Quarterly Report 2018

Q2

OMV Aktiengesellschaft

The energy for a better life.

OMV

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Disclaimer regarding forward-looking statements

This report contains forward-looking statements. Forward-looking statements usually may be identified by the use of terms such as "outlook," "expect," "anticipate," "target," "estimate," "goal," "plan," "intend," "may," "objective," "will" and similar terms or by their context. These forward-looking statements are based on beliefs and assumptions currently held by and information currently available to OMV. By their nature, forward-looking statements are subject to risks and uncertainties, both known and unknown, because they relate to events and depend on circumstances that will or may occur in the future and are outside the control of OMV. Consequently, the actual results may differ materially from those expressed or implied by the forward-looking statements. Therefore, recipients of this report are cautioned not to place undue reliance on these forward-looking statements.
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August 2, 2018

OMV Group Report January–June and Q2 2018 including condensed consolidated interim financial statements as of June 30, 2018

Key Performance Indicators [1]

Group

- Clean CCS Operating Result increased by 10% to EUR 726 mn
- Clean CCS net income attributable to stockholders amounted to EUR 272 mn, clean CCS Earnings Per Share were EUR 0.83
- Positive organic free cash flow after dividends of EUR 88 mn
- High cash flow from operating activities of EUR 1.2 bn
- Clean CCS ROACE at 13%

Upstream

- Production rose by 81 kboe/d to 419 kboe/d
- Production cost decreased by 13% to USD 7.6/boe

Downstream

- OMV indicator refining margin stood at USD 5.2/bbl
- Natural gas sales slightly decreased to 24.8 TWh

Key events

- On April 29, 2018, OMV signed a concession agreement for the acquisition of a 20% stake in two oil fields in Abu Dhabi from ADNOC. The concession area consists of two offshore fields under development, Umm Lulu and Satah Al Razboot (SARB), as well as two satellite fields, Bin Nasher and Al Bateel. The agreed participation fee amounts to USD 1.5 bn and the duration of the contract is 40 years. The concession will be retroactively effective as of March 9, 2018.
- On May 30, 2018, OMV reached an agreement to sell its gas fired power plant in Turkey, OMV Samsun Elektrik Üretim Sanayi ve Ticaret A.Ş., to Yapisan Elektrik Üretim A.Ş., a subsidiary of Bilgin Enerji, based in Ankara. The parties have agreed not to disclose the consideration. The transaction is subject to the approval of the Turkish competition council and other Turkish authorities. Closing is expected in Q4/18 at the latest.
- On June 28, 2018, OMV closed the sale of its Upstream companies active in Pakistan to Dragon Prime Hong Kong Limited. The divestment represents a further step in optimizing OMV's Upstream portfolio. The purchase price is approximately EUR 158 mn.

[1] Figures reflect the Q2/18 period; all comparisons described relate to the same quarter in the previous year except where mentioned otherwise

Directors' Report (condensed, unaudited)

Group performance

Financial highlights

In EUR mn (unless otherwise stated)

Q2/18	Q1/18	Q2/17	Δ% [1]		6m/18	6m/17	Δ%
5,706	4,977	5,152	11	Sales [2]	10,683	10,670	0
726	**818**	**662**	**10**	**Clean CCS Operating Result [3]**	**1,544**	**1,467**	**5**
457	438	259	76	Clean Operating Result Upstream [3]	895	580	54
338	376	411	(18)	Clean CCS Operating Result Downstream [3]	714	904	(21)
(6)	0	(13)	55	Clean Operating Result Corporate and Other [3]	(6)	(26)	78
(64)	4	5	n.m.	Consolidation: Elimination of intersegmental profits	(60)	8	n.m.
49	35	35	42	Clean Group tax rate in %	41	27	56
346	491	393	(12)	Clean CCS Net Income [3]	837	995	(16)
272	**377**	**282**	**(4)**	**Clean CCS net income attributable to stockholders [3, 4]**	**649**	**784**	**(17)**
0.83	1.15	0.86	(4)	Clean CCS EPS in EUR [3]	1.99	2.40	(17)
726	**818**	**662**	**10**	**Clean CCS Operating Result [3]**	**1,544**	**1,467**	**5**
(168)	**64**	**(1,322)**	**87**	**Special items [5]**	**(103)**	**(1,112)**	**91**
44	17	(34)	n.m.	CCS effects: Inventory holding gains/(losses)	61	(12)	n.m.
602	**899**	**(694)**	**n.m.**	**Operating Result Group**	**1,502**	**343**	**n.m.**
363	478	169	115	Operating Result Upstream	840	677	24
318	417	(857)	n.m.	Operating Result Downstream	736	(318)	n.m.
(13)	(1)	(14)	9	Operating Result Corporate and Other	(14)	(30)	54
(66)	6	8	n.m.	Consolidation: Elimination of intersegmental profits	(61)	14	n.m.
(47)	(90)	(62)	24	Net financial result	(137)	(111)	(24)
555	809	(756)	n.m.	Profit before tax	1,364	232	n.m.
50	34	(23)	n.m.	Group tax rate in %	41	148	(72)
276	531	(928)	n.m.	Net income	807	(112)	n.m.
203	406	(1,028)	n.m.	Net income attributable to stockholders [4]	610	(316)	n.m.
0.62	1.24	(3.15)	n.m.	Earnings Per Share (EPS) in EUR	1.87	(0.97)	n.m.
1,233	1,076	991	24	Cash flow from operating activities	2,309	1,914	21
(386)	538	1,329	n.m.	Free cash flow before dividends	152	2,649	(94)
(1,078)	538	747	n.m.	Free cash flow after dividends	(541)	2,067	n.m.
88	645	77	15	Organic free cash flow after dividends [6]	733	573	28
2,848	2,292	943	n.m.	Net debt	2,848	943	n.m.
20	16	7	192	Gearing ratio in %	20	7	192
1,747	339	397	n.m.	Capital expenditure [7]	2,086	698	199
506	339	394	29	Organic capital expenditure [8]	845	695	22
13	13	11	18	Clean CCS ROACE in % [3]	13	11	18
12	5	(1)	n.m.	ROACE in %	12	(1)	n.m.
20,086	20,595	21,140	(5)	Employees	20,086	21,140	(5)

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

[1] Q2/18 compared to Q2/17

[2] Sales excluding petroleum excise tax

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

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

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

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

[7] Capital expenditure including acquisitions

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

Second quarter 2018 (Q2/18) compared to second quarter 2017 (Q2/17)

Consolidated sales increased by 11% to EUR 5,706 mn compared to Q2/17, mainly due to higher prices in Downstream as well as increased sales volumes and higher prices in Upstream. The **clean CCS Operating Result** was up from EUR 662 mn to EUR 726 mn, mainly driven by a significantly higher Upstream result of EUR 457 mn (Q2/17: EUR 259 mn). This was largely attributable to higher sales volumes following the acquisition of the interest in the Yuzhno Russkoye gas field. Positive net market effects were driven by higher oil prices and partly offset by negative hedging effects as well as the negative FX impact following the depreciation of the US dollar against the euro. The Downstream clean CCS Operating Result decreased to EUR 338 mn (Q2/17: EUR 411 mn), due to a weaker refining market environment in Q2/18, the missing contribution from OMV Petrol Ofisi following its divestment in Q2/17 and the planned turnaround at the Petrobrazi refinery. The planned turnaround at the Romanian refinery led to higher levels of stored equity crude and an increase of not yet realized profits at Group level. These are eliminated in the consolidation line, which amounted to approximately EUR 60 mn in total. OMV Petrom's clean CCS Operating Result amounted to EUR 159 mn (Q2/17: EUR 197 mn). The **clean Group tax rate** was 49% compared to 35% in Q2/17, related to a stronger contribution of high taxed Upstream countries in the Middle East and Africa region and a lower Downstream result, negatively impacted by the planned turnaround at the Petrobrazi refinery. In addition, the high tax rate reflects the negative hedging effects. The **clean CCS net income** reached EUR 346 mn. **Clean CCS net income attributable to stockholders** decreased to EUR 272 mn (Q2/17: EUR 282 mn). **Clean CCS Earnings Per Share** came in at EUR 0.83 (Q2/17: EUR 0.86).

