	(2,085)	865
Consolidation: Elimination of intersegmental profits	79	104
OMV Group EBIT	(2,006)	969
Net financial result	97	(177)
OMV Group profit from ordinary activities	(1,909)	792

Information on geographical areas	EUR mn							Total
	Austria	Germany	Romania	Turkey	Rest of CEE	Rest of Europe	Rest of world ²	
2015								
External sales	5,787	3,595	3,307	5,638	2,669	914	616	22,527
Allocated assets ¹	2,976	1,144	6,749	1,560	411	4,847	1,604	19,291
Not allocated assets	—	—	—	—	—	—	—	424
Segment assets								19,715
2014								
External sales	9,005	6,260	3,809	8,235	3,779	1,957	2,867	35,913
Allocated assets ¹	3,081	1,215	7,251	1,899	451	4,662	2,917	21,475
Not allocated assets	—	—	—	—	—	—	—	466
Segment assets								21,941

¹ Property, plant and equipment (PPE), intangible assets (IA)

² Rest of world: principally Australia, Kazakhstan, Libya, Madagascar, Namibia, New Zealand, Pakistan, Tunisia, Yemen and Kurdistan Region of Iraq

EUR 424 mn (2014: EUR 466 mn) of the goodwill deriving from the acquisition of OMV Petrol Ofisi and Tunisian subsidiaries have not been allocated to geographical areas but to cash-generating units that are operating in more than one geographical area.

Other information

34 Average number of employees

Average number of employees ¹

	2015	2014
OMV Group excluding OMV Petrom group	8,238	7,734
OMV Petrom group	16,579	18,884
Total Group	24,817	26,618

¹ Calculated as the average of the month's end numbers of employees during the year

35 Expenses Group auditor

Expenses for services rendered by the Group auditor (including the international network in terms of section 271b UGB) comprise the following:

Expenses for services rendered by the Group auditor (including the international network)	EUR mn	
	2015	2014
Audit of Group accounts and year-end audit	2.60	2.39
Other assurance services	1.25	1.25
Tax advisory services	0.03	0.13
Other services	0.10	0.08
Total	3.99	3.85

In 2015, the following expenses have been incurred for the Group auditor, Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.: For the year-end audit EUR 0.81 mn (2014: EUR 0.73 mn), for other assurance services EUR 0.95 mn (2014: EUR 0.85 mn), for tax advisory services EUR nil (2014: EUR 0.02 mn) and for other services EUR 0.09 (2014: EUR 0.05 mn).

36 Related parties

Under IAS 24, details of relationships with related parties and related enterprises not included in consolidation must be disclosed. Enterprises and individuals are considered to be related if one party is able to control or exercise significant influence over the business of the other. Österreichische Bundes- und Industriebeteiligungen GmbH, Vienna, holds an interest of 31.5% and International Petroleum Investment Company, Abu Dhabi, holds an interest of 24.9% in OMV Aktiengesellschaft; both are related parties under IAS 24.

In 2015, there were arm's-length supplies of goods and services between the Group and equity-accounted companies. The supplies of goods and services relate to the following companies included at-equity:

Related enterprises	EUR mn			
	2015		2014	
	Sales and other income	Receivables	Sales and other income	Receivables
Borealis	1,262	10	1,574	0
GENOL Gesellschaft m.b.H. & Co	285	14	169	13
Erdöl-Lagergesellschaft m.b.H.	44	0	163	2
Trans Austria Gasleitung GmbH	21	1	6	2
Total	1,612	26	1,912	18

In 2015, goods or services in the amount of EUR 219 mn (2014: EUR 244 mn) were received from Enerco Enerji Sanayi ve Ticaret A.Ş., EUR 49 mn (2014: EUR 133 mn) from Erdöl-Lagergesellschaft m.b.H., EUR 41 mn (2014: EUR 45 mn) from Borealis and EUR 26 mn (2014: EUR 34 mn) from Deutsche Transalpine Oelleitung GmbH.

The outstanding trade payables to Enerco Enerji Sanayi ve Ticaret A.Ş. amounted to EUR 18 mn (2014: EUR 31 mn) and to Borealis EUR 10 mn (2014: EUR 9 mn).

At December 31, 2015, EUR 19 mn loan to Pearl Petroleum Company Limited was outstanding (2014: EUR 19 mn). The balance as of December 31, 2014 included also a EUR 36 mn loan given to Trans Austria Gasleitung GmbH which was repaid in 2015.

The balance of prepayments received from Erdöl-Lagergesellschaft m.b.H. amounted to EUR 168 mn at December 31, 2015 and is related to a long-term contract for the rendering of services (2014: EUR 178 mn).

The **remuneration received** by the Executive Board was made up as follows:

Remuneration received by the Executive Board								EUR mn
2015	Seele	Davies	Floren ⁷	Huijskes ⁶	Leitner	Pleininger	Roiss ³	Total
Short-term benefits	2.04	1.25	0.87	0.79	0.97	0.19	0.90	7.01
Fixed (base salary)	1.97 ⁴	0.88	0.30	0.46	0.70	0.18	0.48	4.97
Variable (cash bonus)	—	0.36	0.57 ¹	0.32	0.26	—	0.41	1.93
Benefits in kind	0.07 ⁵	0.01	0.00	0.01	0.01	0.00	0.01	0.11
Post employment benefits	0.11	0.32	0.30	0.18	0.18	0.05	—	1.14
Pension fund contributions	0.11	0.32	0.30	0.18	0.18	0.05	—	1.14
Termination benefits	—	—	0.75	0.37	—	—	1.22	2.34
Termination benefits	—	—	0.75	0.37	—	—	1.22	2.34
Share based payments	—	0.68	0.77	0.53	0.46	—	0.83	3.27
Variable (Matching Share Plan)	—	0.40	0.60 ²	0.36	0.29	—	0.46	2.13
Variable (LTIP)	—	0.28	0.17	0.17	0.17	—	0.37	1.15
Total	2.15	2.26	2.69	1.87	1.60	0.24	2.95	13.77

¹ Including variable cash bonus for 2015 EUR 0.30 mn

² Including EUR 0.30 mn for Matching Share Plan 2015

³ In addition to the remuneration received in 2015, Gerhard Roiss is entitled to a bonus payment (covering cash bonus and Matching Share Plan bonus) for 2015 until March 31, 2017 amounting to EUR 2.17 mn, payable on June 30, 2016 and payments under the Long Term Incentive Plans and the Strategic Incentive Plan until March 31, 2017 based on target achievement

⁴ Including EUR 1.52 mn linked to an obligation to buy OMV shares for the LTIP shareholding requirements

⁵ Including rent, parking, home flights, rental car, relocation costs and related taxes

⁶ In addition to the remuneration received in 2015, Jaap Huijskes is entitled to salary and pension fund payments until March 31, 2016 amounting to EUR 0.22 mn, to cash bonus and to payments under the Long Term Incentive Plans and the Strategic Incentive Plan until March 31, 2016 based on target achievement

⁷ Hans-Peter Floren resigned from the Executive Board effectively December 31, 2014

Remuneration received by the Executive Board						EUR mn
2014	Davies	Floren	Huijskes	Leitner	Roiss	Total
Short-term benefits	1.38	1.11	1.20	0.97	1.53	6.20
Fixed (base salary)	0.84	0.60	0.71	0.58	0.91	3.65
Variable (cash bonus)	0.53	0.51	0.48	0.38	0.61	2.51
Benefits in kind	0.01	0.01	0.01	0.01	0.01	0.04
Post employment benefits	0.31	0.15	0.18	0.14	1.01	1.79
Pension fund contributions	0.31	0.15	0.18	0.14	1.01	1.79
Severance payments	0.74	—	—	—	2.96	3.70
Severance payments	0.74	—	—	—	2.96	3.70
Share based payments	1.00	0.43	0.74	0.65	1.24	4.06
Variable (Matching Share Plan)	0.50	0.43	0.45	0.36	0.57	2.30
Variable (LTIP)	0.50	—	0.29	0.29	0.67	1.76
Total	3.43	1.69	2.12	1.76	6.75	15.75

The members of the Executive Board and the members of the Supervisory Board are covered by directors and officers liability insurance (D&O) and legal costs insurance. A large number of other OMV employees also benefit from these two forms of insurance, and the insurers levy lump-sum premiums, which are not specifically attributed to the Board members.

In 2015, the total remuneration including share-based compensations of 51 top executives, excluding the Executive Board, (2014: 53) amounted to EUR 26.3 mn (2014: EUR 25.9 mn), of which basic remuneration such as salaries and bonuses, was EUR 19.3 mn (2014: EUR 19.7 mn) and EUR 1.8 mn (2014: EUR 1.8 mn) was related to pension fund contributions. Severance benefits amounted to EUR 2.2 mn (2014: EUR 0.9 mn), and other long-term benefits to EUR 0.1 mn (2014: EUR 0.1 mn).

See Note 31 for details on Long Term Incentive Plans, Matching Share Plan and Strategic Incentive Plan.

In 2015, remuneration expenses for the Supervisory Board amounted to EUR 0.5 mn (2014: EUR 0.5 mn).

37 Subsequent events

Starting with January 1, 2016, the internal organizational structure of the Upstream Business Segment was changed. This also affects the regional split. The new regions are Austria, Romania, North Sea, Middle East and Africa and Australasia.

OMV announced in February 2016 the initiation of the process to sell up to 100% of its wholly owned subsidiary OMV Petrol Ofisi A.Ş. OMV is currently selecting its advisors to support the potential transaction and the structuring of the envisaged process.

On January 18, 2016 and on February 25, 2016, the Bulgarian Commission for Protection of Competition announced the initiation of several investigations about the infringement of competition rules on fuel market. OMV Bulgaria OOD is subject to these investigations, among other major retailers on Bulgarian market. The sanctions for antitrust infringements are up to 10% of the total turnover of the company in the financial year prior to the sanctioning decision. No request of providing information was received so far from the authorities. At the date of signing these financial statements, the outcome of investigations could not be evaluated and no provision was recorded in this respect.

Direct and indirect investments of OMV Aktiengesellschaft with an interest of at least 20% as of December 31