Net **special items** of EUR (168) mn were recorded in Q2/18, mainly related to temporary hedging effects and unrealized commodity derivatives. In Q2/17, net special items were EUR (1,322) mn, primarily due to the recycling of FX losses following the divestment of OMV Petrol Ofisi. **CCS effects** of EUR 44 mn were recognized in Q2/18. OMV Group's reported **Operating Result** came in at EUR 602 mn, substantially higher than in Q2/17 (EUR (694) mn). OMV Petrom's contribution to the Group's reported Operating Result was EUR 156 mn (Q2/17: EUR 172 mn).

The **net financial result** was EUR (47) mn (Q2/17: EUR (62) mn). The increase was mainly related to FX gains. With a **Group tax rate** of 50% (Q2/17: (23)%), **net income** amounted to EUR 276 mn. **Net income attributable to stockholders** rose to EUR 203 mn (Q2/17: EUR (1,028) mn). **Earnings Per Share** for the quarter increased significantly to EUR 0.62 (Q2/17: EUR (3.15)).

Cash flow from operating activities grew to EUR 1,233 mn from EUR 991 mn in Q2/17, supported by positive net working capital effects. **Free cash flow after dividends** decreased to EUR (1,078) mn compared to EUR 747 mn in Q2/17, mainly attributable to the acquisition of a 20% stake in an offshore concession in Abu Dhabi, that led to an outflow of USD 1.5 bn in Q2/18.

Net debt increased to EUR 2,848 mn compared to EUR 943 mn on June 30, 2017, impacted by the acquisition of a 20% stake in an offshore concession in Abu Dhabi in Q2/18 and by the acquisition of a 24.99% share in the Yuzhno Russkoye natural gas field in Q4/17. On June 30, 2018, the **gearing ratio** stood at 20% (June 30, 2017: 7%).

Organic capital expenditure increased by 29% to EUR 506 mn (Q2/17: EUR 394 mn). The increase is allocated to Upstream reflecting higher organic capital expenditure in the regions Central Eastern Europe and Middle East and Africa. In Downstream, organic capital expenditure decreased due to the divestment of OMV Petrol Ofisi in Q2/17. The amount was partially offset by higher organic capital expenditure in Downstream Gas, reflecting increased planned maintenance activities in the power business. Total **capital expenditure** amounted to EUR 1,747 mn (Q2/17: EUR 397 mn) reflecting the acquisition of a 20% stake in two offshore oil fields in Abu Dhabi from ADNOC in the amount of USD 1.5 bn in Q2/18.

January to June 2018 (6m/18) compared to January to June 2017 (6m/17)

Consolidated sales were flat compared to 6m/17. Higher prices in Downstream and higher sales volumes in Upstream were offset by the missing contribution from OMV Petrol Ofisi following its divestment in Q2/17. The **clean CCS Operating Result** rose from EUR 1,467 mn in 6m/17 to EUR 1,544 mn. This was mainly driven by a higher Upstream result of EUR 895 mn (6m/17: EUR 580 mn), due to higher sales volumes following the acquisition of the interest in the Yuzhno Russkoye gas field. The Downstream clean CCS Operating Result decreased to EUR 714 mn (6m/17: EUR 904 mn), mainly due to the missing contribution of OMV Petrol Ofisi following its divestment and a weaker refining market environment. The planned turnaround at the Romanian refinery led to higher levels of stored equity crude and an increase of not yet realized profits at Group level. These are eliminated in the consolidation line, which amounted to approximately EUR 60 mn in total. OMV Petrom's clean CCS Operating Result was with EUR 365 mn almost flat (6m/17: EUR 367 mn). The **clean Group tax rate** in 6m/18 was 41% (6m/17: 27%), mainly related to a higher Upstream contribution driven by Norway and Libya. In addition, the high tax rate reflects the negative hedging effects. The **clean CCS net income** amounted to EUR 837 mn. **Clean CCS net income attributable to stockholders** decreased to EUR 649 mn (6m/17: EUR 784 mn). **Clean CCS Earnings Per Share** declined to EUR 1.99 (6m/17: EUR 2.40).

Net **special items** of EUR (103) mn were recorded in 6m/18, mainly related to temporary hedging effects and unrealized commodity derivatives. In 6m/17, net special items were EUR (1,112) mn, primarily due to the recycling of FX losses following the divestment of OMV Petrol Ofisi. **CCS effects** of EUR 61 mn were recognized in 6m/18. OMV Group's reported **Operating Result** substantially rose to EUR 1,502 mn (6m/17: EUR 343 mn). The contribution of OMV Petrom to the Group reported Operating Result was EUR 388 mn, higher than in 6m/17 (EUR 349 mn).

The **net financial result** decreased to EUR (137) mn (6m/17: EUR (111) mn) due to other financing costs. With a **Group tax rate** of 41% (6m/17: 148%) the **net income** amounted to EUR 807 mn. **Net income attributable to stockholders** was EUR 610 mn compared to EUR (316) mn in 6m/17. **Earnings Per Share** equaled EUR 1.87 compared to EUR (0.97) in 6m/17.

Cash flow from operating activities increased significantly to EUR 2,309 mn (6m/17: EUR 1,914 mn), supported by positive net working capital effects. **Free cash flow after dividends** declined significantly to EUR (541) mn (6m/17: EUR 2,067 mn), mainly attributable to the acquisition of a 20% stake in an offshore concession in Abu Dhabi that led to an outflow of USD 1.5 bn in Q2/18.

Net debt increased to EUR 2,848 mn compared to EUR 943 mn on June 30, 2017, primarily impacted by the acquisition of a 20% stake in an offshore concession in Abu Dhabi in Q2/18 and by the acquisition of a 24.99% share in the Yuzhno Russkoye natural gas field in Q4/17. On June 30, 2018, the **gearing ratio** stood at 20% (June 30, 2017: 7%).

Organic capital expenditure increased by 22% to EUR 845 mn (6m/17: EUR 695 mn). The increase is allocated to Upstream reflecting higher organic capital expenditure in the region Central Eastern Europe. In Downstream, organic capital expenditure decreased due to the divestment of OMV Petrol Ofisi in Q2/17. The amount was partially offset by higher organic capital expenditure in Downstream Gas, reflecting increased planned maintenance activities in the power business. Total **capital expenditure** amounted to EUR 2,086 mn (6m/17: EUR 698 mn) reflecting the acquisition of a 20% stake in two offshore oil fields in Abu Dhabi from ADNOC in the amount of USD 1.5 bn in Q2/18.

Special items and CCS effect

In EUR mn

Q2/18	Q1/18	Q2/17	Δ% [1]		6m/18	6m/17	Δ%
726	**818**	**662**	**10**	**Clean CCS Operating Result [2]**	**1,544**	**1,467**	**5**
(168)	**64**	**(1,322)**	**87**	**Special items**	**(103)**	**(1,112)**	**91**
(11)	(7)	(13)	16	thereof personnel and restructuring	(18)	(13)	(34)
(40)	0	(40)	1	thereof unscheduled depreciation	(40)	(26)	(53)
(1)	7	0	n.m.	thereof asset disposal	6	2	159
(116)	65	(1,268)	91	thereof other	(51)	(1,074)	95
44	17	(34)	n.m.	CCS effects: Inventory holding gains/(losses)	61	(12)	n.m.
602	**899**	**(694)**	**n.m.**	**Operating Result Group**	**1,502**	**343**	**n.m.**

[1] Q2/18 compared to Q2/17
[2] Adjusted for special items; clean CCS figures exclude fuels' inventory holding gains/losses (CCS effects) resulting from the fuels refineries and OMV Petrol Ofisi