	Parent company	Type of consolidation ¹	Equity interest in % as of December 31, 2015	Equity interest in % as of December 31, 2014
Upstream				
KOM MUNAI LLP, Aktau	PETROM	C	95.00	95.00
OMV Abu Dhabi E&P GmbH, Vienna	OMVEP	C	100.00	100.00
OMV Abu Dhabi Offshore GmbH, Vienna	OMVEP	NC	100.00	
OMV (AFRICA) Exploration & Production GmbH, Vienna (OAFR)	OWEAFR	C	100.00	100.00
OMV AUSTRALIA PTY LTD, Perth (OAUST)	OMV AG	C	100.00	100.00
OMV Austria Exploration & Production GmbH, Vienna (OEPA)	OMVEP	C	100.00	100.00
OMV (Berenty) Exploration GmbH, Vienna	OMVEP	C	100.00	100.00
OMV Bina Bawi GmbH, Vienna	PETEX	C	100.00	100.00
OMV Block 70 Upstream GmbH, Vienna	OMVEP	C	100.00	100.00
OMV (Croatia) Exploration GmbH in Liqu., Vienna ⁶	OMVEP	NC	100.00	100.00
OMV East Abu Dhabi Exploration GmbH, Vienna	OMVEP	C	100.00	100.00
OMV (EGYPT) Exploration GmbH, Vienna	OMVEP	NC	100.00	100.00
OMV Exploration & Production GmbH, Vienna (OMVEP)	OMV AG	C	100.00	100.00
OMV (Namibia) Exploration GmbH, Vienna	ONAFRU	C	100.00	100.00
OMV EXPLORATION & PRODUCTION LIMITED, Douglas	OMVEP	NC	100.00	100.00
OMV (FAROE ISLANDS) Exploration GmbH, Vienna	OMVEP	C	100.00	100.00
OMV (IRAN) onshore Exploration GmbH, Vienna	OMVEP	C	100.00	100.00
OMV Jordan Block 3 Upstream GmbH, Vienna	OMVEP	C	100.00	100.00
OMV (Manga) Exploration GmbH, Vienna	OAFR	C	100.00	100.00
OMV (Manga) Exploration S.A., Libreville	OWEAFR	C	100.00	100.00
OMV (Mandabe) Exploration GmbH, Vienna	OMVEP	C	100.00	100.00
OMV Maurice Energy GmbH, Vienna (MAURI)	OMVEP	C	100.00	100.00
OMV Maurice Energy Limited, Port Louis	MAURI	C	100.00	100.00
OMV (Mbeli) Exploration GmbH, Vienna	OAFR	C	100.00	100.00
OMV (Mbeli) Exploration S.A., Libreville	OWEAFR	C	100.00	100.00
OMV (Montenegro) Exploration GmbH in Liqu., Vienna ⁶	OMVEP	NC	100.00	100.00
OMV Myrre block 86 Upstream GmbH, Vienna	OMVEP	C	100.00	100.00
OMV New Zealand Limited, Wellington (NZEA)	OMVEP	C	100.00	100.00
OMV (Ntsina) Exploration GmbH, Vienna	OAFR	C	100.00	100.00
OMV (Ntsina) Exploration S.A., Libreville	OWEAFR	C	100.00	100.00
OMV (NORGE) AS, Stavanger	OMVEP	C	100.00	100.00
OMV (Gnondo) Exploration GmbH, Vienna	OAFR	C	100.00	100.00
OMV (Gnondo) Exploration S.A., Libreville	OWEAFR	C	100.00	100.00
OMV Oystercatcher Exploration GmbH, Vienna	OMVEP	C	100.00	100.00
OMV OF LIBYA LIMITED, Douglas	OMVEP	C	100.00	100.00
OMV Offshore Bulgaria GmbH, Vienna	OMVEP	C	100.00	100.00
OMV Offshore Morondava GmbH, Vienna	OMVEP	C	100.00	100.00
OMV Offshore (Namibia) GmbH, Vienna (ONAFRU)	OMVEP	C	100.00	100.00
OMV Offshore Silistar Bulgaria GmbH, Vienna	OMVEP	NC	100.00	100.00
OMV Oil and Gas Exploration GmbH, Vienna	OMVEP	C	100.00	100.00
OMV Oil Exploration GmbH, Vienna	OMVEP	C	100.00	100.00
OMV Oil Production GmbH, Vienna	OMVEP	C	100.00	100.00
OMV Orient Upstream GmbH, Vienna	OMVEP	NC	100.00	
OMV (PAKISTAN) Exploration Gesellschaft m.b.H., Vienna	OMVEP	C	100.00	100.00

38 Direct and indirect investments of OMV Aktiengesellschaft

Direct and indirect investments of OMV Aktiengesellschaft with an interest of at least 20% as of December 31

	Parent company	Type of consolidation ¹	Equity interest in % as of December 31, 2015	Equity interest in % as of December 31, 2014
OMV Petroleum Exploration GmbH, Vienna (PETEX)	OMVEP	C	100.00	100.00
OMV Proterra GmbH, Vienna	OEPA	NC	100.00	100.00
OMV Rovi GmbH in Liqu., Vienna ⁶	PETEX	NC	100.00	100.00
OMV Roz Upstream GmbH, Vienna	OMVEP	NC	100.00	100.00
OMV Sarta GmbH in Liqu., Vienna ⁶	PETEX	NC	100.00	100.00
OMV Tellal Hydrocarbons GmbH, Vienna	OMVEP	C	100.00	100.00
OMV (Tunesien) Production GmbH, Vienna (OTNPRO)	OMVEP	C	100.00	100.00
OMV (TUNESIEN) Sidi Mansour GmbH, Vienna	OMVEP	C	100.00	100.00
OMV (U.K.) Limited, London	OMVEP	C	100.00	100.00
OMV Upstream International GmbH, Vienna (OUPI)	OMVEP	C	100.00	100.00
OMV (West Africa) Exploration & Production GmbH, Vienna (OWEAFR)	OMVEP	C	100.00	100.00
OMV (YEMEN) Al Mabarr Exploration GmbH, Vienna	OMVEP	C	100.00	100.00
OMV (Yemen Block S 2) Exploration GmbH, Vienna	OMVEP	C	100.00	100.00
OMV (YEMEN) South Sanau Exploration GmbH, Vienna	OMVEP	NC	100.00	100.00
OMV Barrow Pty Ltd, Perth	OAUST	NC	100.00	100.00
OMV Beagle Pty Ltd, Perth	OAUST	NC	100.00	100.00
OMV Petroleum Pty Ltd, Perth	NZEA	NC	100.00	100.00
Tasbulat Oil Corporation BVI, Saint Helier	PETROM	NC	100.00	100.00
Pearl Petroleum Company Limited, Road Town	OUPI	AE	10.00	10.00
PEI Venezuela Gesellschaft mit beschränkter Haftung, Burghausen	OMVEP	NC	100.00	100.00
Petroleum Infrastructure Limited, Wellington	NZEA	C	100.00	100.00
PETROM EXPLORATION & PRODUCTION LIMITED, Douglas	PETROM	C	99.99	50.00
Preussag Energie International GmbH, Burghausen	OMVEP	C	100.00	100.00
OMV Petrom Ukraine E&P GmbH in Liqu., Vienna ⁶	PETROM	C	100.00	100.00
OMV Petrom Ukraine Finance Services GmbH in Liqu., Vienna ⁶	PETROM	C	100.00	100.00
Société de Recherches et d'Exploitation des Pétroles en Tunisie, Tunis	OTNPRO	NAE	50.00	50.00
TASBULAT OIL CORPORATION LLP, Aktau	PETROM	C	100.00	100.00
Thyna Petroleum Services S.A., Sfax	OTNPRO	NAE	50.00	50.00
Downstream Gas				
ADRIA LNG d.o.o., Zagreb ⁶	OGI	NAE	32.47	32.47
AGCS Gas Clearing and Settlement AG, Vienna	OGG	NAE	23.13	23.13
AGGM Austrian Gas Grid Management AG, Vienna	OGG	C	51.00	51.00
OMV Samsun Elektrik Üretim Sanayi ve Ticaret A.Ş., Istanbul (BORASC)	OGI	C	100.00	100.00
Central European Gas Hub AG, Vienna	OGI	C	65.00	65.00
EconGas Deutschland GmbH, Regensburg	ECOGAS	C	100.00	100.00
EconGas GmbH, Vienna (ECOGAS)	OGI	C	64.25	64.25
EconGas d.o.o. za opskrbu plinom, Zagreb	ECOGAS	C	100.00	100.00
EconGas Hungária Földgázkereskedelmi Kft., Budapest	ECOGAS	C	100.00	100.00
EconGas Italia S.r.l., Milan	ECOGAS	C	100.00	100.00
EGBV Beteiligungsverwaltung GmbH, Vienna (EGBV)	OGI	NC	100.00	100.00
Enerco Enerji Sanayi Ve Ticaret A.Ş., Istanbul	OGI	AE	40.00	40.00
Freya Bunde-Etzel GmbH & Co. KG, Bonn	OGSG	AE	39.99	39.99