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

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

Cash flow

Summarized cash-flow statement

In EUR mn

Q2/18	Q1/18	Q2/17	Δ% [1]		6m/18	6m/17	Δ%
832	1,198	766	9	Sources of funds	2,030	1,957	4
1,233	1,076	991	24	Cash flow from operating activities	2,309	1,914	21
(1,619)	(538)	338	n.m.	Cash flow from investing activities	(2,157)	735	n.m.
(386)	538	1,329	n.m.	Free cash flow	152	2,649	(94)
(972)	(212)	(608)	(60)	Cash flow from financing activities	(1,183)	(735)	(61)
(5)	(7)	(10)	54	Effect of exchange rate changes on cash and cash equivalents	(12)	(25)	53
(1,362)	319	710	n.m.	Net (decrease)/increase in cash and cash equivalents	(1,043)	1,889	n.m.
4,300	3,981	3,493	23	Cash and cash equivalents at beginning of period	3,981	2,314	72
2,938	**4,300**	**4,203**	**(30)**	**Cash and cash equivalents at end of period**	**2,938**	**4,203**	**(30)**
11	*3*	-	*n.a.*	*thereof cash disclosed within Assets held for sale*	*11*	-	*n.a.*
2,927	**4,297**	**4,203**	**(30)**	**Cash and cash equivalents presented in the consolidated statement of financial position**	**2,927**	**4,203**	**(30)**
(1,078)	**538**	**747**	**n.m.**	**Free cash flow after dividends**	**(541)**	**2,067**	**n.m.**
(1,079)	**538**	**747**	**n.m.**	**Free cash flow after dividends incl. non-controlling interest changes**	**(541)**	**2,067**	**n.m.**

[1] Q2/18 compared to Q2/17

Second quarter 2018 (Q2/18) compared to second quarter 2017 (Q2/17)

In Q2/18, **sources of funds** stood at EUR 832 mn (Q2/17: EUR 766 mn). Net working capital effects generated a cash inflow of EUR 401 mn (Q2/17: EUR 225 mn). **Cash flow from operating activities** increased to EUR 1,233 mn in Q2/18.

Cash flow from investing activities showed an outflow of EUR (1,619) mn compared to an inflow of EUR 338 mn in Q2/17, mainly attributable to the acquisition of a 20% stake in an offshore concession in Abu Dhabi in the amount of USD 1.5 bn in Q2/18. Cash flow from investing activities in Q2/18 contained a cash outflow of EUR (60) mn related to the financing agreements for the Nord Stream 2 pipeline project as well as a cash inflow of EUR 130 mn related to the divestment of OMV's Upstream business in Pakistan. In Q2/17, the divestment of OMV Petrol Ofisi lead to a net inflow of EUR 879 mn.

Cash flow from financing activities recorded an outflow of EUR (972) mn compared to EUR (608) mn in Q2/17, primarily as a result of the repayment of the hybrid bond 2011 and increased dividend payments. These effects were partly compensated by the issuance of a new hybrid bond in June 2018.

Free cash flow (defined as net cash from operating activities +/– net cash from investing activities) significantly decreased to EUR (386) mn (Q2/17: EUR 1,329 mn). **Free cash flow after dividends** strongly declined to EUR (1,078) mn in Q2/18 (Q2/17: EUR 747 mn).

January to June 2018 (6m/18) compared to January to June 2017 (6m/17)

In 6m/18, **sources of funds** rose to EUR 2,030 mn (6m/17: EUR 1,957 mn). Net working capital components generated a cash inflow of EUR 279 mn (6m/17: EUR (44) mn). **Cash flow from operating activities** amounted to EUR 2,309 mn, up by EUR 395 mn compared to 6m/17.

Cash flow from investing activities showed an outflow of EUR (2,157) mn in 6m/18 compared to an inflow of EUR 735 mn in 6m/17, mainly attributable to the acquisition of a 20% stake in an offshore concession in Abu Dhabi in the amount of USD 1.5 bn in Q2/18. Cash flow from investing activities in 6m/18 contained a cash outflow of EUR (141) mn related to the financing agreements for the Nord Stream 2 pipeline project and a prepayment of EUR (51) mn related to the acquisition of Shell's Upstream business in New Zealand as well as a cash inflow of EUR 146 mn related to the divestment of OMV's Upstream business in Pakistan. In 6m/17, the divestments of OMV (U.K.) Limited and OMV Petrol Ofisi lead to a net inflow of EUR 1,689 mn.

Cash flow from financing activities showed an outflow of EUR (1,183) mn compared to EUR (735) mn in 6m/17, primarily as a result of the repayment of the hybrid bond 2011 and increased dividend payments. These effects were partly compensated by the issuance of a new hybrid bond in June 2018.

Free cash flow (defined as net cash from operating activities +/– net cash from investing activities) significantly decreased to EUR 152 mn (6m/17: EUR 2,649 mn). **Free cash flow after dividends** strongly declined to EUR (541) mn in 6m/18 (6m/17: EUR 2,067 mn).

Risk management

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

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

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

Transactions with related parties

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

Outlook

Market environment

For the year 2018, OMV expects the average Brent oil price to be at USD 70/bbl (previous forecast: USD 68/bbl). In 2018, average European gas spot prices are anticipated to be higher compared to 2017 (previous forecast: on a similar level).

Group

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

Upstream

- OMV expects total production to be above 420 kboe/d in 2018. Production from Russia is planned to contribute around 100 kboe/d. Production in Libya is forecasted to be at a similar level to that of 2017.
- It is foreseen that production in Q3/18 will be lower than in Q2/18, due to the planned annual maintenance in Russia as well as maintenance works in Norway and following the divestment of OMV Pakistan.
- Production in Q4/18 is expected to be strong, slightly higher than in the first quarter of 2018. This will be driven by higher volumes in Russia due to seasonal gas demand, the expected production start-up of Aasta Hansteen in Norway and of the two fields in Abu Dhabi. The acquisition in New Zealand, which is expected to be closed in Q4/18, provides additional upside.
- Organic CAPEX for Upstream (including capitalized E&A and excluding acquisitions) is anticipated to come in at around EUR 1.3 bn in 2018.
- Exploration and Appraisal expenditure is expected to be at EUR 300 mn.

Downstream

Oil

- Refining margins are projected to be lower than in 2017.
- Petrochemical margins are forecasted to be at a similar level to those in 2017.
- In OMV's markets, retail and commercial margins are predicted to be on a level similar to 2017. Total refined product sales will be lower in 2018 compared to 2017 following the divestment of OMV Petrol Ofisi in June 2017.
- The utilization rate of the refineries is expected to be above 90% in 2018, despite the planned turnaround at the Petrobrazi refinery completed in Q2/18.

Gas

- Natural gas sales volumes are projected to be higher in 2018 than in 2017.
- Natural gas sales margins are forecasted to be at a similar level in 2018 to those in 2017.
- Net electrical output is expected to slightly decrease in 2018 due to an unfavorable market environment.
- OMV will continue to finance the Nord Stream 2 pipeline.

Business Segments

Upstream

In EUR mn (unless otherwise stated)

Q2/18	Q1/18	Q2/17	Δ% [1]		6m/18	6m/17	Δ%
779	766	615	27	Clean Operating Result before depreciation and amortization, impairments and write-ups	1,545	1,271	22
457	438	259	76	Clean Operating Result	895	580	54
(94)	40	(90)	(5)	Special items	(55)	97	n.m.
363	478	169	115	Operating Result	840	677	24
1,584	255	227	n.m.	Capital expenditure [2]	1,839	436	n.m.
75	61	40	89	Exploration expenditure	137	93	47
53	37	58	(9)	Exploration expenses	90	90	0
7.60	7.42	8.69	(13)	Production cost in USD/boe [3]	7.51	8.80	(15)
				Key Performance Indicators			
419	437	339	24	Total hydrocarbon production in kboe/d [3]	428	337	27
160	*162*	*169*	*(5)*	*thereof OMV Petrom*	*161*	*170*	*(5)*
16.0	16.0	16.5	(3)	Crude oil and NGL production in mn bbl	32.0	32.4	(1)
128.3	135.5	80.8	59	Natural gas production in bcf [3]	263.8	161.1	64
35.7	38.5	28.5	25	Total hydrocarbon sales volumes in mn boe [3]	74.2	57.0	30
74.39	66.82	49.64	50	Average Brent price in USD/bbl	70.58	51.72	36
60.61	58.02	46.02	32	Average realized crude price in USD/bbl	59.27	48.17	23
4.63	4.86	5.09	(9)	Average realized gas price in USD/1,000 cf [3]	4.74	5.05	(6)
12.71	12.92	15.10	(16)	Average realized gas price in EUR/MWh [3, 4]	12.82	15.25	(16)
1.192	1.229	1.102	8	Average EUR-USD FX rate	1.210	1.083	12

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

[1] Q2/18 compared to Q2/17

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

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

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

Second quarter 2018 (Q2/18) compared to second quarter 2017 (Q2/17)

- Strong increase of clean Operating Result to EUR 457 mn
- Production increased to 419 kboe/d
- Production cost decreased by 13% to USD 7.6/boe

The **clean Operating Result** substantially improved from EUR 259 mn in Q2/17 to EUR 457 mn, due to a significantly better operational performance in the amount of EUR 105 mn. This was largely attributable to higher sales volumes following the acquisition of the interest in the Yuzhno Russkoye gas field and partially offset by lower production in Romania and New Zealand. Net market effects had a positive impact of EUR 77 mn to OMV's result. Higher average oil prices were partly offset by hedging losses as well as the negative FX impact following the depreciation of the US dollar against the euro. In Q2/18, OMV Petrom contributed EUR 177 mn to the clean Operating Result compared to EUR 98 mn in Q2/17.