Direct and indirect investments of OMV Aktiengesellschaft with an interest of at least 20% as of December 31

	Parent company	Type of consolidation ¹	Equity interest in % as of December 31, 2015	Equity interest in % as of December 31, 2014
NABUCCO Gas Pipeline International GmbH in Liqu., Vienna (NABUC) ⁶	OGI	NAE	35.86	35.86
OMV Gas Germany GmbH, Düsseldorf ⁶	OGG	NC	100.00	100.00
GAS CONNECT AUSTRIA GmbH, Vienna (OGG)	OGI	C	80.90	80.90
	OMV AG		19.10	19.10
OMV Gas & Power GmbH, Vienna (OGI)	OMV AG	C	100.00	100.00
OMV Gas Storage Germany GmbH, Cologne (OGSG)	OGI	C	100.00	100.00
OMV Gas Storage GmbH, Vienna	OGI	C	100.00	100.00
OMV Gaz Ve Enerji Holding Anonim Şirketi, Istanbul (GPTHOL)	OTHOLD	C	100.00	100.00
OMV Enerji Ticaret Anonim Şirketi, Istanbul (GASTR)	OTHOLD	C	90.40	90.40
	GPTHOL		9.60	9.60
OMV Kraftwerk Haiming GmbH, Haiming	OGI	C	100.00	100.00
OMV Nord Stream II Holding AG, Zug	OGI	C	100.00	
OMV Trading GmbH, Vienna	OGI	C	100.00	100.00
OMV PETROM GAS SRL, Bucharest	PETROM	C	99.99	99.99
Petrol Ofisi Gaz İletim A.Ş., Istanbul	GPTHOL	C	100.00	100.00
OMV Petrom Wind Power SRL, Bucharest	PETROM	C	99.99	99.99
South Stream Austria GmbH, Vienna	OGI	NAE	50.00	50.00
Trans Austria Gasleitung GmbH, Vienna ³	OGG	AE2	15.53	15.53
Downstream Oil				
Abu Dhabi Petroleum Investments LLC, Abu Dhabi	OMVRM	NAE	25.00	25.00
Adria-Wien Pipeline GmbH, Klagenfurt	OMVRM	C	100.00	100.00
Aircraft Refuelling Company GmbH, Vienna	OMVRM	NAE	33.33	33.33
Autobahn – Betriebe Gesellschaft m.b.H., Vienna	OMVRM	NAE	47.19	47.19
Borealis AG, Vienna	OMVRM	AE	32.67	32.67
	OMV AG		3.33	3.33
BRAZI OIL & ANGHELESCU PROD COM SRL, Brazi ⁶	PETROM	NAE	37.70	37.70
BSP Bratislava-Schwechat Pipeline GmbH, Vienna	OMVRM	NAE	26.00	26.00
BTF Industriepark Schwechat GmbH, Vienna	OMVRM	NAE	50.00	50.00
Deutsche Transalpine Oelleitung GmbH, Munich	OMVD	AE	25.00	25.00
DUNATÁR Köolajtermék Tároló és Kereskedelmi Kft., Budapest	OHUN	NAE	48.28	48.28
EPS Ethylen-Pipeline-Süd GmbH & Co KG, Munich	OMVD	AE	20.66	20.66
Erdöl-Lagergesellschaft m.b.H., Lannach	OMVRM	AE1	55.60	55.60
Erk Petrol Yatırımları A.Ş., Istanbul (ERK)	POAS	C	100.00	100.00
FRANCIZA PETROM 2001 SA, Piteşti	PETROM	NAE	40.00	40.00

Direct and indirect investments of OMV Aktiengesellschaft with an interest of at least 20% as of December 31

	Parent company	Type of consolidation ¹	Equity interest in % as of December 31, 2015	Equity interest in % as of December 31, 2014
GENOL Gesellschaft m.b.H., Vienna	OMVRM	NAE	29.00	29.00
GENOL Gesellschaft m.b.H. & Co, Vienna	OMVRM	AE	29.00	29.00
ICS PETROM MOLDOVA SA, Chisinau	PETROM	C	100.00	100.00
Marmara Depoculuk Hizmetleri Sanayi ve Ticaret Anonim Şirketi, Istanbul	POAS	JO	45.00	45.00
OMV BULGARIA OOD, Sofia	PETROM	C	99.90	99.90
	OMVRM		0.10	0.10
OMV Česká republika, s.r.o., Prague	VIVTS	C	100.00	100.00
OMV Deutschland GmbH, Burghausen (OMVD)	OMVRM	C	90.00	90.00
	OMV AG		10.00	10.00
OMV Hungária Ásványolaj Korlátolt Felelősségű Társaság, Budapest (OHUN)	VIVTS	C	100.00	100.00
OMV – International Services Ges.m.b.H., Vienna	OMVRM	C	100.00	100.00
OMV Refining & Marketing GmbH, Vienna (OMVRM)	OMV AG	C	100.00	100.00
OMV PETROM MARKETING SRL, Bucharest (ROMAN)	PETROM	C	100.00	100.00
OMV SLOVENIJA trgovina z nafto in naftnimi derivati, d.o.o., Koper	VIVTS	C	92.25	92.25
OMV Slovensko s.r.o., Bratislava	VIVTS	C	99.99	99.99
OMV SRBIJA d.o.o., Belgrade	PETROM	C	99.96	99.96
	OMVRM		0.04	0.04
OMV Supply & Trading AG, Zug (OSUP)	OMVRM	C	100.00	100.00
OMV Supply & Trading Singapore PTE LTD., Singapore	OSUP	NC	100.00	100.00
OMV Supply & Trading Limited, London ⁵	OMVRM	C	100.00	
	OSUP			100.00
OMV Petrol Ofisi A.Ş., Istanbul (POAS)	OTHOLD	C	55.40	55.40
	OMV AG		44.60	43.39
Petrol Ofisi Havacilik Operasyonlari A.Ş., Istanbul	POAS	C	100.00	100.00
PETROM NADLAC SRL, Nadlac	PETROM	NC	100.00	98.51
Routex B.V., Amsterdam	OMVRM	NAE	20.00	20.00
SIOT Società Italiana per l'Oleodotto Transalpino S.p.A., Trieste	OMVRM	AE	25.00	25.00
SuperShop Marketing GmbH, Budapest	OHUN	NAE	50.00	50.00
TGN Tankdienst-Gesellschaft Nürnberg GbR, Nuremberg	OMVD	NAE	33.33	33.33
Transalpine Ölleitung in Österreich Gesellschaft m.b.H., Matrei in Osttirol	OMVRM	AE	25.00	25.00
TRANS GAS SERVICES SRL, Bucharest	PETROM	NC	80.00	80.00
PETROM AVIATION SA, Otopeni	PETROM	C	99.99	99.99
	OMVRM		0.01	0.01
Salzburg Fuelling GmbH, Salzburg	OMVRM	NAE	33.33	33.33
VIVA International Marketing- und Handels-GmbH, Vienna (VIVTS)	OMVRM	C	100.00	100.00

Direct and indirect investments of OMV Aktiengesellschaft with an interest of at least 20% as of December 31

	Parent company	Type of consolidation ¹	Equity interest in % as of December 31, 2015	Equity interest in % as of December 31, 2014
Corporate and Other				
Amical Insurance Limited, Douglas (AMIC)	OMV AG	C	100.00	100.00
ASOCIATIA ROMANA PENTRU RELATIA CU INVESTITORII, Bucharest	PETROM	NAE	20.00	20.00
Diramic Insurance Limited, Gibraltar	AMIC	C	100.00	100.00
Kompetenz- und Informationszentrum für Humanvermögen und interdisziplinäre Arbeits- und Unternehmensforschung GmbH in Liqu., Klosterneuburg ⁶	SNO	NAE	24.44	24.44
OMV Clearing und Treasury GmbH, Vienna	SNO	C	100.00	100.00
OMV International Oil & Gas GmbH, Zug	OMV AG	C	100.00	100.00
OMV Petrol Ofisi Holding Anonim Şirketi, Istanbul (OTHOLD)	OMV AG	C	100.00	100.00
OMV FINANCE LIMITED, Douglas ^{4, 6}	OMV AG	NC	100.00	100.00
OMV Finance Services GmbH, Vienna	SNO	C	100.00	100.00
OMV Finance Services NOK GmbH, Vienna	SNO	C	100.00	100.00
OMV Finance Solutions USD GmbH, Vienna	SNO	C	100.00	100.00
OMV Insurance Broker GmbH, Vienna	OMV AG	NC	100.00	100.00
OMV Petrom Global Solutions SRL, Bucharest	SNO	C	75.00	75.00
	PETROM		25.00	25.00
OMV Solutions GmbH, Vienna (SNO)	OMV AG	C	100.00	100.00
PETROMED SOLUTIONS SRL, Bucharest	PETROM	C	99.99	99.99
OMV Petrom				
OMV PETROM SA, Bucharest (PETROM) ²	OMV AG	C	51.01	51.01

¹ Type of consolidation:

- C Consolidated subsidiary
- AE Investments accounted for at-equity
- AE1 Despite majority interest not consolidated due to absence of control
- AE2 Joint venture accounted at-equity
- NC Not-consolidated subsidiary; shell or distribution companies of relative insignificance individually and collectively to the consolidated financial statements
- NAE Other investment recognized at-cost; associated companies of relatively little importance to the assets and earnings of the consolidated financial statements
- JO Joint Operation, OMV's share of assets, obligation for liabilities, share of income and expenses

² OMV Petrom is assigned to the relevant segments in the segment reporting

³ Economic share 10.78%

⁴ Type of consolidation was changed compared to 2014

⁵ Parent company was changed compared to 2014

⁶ In liquidation

All the subsidiaries which are not consolidated either have low business volumes or are distribution companies; the total sales, net income/losses and equity of such companies represent less than 1% of the Group totals.

Oil and gas reserve estimation and disclosures (unaudited)

Oil and gas reserve estimation and disclosures (unaudited)

The following tables provide supplementary information in respect of the Group's oil and gas activities. In the absence of detailed disclosure rules in this area under IFRS, the Group has elected to voluntarily disclose the data that would have been required under the ASC 932 as if it was reporting under US GAAP.

To the extent that information refers to financial statements data, the information is based on the primary financial statements (IFRS financial statements).

During 2009, OMV acquired a 10% interest in Pearl Petroleum Company Limited, which is accounted for as an equity method investment and not shown in this disclosure.

Besides Austria and Romania all other countries are summarized in the following two regions. These regions include the following countries:

Northwest Europe, Africa and Australasia: Algeria, Australia, the Faroe Islands, Gabon (since 2014), Libya, Madagascar, Namibia (since 2014), New Zealand, Norway, Tunisia, Turkey (until 2013) and United Kingdom

Middle East and Caspian: Bulgaria, Iran, Kazakhstan, Kurdistan Region of Iraq, Pakistan, Ukraine, the United Arab Emirates and Yemen

As OMV holds 51% of OMV Petrom, it is fully consolidated; figures therefore include 100% of OMV Petrom assets and results. The subsequent tables may contain rounding differences.

a) Capitalized costs

Capitalized costs represent the sum of capitalized oil and gas assets, including other intangible assets and property, plant and equipment such as land, plant and machinery, concessions, licenses and rights.