Net **special items** amounted to EUR (94) mn in Q2/18 mainly associated with temporary hedging effects of EUR (69) mn and associated with the impairment of assets in the North Sea region following their reclassification as assets held for sale. The **Operating Result** substantially increased to EUR 363 mn (Q2/17: EUR 169 mn).

At USD 7.6/boe, **production cost** excluding royalties declined by 13% as a result of higher production, partly offset by negative FX impacts due to USD devaluation. Production cost of OMV Petrom increased by 12% to USD 11.7/boe mainly due to lower volumes and an unfavorable FX environment.

Total hydrocarbon production increased by 24% to 419 kboe/d, primarily due to Russia's contribution of 98 kboe/d and partially offset by lower production from Romania due to natural decline as well as from New Zealand due to repair works at the Pohokura pipeline. OMV Petrom's total production was down by 5% to 160 kboe/d, mostly because of natural decline. **Total sales volumes** were up by 25%, mainly attributable to the contribution from Russia and partially offset by lower sales volumes in Romania and New Zealand.

In Q2/18, the **average Brent price** rose by 50% to around USD 74/bbl, predominantly due to higher geopolitical risk as well as a continued strong compliance with the production cut by the OPEC countries. The Group's **average realized** crude price increased by 32%. The **average realized gas price** in USD/1,000 cf decreased by 9% as Q2/18 reflects the contribution from Russia. Realized prices were impacted by a hedging loss of EUR (124) mn in Q2/18.

Capital expenditure including capitalized E&A increased to EUR 1,584 mn in Q2/18 (EUR 227 mn in Q2/17) and also accounts for the acquisition of a 20% stake in two offshore oil fields in Abu Dhabi from ADNOC in the amount of USD 1.5 bn. Organic investments were undertaken primarily in Romania and Norway. **Exploration expenditure** rose by 89% to EUR 75 mn and was mainly related to activities in Romania, Norway and Austria.

January to June 2018 (6m/18) compared to January to June 2017 (6m/17)

The **clean Operating Result** substantially increased from EUR 580 mn in 6m/17 to EUR 895 mn in 6m/18, due to a significantly better operational performance in the amount of EUR 302 mn. This was largely attributable to higher sales volumes following the acquisition of the interest in the Yuzhno Russkoye gas field and the increased production contribution from Libya, and partially offset by lower production in Romania, Norway and New Zealand. Net market effects had an impact of EUR (12) mn on OMV's result. Higher average prices could not offset the hedging losses as well as the negative FX impact following the depreciation of the US dollar against the euro. OMV Petrom contributed EUR 315 mn in 6m/18 to the clean Operating Result compared to EUR 200 mn in 6m/17.

Net **special items** in 6m/18 amounted to EUR (55) mn (6m/17: EUR 97 mn) and were mainly associated with the impairment of assets in the North Sea region following their reclassification as assets held for sale and negative temporary hedging effects. The **Operating Result** improved substantially to EUR 840 mn (6m/17: EUR 677 mn).

At USD 7.5/boe, **production cost** excluding royalties were down by 15% as a result of higher production coupled with the ongoing cost reduction program, partly offset by negative FX impacts due to the USD devaluation. At OMV Petrom, production cost increased by 12% to USD 11.8/boe, mainly due to lower volumes and an unfavorable FX environment.

Total hydrocarbon production rose by 27% to 428 kboe/d, primarily due to Russia's contribution of 102 kboe/d and increased production in Libya, and partially offset by lower production from Romania due to natural decline as well as New Zealand due to repair works at the Pohokura pipeline. OMV Petrom's total daily production went down by 9 kboe/d to 161 kboe/d, mainly due to natural decline. **Total sales volumes** improved by 30%, mainly attributable to the contribution from Russia and higher sales in Libya, and partially offset by lower sales in Romania and New Zealand.

In 6m/18, the **average Brent price** reached USD 71/bbl, an increase of 36%, predominantly due to higher geopolitical risk as well as a continued strong compliance with the production cut by the OPEC countries. The Group's **average realized crude price** rose by 23%. The **average realized gas price** in USD/1,000 cf went down by 6%. Realized prices in 6m/18 were impacted by a realized hedging loss of EUR (192) mn.

Capital expenditure including capitalized E&A rose in 6m/18 to EUR 1,839 mn (6m/17: EUR 436 mn) and also accounts for the acquisition of a 20% stake in two offshore oil fields in Abu Dhabi from ADNOC in the amount of USD 1.5 bn. Organic investments were undertaken primarily in Romania and Norway. **Exploration expenditure** increased by 47% to EUR 137 mn and was mainly related to activities in Norway, Romania and Austria.

Downstream

In EUR mn (unless otherwise stated)

Q2/18	Q1/18	Q2/17	Δ% [1]		6m/18	6m/17	Δ%
454	493	528	(14)	Clean CCS Operating Result before depreciation and amortization, impairments and write-ups [2]	947	1,139	(17)
338	376	411	(18)	Clean CCS Operating Result [2]	714	904	(21)
318	*282*	*382*	*(17)*	*thereof Downstream Oil*	*600*	*793*	*(24)*
20	*94*	*29*	*(30)*	*thereof Downstream Gas*	*114*	*111*	*3*
(66)	26	(1,231)	95	Special items	(40)	(1,204)	97
47	15	(37)	n.m.	CCS effects: Inventory holding gains/(losses) [2]	62	(17)	n.m.
318	417	(857)	n.m.	Operating Result	736	(318)	n.m.
159	82	168	(5)	Capital expenditure [3]	242	259	(7)
				Downstream Oil KPIs			
5.23	4.79	6.03	(13)	OMV indicator refining margin in USD/bbl [4]	5.01	5.72	(13)
408	447	494	(17)	Ethylene/propylene net margin in EUR/t [5]	429	439	(2)
77	93	77	0	Utilization rate refineries in %	85	86	(2)
4.98	4.53	6.94	(28)	Total refined product sales in mn t	9.52	13.47	(29)
1.60	*1.41*	*2.52*	*(37)*	*thereof retail sales volumes in mn t*	*3.01*	*4.86*	*(38)*
0.61	*0.61*	*0.41*	*48*	*thereof petrochemicals in mn t*	*1.22*	*1.00*	*22*
				Downstream Gas KPIs			
24.79	32.98	25.97	(5)	Natural gas sales volumes in TWh	57.76	58.26	(1)
0.65	1.52	1.04	(37)	Net electrical output in TWh	2.17	2.78	(22)

[1] Q2/18 compared to Q2/17
[2] Current Cost of Supply (CCS): Clean CCS figures exclude special items and inventory holding gains/losses (CCS effects) resulting from the fuels refineries and OMV Petrol Ofisi
[3] Capital expenditure including acquisitions
[4] Actual refining and petrochemical margins realized by OMV may vary from the OMV indicator refining margin, ethylene/propylene net margin as well as from the market margins due to factors including a different crude slate, product yield, operating conditions and a different feedstock
[5] Calculated based on West European Contract Prices (WECP) with naphtha as feedstock

Second quarter 2018 (Q2/18) compared to second quarter 2017 (Q2/17)

- Downstream Oil result was impacted by a weaker refining market environment as well as the missing contribution from OMV Petrol Ofisi
- Successfully completed the planned full-site turnaround at Petrobrazi refinery; mean time between turnarounds increases from two to four years

The **clean CCS Operating Result** amounted to EUR 338 mn in Q2/18 (Q2/17: EUR 411 mn), due to a weaker refining market environment in Q2/18, the missing contribution from OMV Petrol Ofisi following its divestment in Q2/17 and the planned turnaround at the Petrobrazi refinery.