Capitalized costs	EUR mn		
	2015	2014	2013
Unproved oil and gas properties	2,832	2,531	1,981
Proved oil and gas properties	22,333	20,271	17,164
Total	25,164	22,802	19,145
Accumulated depreciation	(12,572)	(8,792)	(6,776)
Net capitalized costs	12,592	14,010	12,369

b) Costs incurred

Costs incurred include all costs, capitalized or expensed, during the year in the Group's oil and gas property acquisition, exploration and development activities.

Costs incurred	EUR mn				Total
	Romania	Austria	Northwest Europe, Africa and Australasia	Middle East and Caspian	
2015					
Acquisition of proved properties	—	—	—	—	—
Acquisition of unproved properties	—	—	22	—	22
Decommissioning costs	161	14	25	2	202
Exploration costs ¹	331	26	178	72	607
Development costs	592	110	1,133	59	1,894
Costs incurred	1,084	149	1,358	133	2,725
2014					
Acquisition of proved properties	0	—	4	—	4
Acquisition of unproved properties	15	—	159	—	174
Decommissioning costs	296	30	45	0	370
Exploration costs ¹	289	31	311	61	693
Development costs	915	273	1,161	160	2,510
Costs incurred	1,515	334	1,681	221	3,751
2013					
Acquisition of proved properties	—	—	1,629	—	1,629
Acquisition of unproved properties	1	—	633	14	648
Decommissioning costs	(56)	31	63	10	48
Exploration costs ¹	108	5	243	162	518
Development costs	930	198	627	210	1,965
Costs incurred	983	234	3,196	396	4,809

¹ In Norway, exploration represents the costs less a 78% refund of the deductible costs

c) Results of operations of oil and gas producing activities

The following table represents only those revenues and expenses which occur directly in connection with OMV's oil and gas producing operations. The results of oil and gas activities should not be equated to Upstream net income since interest costs, general corporate overhead costs and other costs are not allocated. Income taxes are hypothetically calculated, based on the statutory tax rates and the effect of tax credits on investments and loss carryforwards.

Results of operations of oil and gas producing activities					EUR mn
	Romania	Austria	Northwest Europe, Africa and Australasia	Middle East and Caspian	Total
2015					
Sales to unaffiliated parties ³	49	44	765	196	1,054
Intercompany sales and sales to affiliated parties	1,866	437	452	34	2,789
Result from asset sales	(2)	0	20	(2)	16
	1,913	480	1,237	228	3,858
Production costs	(664)	(107)	(376)	(96)	(1,243)
Royalties	(231)	(81)	(32)	(17)	(361)
Exploration expenses	(146)	(16)	(315)	(230)	(707)
Depreciation, amortization and impairment losses	(1,164)	(167)	(1,760)	(646)	(3,738)
Other costs ⁴	(27)	(8)	(11)	(7)	(52)
	(2,232)	(379)	(2,494)	(997)	(6,101)
Results before income taxes	(319)	101	(1,257)	(769)	(2,243)
Income taxes ¹	48	(38)	57	(7)	59
Results from oil and gas properties	(271)	63	(1,201)	(776)	(2,184)
Storage fee ²	—	45	—	—	45

Results of operations of oil and gas producing activities					EUR mn
	Romania	Austria	Northwest Europe, Africa and Australasia	Middle East and Caspian	Total
2014					
Sales to unaffiliated parties	13	34	1,151	264	1,462
Intercompany sales and sales to affiliated parties	2,707	626	628	133	4,094
Result from asset sales	0	(1)	(7)	0	(7)
	2,720	659	1,773	397	5,548
Production costs	(738)	(109)	(377)	(110)	(1,335)
Royalties	(296)	(140)	(32)	(22)	(490)
Exploration expenses	(49)	(19)	(346)	(46)	(460)
Depreciation, amortization and impairment losses	(561)	(141)	(593)	(277)	(1,572)
Other costs ⁴	(40)	(6)	(62)	4	(105)
	(1,684)	(416)	(1,410)	(452)	(3,961)
Results before income taxes	1,036	243	363	(55)	1,587
Income taxes ¹	(170)	(71)	(224)	(44)	(509)
Results from oil and gas properties	866	172	139	(99)	1,078
Storage fee ²	—	48	—	—	48
2013					
Sales to unaffiliated parties	9	43	667	249	968
Intercompany sales and sales to affiliated parties	2,740	758	592	124	4,214
Result from asset sales	(2)	(1)	11	0	7
	2,747	799	1,270	373	5,189
Production costs	(654)	(106)	(187)	(97)	(1,045)
Royalties	(226)	(141)	(43)	(19)	(429)
Exploration expenses	(102)	(12)	(142)	(148)	(404)
Depreciation, amortization and impairment losses	(508)	(104)	(360)	(167)	(1,139)
Other costs	(18)	(6)	38	0	15
	(1,508)	(368)	(695)	(432)	(3,002)
Results before income taxes	1,239	432	575	(59)	2,186
Income taxes ¹	(202)	(121)	(328)	7	(644)
Results from oil and gas properties	1,037	311	247	(52)	1,543
Storage fee ²	—	56	—	—	56

¹ Income taxes in Northwest Europe, Africa and Australasia include corporation tax and special petroleum tax. For Romania, the income tax is hypothetically calculated with an assumed tax rate of 16%

² Intersegmental rental fees before taxes received from Downstream Gas for providing gas storage capacities

³ Includes hedging effect

⁴ Includes change in stock in Norway and New Zealand

d) Oil and gas reserve quantities

Proved reserves are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulation before the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain.

Proved developed reserves are those proved reserves that can be expected to be recovered through existing wells with existing equipment and operating methods, or in which the costs of the required equipment are relatively minor compared with the cost of a new well and through installed extraction equipment and infrastructure operational at the time of the reserves estimate. It should be reasonably certain that the required future expenditure will be made to safeguard existing equipment within the current budget.

Proved undeveloped reserves are those proved reserves that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion or substantial new investment is required in order to safeguard or replace ageing facilities.