The **Downstream Oil clean CCS Operating Result** declined from EUR 382 mn in Q2/17 to EUR 318 mn. This was partially due to the divestment of OMV Petrol Ofisi in June 2017, which contributed EUR 44 mn to the result in Q2/17. Furthermore, the **OMV indicator refining margin** decreased by 13% to USD 5.2/bbl (Q2/17: USD 6.0/bbl). Increased crude prices resulted in higher feedstock costs. Middle distillate and naphtha margins improved while gasoline and heavy fuel oil margins declined. The **utilization rate of the refineries** amounted to 77% in Q2/18, reflecting the planned six-week turnaround at the Petrobrazi refinery and scheduled, small-scale maintenance activities at the Burghausen refinery. In Q2/17, the utilization rate amounted to 77% due to the planned turnaround at the Schwechat refinery. At 4.98 mn t, **total refined product sales** decreased by 28% as a result of the divestment of OMV Petrol Ofisi, which contributed 2.0 mn t in Q2/17. Excluding OMV Petrol Ofisi, total refined product sales remained flat. In the retail business sales volumes slightly increased, while margins decreased. In the commercial business, sales and margins were below Q2/17 levels. OMV Petrom contributed EUR 42 mn to the clean CCS Operating Result of Downstream Oil.

The clean CCS Operating Result of the petrochemicals business increased by EUR 5 mn to EUR 55 mn in Q2/18. Despite the drop in the ethylene/propylene and butadiene net margins, the petrochemicals result increased in Q2/18 compared to Q2/17, as in last year's quarter OMV completed a planned turnaround of the petrochemical unit at the Schwechat refinery, which negatively impacted the result. The contribution from Borealis to the clean Operating Result grew by EUR 12 mn to EUR 106 mn in Q2/18 (Q2/17: EUR 94 mn), supported by an income from a license agreement and healthy, integrated polyolefin margins. The fertilizer market environment remained challenging.

Downstream Gas clean CCS Operating Result decreased from EUR 29 mn in Q2/17 to EUR 20 mn. The Q2/18 result was mainly impacted by a lower Gas Connect Austria result and slightly lower natural gas sales. The contribution from Gas Connect Austria

weakened from EUR 26 mn to EUR 20 mn, mainly attributable to the expiration of long-term contracts and higher energy costs, and partially offset by additional short-term contracts. **Natural gas sales volumes** declined from 26.0 TWh to 24.8 TWh, primarily due to lower sales volumes in Romania and Turkey, and partially offset by higher sales in Germany. **Net electrical output** declined to 0.65 TWh as a result of planned maintenance works. OMV Petrom contributed EUR 6 mn to the clean CCS Operating Result of Downstream Gas.

Net **special items** amounted to EUR (66) mn, mainly due to unrealized commodity derivatives. In Q2/17, net special items were EUR (1,231) mn, related to the recycling of FX losses following the divestment of OMV Petrol Ofisi. **CCS effects** of EUR 47 mn were booked as a result of rising crude prices during Q2/18. The **Operating Result** of Downstream substantially increased to EUR 318 mn compared to EUR (857) mn in Q2/17.

Capital expenditure in Downstream amounted to EUR 159 mn (Q2/17: EUR 168 mn), of which EUR 139 mn (Q2/17: EUR 154 mn) was related to Downstream Oil.

January to June 2018 (6m/18) compared to January to June 2017 (6m/17)

The **clean CCS Operating Result** came down from EUR 904 mn to EUR 714 mn in 6m/18 following a lower result in Downstream Oil.

The **Downstream Oil clean CCS Operating Result** declined in 6m/18 by EUR 193 mn to EUR 600 mn. This was a result of the divestment of OMV Petrol Ofisi in June 2017, which contributed EUR 98 mn to the result, as well as a weaker refining market environment. The **OMV indicator refining margin** decreased by 13% from USD 5.7/bbl to USD 5.0/bbl. Increased crude prices resulted in higher feedstock costs. Middle distillate and naphtha margins improved while gasoline and heavy fuel oil margins declined. The **utilization rate of the refineries** came in at 85% in 6m/18 (6m/17: 86%) and reflected the planned six-week turnaround at the Petrobrazi refinery. At 9.52 mn t, **total refined product sales** decreased by 29%, due to the divestment of OMV Petrol Ofisi in Q2/17, which contributed 4.0 mn t in 6m/17. Excluding OMV Petrol Ofisi, total refined product sales increased marginally. In the retail business sales volumes increased, while margins decreased slightly. In the commercial business, margins and sales were below 6m/17 levels. OMV Petrom contributed EUR 94 mn to the clean CCS Operating Result of Downstream Oil.

The clean CCS Operating Result of the petrochemicals business remained stable at EUR 123 mn (6m/17: EUR 124 mn). While petrochemical margins, in particular butadiene and benzene, declined compared to 6m/17, last year's result was negatively impacted by the planned turnaround at the Schwechat petrochemicals unit. Borealis' contribution to the clean Operating Result declined by EUR 14 mn to EUR 192 mn as a result of lower polyolefin margins and a challenging fertilizer market environment.

Downstream Gas clean CCS Operating Result improved from EUR 111 mn to EUR 114 mn in 6m/18, benefiting in particular from a strong earnings contribution in the first quarter. The Downstream Gas result in 6m/17 was supported by one-off valuation effects. The performance of Gas Connect Austria decreased from EUR 52 mn in 6m/17 to EUR 47 mn, mainly attributable to the expiration of long-term contracts and higher energy costs, and partially offset by additional short-term contracts. **Natural gas sales volumes** declined marginally to 57.8 TWh (6m/17: 58.3 TWh), mainly attributable to lower volumes in Romania and Turkey, and partially offset by higher sales in Germany. **Net electrical output** dropped from 2.8 TWh to 2.2 TWh in 6m/18, due to planned maintenance works in Q2/18 and a weaker market environment in 6m/18. OMV Petrom contributed EUR 22 mn to the clean CCS Operating Result of Downstream Gas.

The Downstream **Operating Result** surged from EUR (318) mn to EUR 736 mn in 6m/18. This result reflects net **special items** of EUR (40) mn, mainly related to unrealized commodity derivatives. In 6m/17, net special items were EUR (1,204) mn, reflecting the recycling of FX losses following the divestment of OMV Petrol Ofisi. **CCS effects** of EUR 62 mn were booked due to increasing crude prices during 6m/18.

Capital expenditure in Downstream amounted to EUR 242 mn (6m/17: EUR 259 mn). Capital expenditure in Downstream Oil declined by EUR 31 mn to EUR 207 mn (6m/17: EUR 239 mn), mainly due to the divestment of OMV Petrol Ofisi in Q2/17. Downstream Gas capital expenditure increased to EUR 34 mn (6m/17: EUR 21 mn), reflecting increased planned maintenance activities in the power business.

Group Interim Financial Statements (condensed, unaudited)

Income statement (unaudited)

In EUR mn (unless otherwise stated)

Q2/18	Q1/18	Q2/17		6m/18	6m/17
5,706	4,977	5,152	Sales revenues	10,683	10,670
127	67	72	Other operating income	194	288
122	107	101	Net income from equity-accounted investments	229	221
106	*86*	*94*	*thereof Borealis*	*192*	*207*
5,955	**5,151**	**5,324**	**Total revenues and other income**	**11,106**	**11,179**
(3,814)	(2,823)	(3,276)	Purchases (net of inventory variation)	(6,637)	(6,652)
(432)	(392)	(422)	Production and operating expenses	(824)	(823)
(91)	(88)	(79)	Production and similar taxes	(178)	(164)
(470)	(443)	(462)	Depreciation, amortization and impairment charges	(913)	(916)
(432)	(416)	(385)	Selling, distribution and administrative expenses	(848)	(790)
(53)	(37)	(58)	Exploration expenses	(90)	(90)
(61)	(54)	(1,338)	Other operating expenses	(115)	(1,402)
602	**899**	**(694)**	**Operating Result**	**1,502**	**343**
6	0	5	Dividend income	7	5
23	24	13	Interest income	47	26
(86)	(64)	(62)	Interest expenses	(150)	(124)
10	(51)	(17)	Other financial income and expenses	(41)	(18)
(47)	**(90)**	**(62)**	**Net financial result**	**(137)**	**(111)**
555	**809**	**(756)**	**Profit before tax**	**1,364**	**232**
(279)	(278)	(172)	Taxes on income	(557)	(344)
276	**531**	**(928)**	**Net income for the period**	**807**	**(112)**
203	***406***	***(1,028)***	***thereof attributable to stockholders of the parent***	***610***	***(316)***
16	*24*	*26*	*thereof attributable to hybrid capital owners*	*40*	*51*
56	*101*	*75*	*thereof attributable to non-controlling interests*	*157*	*153*
0.62	**1.24**	**(3.15)**	**Basic Earnings Per Share in EUR**	**1.87**	**(0.97)**
0.62	1.24	(3.14)	Diluted Earnings Per Share in EUR	1.86	(0.96)