Crude oil and NGL					mn bbl
	Romania	Austria	Northwest Europe, Africa and Australasia	Middle East and Caspian	Total
Proved developed and undeveloped reserves as of January 1, 2013	382.5	48.5	150.5	33.3	614.8
Revisions of previous estimates	15.4	4.5	2.8	0.1	22.8
Purchases	—	—	50.8	—	50.8
Disposal	—	—	—	—	—
Extensions and discoveries	0.3	0.2	0.2	0	0.7
Production	(28.6)	(5.7)	(15.3)	(5.3)	(54.9)
Proved developed and undeveloped reserves as of December 31, 2013	369.6	47.5	189.1	28.1	634.3
Revisions of previous estimates	12.4	3.6	10.1	5.8	32.0
Purchases	—	—	0.0	—	0.0
Disposal	—	—	—	—	—
Extensions and discoveries	1.6	0.1	5.5	0.1	7.3
Production	(28.0)	(5.8)	(18.1)	(5.9)	(57.8)
Proved developed and undeveloped reserves as of December 31, 2014	355.6	45.4	186.6	28.1	615.8
Revisions of previous estimates	13.6	3.2	20.2	6.8	43.8
Purchases	—	—	—	—	—
Disposal	—	—	—	—	—
Extensions and discoveries	0.0	0.1	—	—	0.1
Production	(27.4)	(5.7)	(18.3)	(4.0)	(55.4)
Proved developed and undeveloped reserves as of December 31, 2015	341.8	43.0	188.5	30.9	604.3
Proved developed reserves					
as of December 31, 2013	324.0	43.4	127.3	23.1	517.7
as of December 31, 2014	315.6	43.2	127.8	26.4	513.1
as of December 31, 2015	311.4	40.6	131.7	29.7	513.5

Gas					bcf
	Romania	Austria	Northwest Europe, Africa and Australasia	Middle East and Caspian	Total
Proved developed and undeveloped reserves as of January 1, 2013	1,984.5	341.2	336.6	133.6	2,795.9
Revisions of previous estimates	12.3	(7.1)	13.7	16.0	34.9
Purchases	—	—	208.8	—	208.8
Disposals	—	—	(3.0)	—	(3.0)
Extensions and discoveries	10.9	9.0	—	—	19.9
Production	(183.2)	(41.8)	(27.3)	(27.6)	(279.9)
Proved developed and undeveloped reserves as of December 31, 2013 ¹	1,824.6	301.2	528.8	122.0	2,776.6
Revisions of previous estimates	43.9	13.0	1.5	13.6	72.1
Purchases	—	—	0.0	—	0.0
Disposals	—	—	—	—	—
Extensions and discoveries	23.5	2.0	94.0	—	119.4
Production	(186.8)	(37.3)	(53.1)	(32.5)	(309.7)
Proved developed and undeveloped reserves as of December 31, 2014 ¹	1,705.2	278.9	571.2	103.2	2,658.5
Revisions of previous estimates	(2.4)	2.8	10.1	3.5	14.0
Purchases	—	—	—	—	—
Disposals	—	—	—	—	—
Extensions and discoveries	10.9	1.0	—	—	12.0
Production	(186.2)	(35.9)	(58.4)	(29.0)	(309.5)
Proved developed and undeveloped reserves as of December 31, 2015 ¹	1,527.5	246.9	522.9	77.7	2,375.0
Proved developed reserves					
as of December 31, 2013	1,431.1	200.1	271.4	121.7	2,024.3
as of December 31, 2014	1,313.8	191.6	260.9	92.0	1,858.2
as of December 31, 2015	1,163.9	163.9	235.6	69.8	1,633.3

¹ 2015: Including approximately 72 bcf of cushion gas held in storage reservoirs

2014: Including approximately 71 bcf of cushion gas held in storage reservoirs

2013: Including approximately 73 bcf of cushion gas held in storage reservoirs

e) Standardized measure of discounted future net cash flows

The future net cash flow information is based on the assumption that the prevailing economic and operating conditions will persist throughout the time during which proved reserves will be produced. Neither the effects of future pricing changes nor expected changes in technology and operating practices are considered.

Future cash inflows represent the revenues received from production volumes, including cushion gas held in storage reservoirs, assuming that the future production is sold at prices used in estimating year-end quantities of proved reserves (12 months average price). Future production costs include the estimated expenditures for production of the proved reserves plus any production taxes without consideration of future inflation. Future decommissioning costs comprise the net costs associated with decommissioning wells and facilities. Future development costs include the estimated costs of development drilling and installation of production facilities. For all three categories year-end costs without consideration of inflation are assumed. Future income tax payments are calculated on the basis of the income tax rate applicable in each of the countries in which the Group operates. The present cash value results from the discounting of the future net cash flow at a discount rate of 10% per year. The standardized measure does not purport to be an estimate of the fair value of the Group's proven reserves. An estimate of fair value would also take into account, amongst many other factors, the expected recovery of reserves in excess of proved reserves, anticipated changes in future prices and costs as well as a discount factor representative of the risks inherent in the production of oil and gas.

	Standardized measure of discounted future net cash flows				EUR mn
	Romania	Austria	Northwest Europe, Africa and Australasia	Middle East and Caspian	Total
2015					
Future cash inflows	19,931	3,506	12,640	1,295	37,372
Future production and decommissioning costs	(13,167)	(2,265)	(4,662)	(701)	(20,795)
Future development costs	(2,447)	(364)	(1,104)	(180)	(4,095)
Future net cash flows, before income taxes	4,317	877	6,874	414	12,482
Future income taxes	(701)	(292)	(2,866)	(96)	(3,955)
Future net cash flows, before discount	3,617	584	4,007	318	8,527
10% annual discount for estimated timing of cash flows	(1,643)	(148)	(1,395)	(46)	(3,232)
Standardized measure of discounted future net cash flows	1,974	436	2,613	272	5,295
2014					
Future cash inflows	31,187	5,047	17,954	1,883	56,071
Future production and decommissioning costs	(14,649)	(3,240)	(4,498)	(784)	(23,171)
Future development costs	(2,733)	(822)	(1,542)	(197)	(5,294)
Future net cash flows, before income taxes	13,806	985	11,914	902	27,606
Future income taxes	(2,216)	(496)	(6,186)	(210)	(9,108)
Future net cash flows, before discount	11,589	488	5,728	692	18,498
10% annual discount for estimated timing of cash flows	(5,611)	233	(1,842)	(146)	(7,365)
Standardized measure of discounted future net cash flows	5,978	721	3,886	547	11,133