Statement of comprehensive income (condensed, unaudited)

In EUR mn

Q2/18	Q1/18	Q2/17		6m/18	6m/17
276	531	(928)	Net income for the period	807	(112)
71	(48)	963	Exchange differences from translation of foreign operations	23	671
1	54	9	Gains/(losses) on hedges	55	33
78	(48)	(73)	Share of other comprehensive income of equity-accounted investments	30	(109)
149	**(41)**	**899**	**Total of items that may be reclassified ("recycled") subsequently to the income statement**	**108**	**594**
21	0	0	Remeasurement gains/(losses) on defined benefit plans	21	0
5	0	n.a.	Gains/(losses) on investments	5	n.a.
95	12	n.a.	Gains/(losses) on hedges that are subsequently transferred to the carrying amount of the hedged item	107	n.a.
1	0	0	Share of other comprehensive income of equity-accounted investments	1	0
122	**12**	**0**	**Total of items that will not be reclassified ("recycled") subsequently to the income statement**	**134**	**0**
1	(16)	3	Income taxes relating to items that may be reclassified ("recycled") subsequently to the income statement	(15)	4
(27)	(3)	0	Income taxes relating to items that will not be reclassified ("recycled") subsequently to the income statement	(30)	0
(26)	**(19)**	**3**	**Total income taxes relating to components of other comprehensive income**	**(46)**	**4**
245	**(48)**	**902**	**Other comprehensive income for the period, net of tax**	**196**	**598**
520	***483***	***(26)***	***Total comprehensive income for the period***	***1,003***	***486***
453	*356*	*(131)*	*thereof attributable to stockholders of the parent*	*809*	*285*
16	*24*	*26*	*thereof attributable to hybrid capital owners*	*40*	*51*
51	*103*	*80*	*thereof attributable to non-controlling interests*	*154*	*150*

Statement of financial position (unaudited)

In EUR mn

	Jun. 30, 2018	Dec. 31, 2017
Assets		
Intangible assets	2,904	2,648
Property, plant and equipment	14,272	13,654
Equity-accounted investments	2,884	2,913
Other financial assets	2,289	1,959
Other assets	26	55
Deferred taxes	764	744
Non-current assets	**23,139**	**21,972**
Inventories	1,493	1,503
Trade receivables	2,664	2,503
Other financial assets	2,384	1,140
Income tax receivables	19	15
Other assets	386	265
Cash and cash equivalents	2,927	3,972
Current assets	**9,874**	**9,398**
Assets held for sale	493	206
Total assets	**33,506**	**31,576**
Equity and liabilities		
Capital stock	327	327
Hybrid capital	1,987	2,231
Reserves	8,888	8,658
OMV equity of the parent	11,202	11,216
Non-controlling interests	3,118	3,118
Equity	**14,320**	**14,334**
Provisions for pensions and similar obligations	968	1,003
Bonds	3,971	3,968
Interest-bearing debts	615	823
Provisions for decommissioning and restoration obligations	3,051	3,070
Other provisions	473	497
Other financial liabilities	620	405
Other liabilities	142	148
Deferred taxes	510	437
Non-current liabilities	**10,349**	**10,352**
Trade payables	3,531	3,262
Bonds	822	788
Interest-bearing debts	90	114
Provisions for income taxes	199	140
Provisions for decommissioning and restoration obligations	131	110
Other provisions	346	349
Other financial liabilities	2,592	1,288
Other liabilities	962	775
Current liabilities	**8,672**	**6,826**
Liabilities associated with assets held for sale	164	63
Total equity and liabilities	**33,506**	**31,576**

Condensed statement of changes in equity (condensed, unaudited)

In EUR mn

	Share capital	Capital reserves	Hybrid capital	Revenue reserves	Other reserves [1]	Treasury shares	OMV equity of the parent	Non-controlling interests	Total equity
January 1, 2018	**327**	**1,517**	**2,231**	**8,006**	**(857)**	**(8)**	**11,216**	**3,118**	**14,334**
Adjustments on initial application of IFRS 9 and IFRS 15	**-**	**-**	**-**	**39**	**3**	**-**	**42**	**0**	**42**
Adjusted balance January 1, 2018	**327**	**1,517**	**2,231**	**8,045**	**(854)**	**(8)**	**11,259**	**3,118**	**14,377**
Net income for the period	-	-	-	650	-	-	650	157	807
Other comprehensive income for the period	-	-	-	22	177		199	(3)	196
Total comprehensive income for the period	**-**	**-**	**-**	**672**	**177**	**-**	**849**	**154**	**1,003**
Capital increase	-	-	496	-		-	496	-	496
Dividend distribution and hybrid coupon	-	-	-	(490)	-	-	(490)	(161)	(651)
Change in hybrid capital	-	-	(741)	(60)	-	-	(800)	-	(800)
Disposal of treasury shares	-	4	-	-	-	3	7	-	7
Share-based payments	-	(14)	-	0	-	-	(14)	-	(14)
Increase/(decrease) in non-controlling interests	-	-	-	(8)	0	-	(9)	7	(2)
Reclassification of cash flow hedges to balance sheet [2]	-	-	-	-	(96)	-	(96)	-	(96)
June 30, 2018	**327**	**1,508**	**1,987**	**8,159**	**(773)**	**(6)**	**11,202**	**3,118**	**14,320**

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

[2] The full amount was related to inventories that were already consumed as of June 30, 2018 and consequently recognized in the income statement

	Share capital	Capital reserves	Hybrid capital	Revenue reserves	Other reserves [1]	Treasury shares	OMV equity of the parent	Non-controlling interests	Total equity
January 1, 2017	**327**	**1,507**	**2,231**	**7,990**	**(1,131)**	**(9)**	**10,915**	**3,010**	**13,925**
Net income for the period	-	-	-	(265)	-	-	(265)	153	(112)
Other comprehensive income for the period	-	-	-	0	601	-	601	(3)	598
Total comprehensive income for the period	**-**	**-**	**-**	**(265)**	**601**	**-**	**336**	**150**	**486**
Dividend distribution and hybrid coupon	-	-	-	(442)	-	-	(442)	(141)	(584)
Disposal of treasury shares	-	1	-	-	-	1	2	-	2
Share-based payments	-	3	-	-	-	-	3	-	3
June 30, 2017	**327**	**1,512**	**2,231**	**7,282**	**(530)**	**(8)**	**10,814**	**3,019**	**13,833**

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

Summarized statement of cash flows (condensed, unaudited)

In EUR mn

Q2/18	Q1/18	Q2/17		6m/18	6m/17
276	**531**	**(928)**	**Net income for the period**	**807**	**(112)**
482	450	521	Depreciation, amortization and impairments including write-ups	932	967
79	67	37	Deferred taxes	146	100
1	(6)	(2)	Losses/(gains) on the disposal of non-current assets	(5)	(1)
(24)	27	(5)	Net change in personnel and long-term provisions	2	(2)
19	129	1,143	Other adjustments	148	1,006
832	**1,198**	**766**	**Sources of funds**	**2,030**	**1,957**
(143)	143	109	(Increase)/decrease in inventories	(1)	267
455	(722)	532	(Increase)/decrease in receivables	(268)	474
87	483	(378)	(Decrease)/increase in liabilities	571	(722)
2	(25)	(38)	(Decrease)/increase in short-term provisions	(23)	(63)
1,233	**1,076**	**991**	**Cash flow from operating activities**	**2,309**	**1,914**
			Investments		
(1,700)	(431)	(333)	Intangible assets and property, plant and equipment	(2,131)	(759)
(60)	(81)	(221)	Investments, loans and other financial assets	(141)	(225)
(3)	(47)	0	Acquisitions of subsidiaries and businesses net of cash acquired	(51)	0
			Disposals		
8	3	12	Proceeds from sale of non-current assets	11	30
136	19	879	Proceeds from the sale of subsidiaries and businesses, net of cash disposed	154	1,689
(1,619)	**(538)**	**338**	**Cash flow from investing activities**	**(2,157)**	**735**
(801)	(202)	(17)	(Decrease)/increase in long-term borrowings	(1,003)	(54)
26	(9)	(10)	(Decrease)/increase in short-term borrowings	16	(99)
0	0	0	Decrease in non-controlling interest	0	0
(693)	0	(582)	Dividends paid	(693)	(582)
496	0	0	Hybrid bond	496	0
(972)	**(212)**	**(608)**	**Cash flow from financing activities**	**(1,183)**	**(735)**
(5)	(7)	(10)	Effect of exchange rate changes on cash and cash equivalents	(12)	(25)
(1,362)	**319**	**710**	**Net (decrease)/increase in cash and cash equivalents**	**(1,043)**	**1,889**
4,300	3,981	3,493	Cash and cash equivalents at beginning of period	3,981	2,314
2,938	**4,300**	**4,203**	**Cash and cash equivalents at end of period**	**2,938**	**4,203**
11	*3*	*0*	*thereof cash disclosed within Assets held for sale*	*11*	*0*
2,927	**4,297**	**4,203**	**Cash and cash equivalents presented in the consolidated statement of financial position**	**2,927**	**4,203**
(386)	**538**	**1,329**	**Free cash flow**	**152**	**2,649**
(1,078)	**538**	**747**	**Free cash flow after dividends**	**(541)**	**2,067**
(1,079)	**538**	**747**	**Free cash flow after dividends incl. non-controlling interest changes**	**(541)**	**2,067**

Selected notes to the consolidated financial statements

Legal principles

The interim condensed consolidated financial statements for the six months ended June 30, 2018, have been prepared in accordance with IAS 34 Interim Financial Statements.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual statements and should be read in conjunction with the Group's annual financial statements as of December 31, 2017.

The interim condensed, consolidated financial statements for 6m/18 are unaudited and an external review by an auditor was not performed.

The interim, condensed, consolidated financial statements for 6m/18 have been prepared in million EUR (EUR mn, EUR 1,000,000). Accordingly, there may be rounding differences.

In addition to the interim financial statements, further information on main items affecting the preliminary financial statements as of June 30, 2018 is given as part of the description of OMV's Business Segments in the Directors' Report.

Significant change in accounting policies

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

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

IFRS 9 Financial Instruments

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

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

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

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

Changes in measurement category from IAS 39 to IFRS 9

In EUR mn

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

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

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

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

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

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

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

In EUR mn

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

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

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

IFRS 15 Revenue from Contracts with Customers

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

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

Under IFRS 15, there are more transactions in which OMV acts in the capacity of an agent. An agent recognizes revenue for the commission or fee earned for facilitating the transfer of goods or services. The assessment according to the new standard is based on whether the Group controls the specific goods or services before transferring to the customer, rather than whether it has exposure to significant risks and rewards associated with the sale of the goods or services. Furthermore, under IFRS 15 more transactions have to be considered as non-monetary exchanges between entities in the same line of business that do not qualify for revenue recognition. Without this change due to IFRS 15 sales revenues and related costs would have been higher by EUR 103 mn, without any impact on the margin.

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

The following tables summarize the overall impact of adopting IFRS 15 on the interim consolidated financial statements for 6m/18:

Income statement and Statement of comprehensive income (extract)

In EUR mn

	As reported	Adjustments	Balances without adoption of IFRS 15
Sales revenues	10,683	108	10,791
Other operating income	194	4	198
Net income from equity-accounted investments	229	-	229
Total revenues and other income	**11,106**	**112**	**11,218**
Purchases (net of inventory variation)	(6,637)	(55)	(6,692)
Production and operating expenses	(824)	(0)	(824)
Production and similar taxes	(178)	-	(178)
Depreciation, amortization and impairment charges	(913)	-	(913)
Selling, distribution and administrative expenses	(848)	(52)	(900)
Exploration expenses	(90)	-	(90)
Other operating expenses	(115)	-	(115)
Operating Result	**1,502**	**5**	**1,507**
Net financial result	**(137)**	**-**	**(137)**
Profit before tax	**1,364**	**5**	**1,369**
Taxes on income	(557)	(1)	(558)
Net income for the period	**807**	**4**	**811**
thereof attributable to stockholders of the parent	*610*	*2*	*612*
thereof attributable to non-controlling interests	*157*	*2*	*159*
Total comprehensive income for the period	**1,003**	**4**	**1,007**
thereof attributable to stockholders of the parent	*809*	*2*	*811*
thereof attributable to non-controlling interests	*154*	*2*	*156*

Statement of financial position (extract)

In EUR mn

	As reported	Adjustments	Balances without adoption of IFRS 15
Other assets	26	(2)	24
Deferred taxes	764	1	765
Non-current assets	**23,139**	**(1)**	**23,138**
Trade receivables	2,664	5	2,669
Other assets	386	(2)	385
Current assets	**9,874**	**3**	**9,877**
Total assets	**33,506**	**2**	**33,508**
Reserves	8,888	0	8,887
OMV equity of the parent	**11,202**	**0**	**11,201**
Non-controlling interests	3,118	2	3,120
Total equity	**14,320**	**1**	**14,321**
Provisions for income taxes	199	1	200
Other provisions	346	1	347
Other financial liabilities	2,592	(1)	2,591
Current liabilities	**8,672**	**0**	**8,673**
Total equity and liabilities	**33,506**	**2**	**33,508**

Summarized statement of cash flows (extract)

In EUR mn

	As reported	Adjustments	Balances without adoption of IFRS 15
Net income for the period	**807**	**4**	**811**
Other adjustments	148	1	149
Deferred taxes	146	0	147
(Increase)/decrease in receivables	(268)	(5)	(273)
Cash flow from operating activities	**2,309**	**-**	**2,309**

Estimated impact of the adoption of IFRS 16 Leases

This standard will replace IAS 17 and sets out new rules for lease accounting. The Group is currently assessing the impact of IFRS 16 on its consolidated financial statements. The most significant impact identified is that the Group will recognize new assets and liabilities for most of its operating leases.

The analysis of the existing inventory of lease contracts indicates that the recognition of a right-of-use asset and lease liability for the existing contracts as of the reporting date would lead to an increase in property, plant and equipment and debt of approximately EUR 580 mn on January 1, 2019.

In the income statement, depreciation charges and interest expense will be reported instead of lease expense. This will lead to a slight increase in operating result, which will be offset by higher interest expense. The final impact will depend on various factors, such as the lease portfolio in place and interest rates prevailing at the transition date. Analysis of the impact will continue in the second half of 2018. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. OMV will initially apply IFRS 16 on January 1, 2019 using the modified retrospective approach for transition.

Changes in the consolidated Group

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

In **Upstream**, OMV GSB Limited, based in Wellington, was acquired as of March 16, 2018. The transaction did not have a material impact on the condensed interim financial statements.

OMV Abu Dhabi Production GmbH, based in Vienna, was included starting from April 29, 2018.

Changes in the ownership of subsidiaries with a change in control

Upstream

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

The net cash inflows are summarized in the following table:

Net cash inflows from disposal of OMV Pakistan

In EUR mn

Consideration received	**158**
less cash disposed of	(12)
Net cash inflow	**146**

Changes in ownership of subsidiaries without change in control

Upstream

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

Other significant transactions

Upstream

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

An ongoing divestment process led to the reclassification of a subsidiary in the Middle East and Africa region to “held for sale” as of June 30, 2018 without having an impact on the income statement.

In the North Sea region, a divestment process led to the reclassification of assets to “held for sale” as of June 30, 2018 and resulted in a pre-tax impairment amounting to EUR 36 mn that has been recognized in the line “Depreciation, amortization and impairment charges.” The valuation was based on the fair value less costs of disposal derived from the agreed sales price (Level 2 valuation).