Standardized measure of discounted future net cash flows					EUR mn
	Romania	Austria	Northwest Europe, Africa and Australasia	Middle East and Caspian	Total
2013					
Future cash inflows	32,975	5,557	18,204	1,937	58,673
Future production and decommissioning costs	(13,970)	(3,380)	(4,198)	(815)	(22,363)
Future development costs	(2,890)	(406)	(2,046)	(224)	(5,566)
Future net cash flows, before income taxes	16,115	1,771	11,960	897	30,743
Future income taxes	(2,587)	(629)	(6,140)	(179)	(9,534)
Future net cash flows, before discount	13,528	1,142	5,819	719	21,209
10% annual discount for estimated timing of cash flows	(6,963)	(199)	(2,055)	(173)	(9,390)
Standardized measure of discounted future net cash flows	6,565	943	3,765	546	11,818

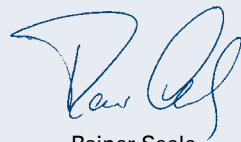
f) Changes in the standardized measure of discounted future net cash flows

Changes in the standardized measure of discounted future net cash flows				EUR mn
	2015	2014	2013	
Beginning of year	11,133	11,818	11,622	
Oil and gas sales and transfers produced, net of production costs	(4,193)	(4,186)	(3,916)	
Net change in prices and production costs	(9,915)	(1,384)	(1,409)	
Net change due to purchases and sales of minerals in place	0	0	1,705	
Net change due to extensions and discoveries	9	469	4	
Development and decommissioning costs incurred during the period	1,224	1,556	974	
Changes in estimated future development and decommissioning costs	(214)	(685)	(155)	
Revisions of previous reserve estimates	1,344	2,107	724	
Accretion of discount	1,063	1,087	1,067	
Net change in income taxes	4,371	459	1,246	
Other ¹	474	(110)	(44)	
End of year	5,295	11,133	11,818	

¹ Contains movements in foreign exchange rates vs. the EUR

Vienna, March 22, 2016

The Executive Board



Rainer Seele
Chairman



David C. Davies
Deputy Chairman



Johann Pleininger



Manfred Leitner

Abbreviations and definitions

ACC Austrian Company Code	EU European Union
ACCG Austrian Code of Corporate Governance	EUR Euro
AGM Annual General Meeting	FX Foreign exchange
bbl, bbl/d Barrel (1 barrel equals approximately 159 liters), barrels per day	gearing ratio Net debt divided by equity, expressed as a percentage
bcf, bcm Billion standard cubic feet (60 °F/16 °C), billion standard cubic meters (32 °F/0 °C)	GDP Gross domestic product
bn Billion	H1, H2 First, second half of the year
boe, boe/d Barrel of oil equivalent, boe per day	HSSE Health, Safety, Security and Environment
CAPEX Capital Expenditure	IASs International Accounting Standards
capital employed Equity including non-controlling interests plus net debt	IFRSs International Financial Reporting Standards
cbm, cf Standard cubic meters (32 °F/0 °C), standard cubic feet (60 °F/16 °C)	kbbl, kbbl/d Thousand barrels, thousand bbl per day
CCS Current Cost of Supply	kboe, kboe/d Thousand barrels of oil equivalent, thousand boe per day
CEE Central and Eastern Europe	km² Square kilometer
Co&O Corporate and Other	KPI Key Performance Indicator
EBIT Earnings Before Interest and Taxes	LNG Liquefied Natural Gas
EBITD Earnings Before Interest, Taxes, Depreciation and amortization, impairments and write-ups of fixed assets	LTIR Lost-Time Injury Rate per million hours worked
EPS Earnings Per Share; net income attributable to stockholders divided by total weighted average shares	mn Million
EPSA Exploration and Production Sharing Agreement	MW Megawatt
equity ratio Equity divided by balance sheet total, expressed as a percentage	MWh Megawatt hour
	n.a. Not available
	n.m. Not meaningful

net assets

Intangible assets, property, plant and equipment, equity-accounted investments, investments in other companies, loans granted to equity-accounted investments, total net working capital, less provisions for decommissioning and restoration obligations

net debt

Interest-bearing debts including bonds and finance lease liabilities less liquid funds (cash and cash equivalents)

net income

Net operating profit after interest and tax

NGL

Natural Gas Liquids; natural gas which is extracted in liquid form during the production of hydrocarbons

NOK

Norwegian Krone

NOPAT

Net Operating Profit After Tax; profit on ordinary activities after taxes plus net interest on net borrowings, +/- result from discontinued operations, +/- tax effect of adjustments

OECD

Organisation for Economic Cooperation and Development

OPEX

Operating Expenditures; cost of material and personnel during production excluding royalties

payout ratio

Dividend per share divided by earnings per share, expressed as a percentage

PJ

Petajoule, 1 petajoule corresponds to approx. 278 mn kilowatt hours

Q1, Q2, Q3, Q4

First, second, third, fourth quarter of the year

ROACE

Return On Average Capital Employed; NOPAT divided by average capital employed expressed as a percentage

ROE

Return On Equity; net income/loss for the year divided by average equity, expressed as a percentage

RONA

Return On Net Assets; NOPAT divided by average net assets, expressed as a percentage

RON

Romanian leu

RRR

Reserve Replacement Rate; total changes in reserves excluding production, divided by total production

sales revenues

Sales excluding petroleum excise tax

SEE

Southeastern Europe

t, toe

Metric tonne, tonne of oil equivalent

TRIR

Total Recordable Injury Rate

TRY

Turkish lira

TSR

Total Shareholder Return

TWh

Terawatt hour

USD

US dollar

For more abbreviations and definitions please visit www.omv.com > Press > Glossary.



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In the interest of a fluid style, which is easy to read, non-gender specific terms have been mainly used in the notes chapter of this annual report.

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