Downstream

On May 30, 2018, OMV signed an agreement to sell OMV Samsun Elektrik Üretim Sanayi ve Ticaret A.Ş. to Yapisan Elektrik Üretim A.Ş., a subsidiary of Bilgin Enerji based in Ankara, which led to the reclassification of the net assets of the company to “held for sale.” This triggered a pre-tax write-up amounting to EUR 10 mn shown in the line “Other operating income.” The basis of the valuation was the fair value less costs of disposal derived from the agreed sales price (Level 2 valuation).

Seasonality and cyclicality

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

Notes to the income statement

Sales revenues

In EUR mn

	6m/18
Revenues from contracts with customers	10,631
Revenues from other sources	52
Total sales revenues	**10,683**

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

Revenues from contracts with customers

In EUR mn

	Upstream	Downstream		Corporate & Other	6m/18 Total
		Oil	Gas		
Crude Oil, NGL, condensates	574	421	-	-	**995**
Natural gas and LNG	385	2	2,653	-	**3,039**
Fuel, heating oil and other refining products	-	4,921	-	-	**4,921**
Petrochemicals	-	963	-	-	**963**
Gas storage, transmission, distribution and transportation	5	-	105	-	**110**
Other goods and services	21	379	201	1	**602**
Total	**985**	**6,686**	**2,959**	**1**	**10,631**

Income tax

In EUR mn (unless otherwise stated)

Q2/18	Q1/18	Q2/17		6m/18	6m/17
(279)	(278)	(172)	Taxes on income	(557)	(344)
(200)	(211)	(135)	Current taxes	(411)	(244)
(79)	(67)	(37)	Deferred taxes	(146)	(100)
50	34	(23)	Effective tax rate in %	41	148

Notes to the statement of financial position

Commitments

As of June 30, 2018, OMV had contractual obligations for the acquisition of intangible assets and property, plant and equipment of EUR 828 mn (December 31, 2017: EUR 974 mn), mainly relating to exploration and production activities in Upstream.

Equity

On May 22, 2018, the Annual General Meeting approved the payment of a dividend of EUR 1.50 per share, resulting in a total dividend payment of EUR 490 mn to OMV Aktiengesellschaft stockholders. Dividend distributions to minorities amounted to EUR 161 mn in 6m/18.

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

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

The total number of own shares held by the Company as of June 30, 2018, amounted to 542,151 (December 31, 2017: 772,230).

Financial liabilities

As of June 30, 2018, short- and long-term borrowings, bonds and finance leases amounted to EUR 5,786 mn (December 31, 2017: EUR 5,986 mn). Finance lease liabilities totaled EUR 288 mn (December 31, 2017: EUR 292 mn).

Fair value measurement

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

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

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

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

Financial instruments

In EUR mn

	Jun. 30, 2018				Dec. 31, 2017			
Financial instruments on asset side	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Equity Investments [1]	-	-	87	**87**	-	-	-	**-**
Investment funds	6	-	-	**6**	6	-	-	**6**
Bonds [2]	-	-	-	**-**	5	73	-	**78**
Derivatives designated and effective as hedging instruments	-	94	-	**94**	-	97	-	**97**
Other derivatives	1,199	908	-	**2,107**	360	372	-	**732**
Net amount of assets and liabilities associated with assets held for sale	-	303	-	**303**	-	-	2	**2**
Other financial assets at fair value [3]	-	-	784	**784**	-	-	780	**780**
Total	**1,205**	**1,304**	**871**	**3,380**	**371**	**542**	**782**	**1,695**

	Jun. 30, 2018				Dec. 31, 2017			
Financial instruments on liability side	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Liabilities on derivatives designated and effective as hedging instruments	-	58	-	**58**	-	97	-	**97**
Liabilities on other derivatives	1,186	1,130	-	**2,315**	360	519	-	**879**
Total	**1,186**	**1,187**	**-**	**2,373**	**360**	**616**	**-**	**977**

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

With the exception of debt instruments valued at cost, the carrying amounts of financial assets are the fair values. Under IFRS 9 equity investments are designated as measured at fair value through OCI, as they are held for long-term strategic purposes. As of June 30, 2018, equity investments of EUR 87 mn (December 31, 2017: EUR 39 mn) are included in other financial assets (Level 3).

Bonds and other interest-bearing debts amounting to EUR 5,497 mn (December 31, 2017: EUR 5,694 mn) are valued at amortized cost. The estimated fair value of these liabilities was EUR 5,882 mn (December 31, 2017: EUR 6,150 mn). The carrying amount of other financial liabilities is effectively the same as their fair value, as they are predominantly short term.

Segment reporting

Intersegmental sales

In EUR mn

Q2/18	Q1/18	Q2/17	Δ% [1]		6m/18	6m/17	Δ%
818	757	698	17	Upstream	1,575	1,416	11
16	18	18	(11)	Downstream	34	40	(14)
10	*10*	*7*	*41*	*thereof Downstream Oil*	*21*	*17*	*23*
36	*37*	*29*	*24*	*thereof Downstream Gas*	*73*	*72*	*2*
(30)	*(29)*	*(18)*	*(65)*	*thereof intrasegmental elimination Downstream*	*(60)*	*(49)*	*(22)*
86	80	88	(3)	Corporate and Other	166	176	(6)
920	**854**	**804**	**14**	**OMV Group**	**1,774**	**1,631**	**9**

Sales to third parties

In EUR mn

Q2/18	Q1/18	Q2/17	Δ% [1]		6m/18	6m/17	Δ%
375	588	310	21	Upstream	963	728	32
5,330	4,388	4,841	10	Downstream	9,718	9,938	(2)
3,763	*2,856*	*3,812*	*(1)*	*thereof Downstream Oil*	*6,619*	*7,716*	*(14)*
1,567	*1,532*	*1,029*	*52*	*thereof Downstream Gas*	*3,099*	*2,222*	*39*
1	1	1	(25)	Corporate and Other	2	4	(42)
5,706	**4,977**	**5,152**	**11**	**OMV Group**	**10,683**	**10,670**	**0**

Total sales (not consolidated)

In EUR mn

Q2/18	Q1/18	Q2/17	Δ% [1]		6m/18	6m/17	Δ%
1,193	1,345	1,007	18	Upstream	2,538	2,144	18
5,347	4,406	4,859	10	Downstream	9,752	9,978	(2)
3,773	*2,866*	*3,820*	*(1)*	*thereof Downstream Oil*	*6,640*	*7,733*	*(14)*
1,604	*1,569*	*1,058*	*52*	*thereof Downstream Gas*	*3,172*	*2,294*	*38*
(30)	*(29)*	*(18)*	*(65)*	*thereof intrasegmental elimination Downstream*	*(60)*	*(49)*	*(22)*
87	81	89	(3)	Corporate and Other	168	180	(7)
6,626	**5,832**	**5,956**	**11**	**OMV Group**	**12,458**	**12,301**	**1**

Segment and Group profit

In EUR mn

Q2/18	Q1/18	Q2/17	Δ% [1]		6m/18	6m/17	Δ%
363	478	169	115	Operating Result Upstream	840	677	24
318	417	(857)	n.m.	Operating Result Downstream	736	(318)	n.m.
361	*299*	*(892)*	*n.m.*	*thereof Operating Result Downstream Oil*	*660*	*(439)*	*n.m.*
(43)	*118*	*35*	*n.m.*	*thereof Operating Result Downstream Gas*	*76*	*122*	*(38)*
(13)	(1)	(14)	9	Operating Result Corporate and Other	(14)	(30)	54
669	894	(702)	n.m.	Operating Result segment total	1,562	329	n.m.
(66)	6	8	n.m.	Consolidation: Elimination of intersegmental profits	(61)	14	n.m.
602	899	(694)	n.m.	OMV Group Operating Result	1,502	343	n.m.
(47)	(90)	(62)	24	Net financial result	(137)	(111)	(24)
555	**809**	**(756)**	**n.m.**	**OMV Group profit before tax**	**1,364**	**232**	**n.m.**

[1] Q2/18 compared to Q2/17

Assets [1]

In EUR mn

	Jun. 30, 2018	Dec. 31, 2017
Upstream	12,348	11,322
Downstream	4,692	4,839
thereof Downstream Oil	3,708	3,704
thereof Downstream Gas	984	1,135
Corporate and Other	136	140
Total	**17,176**	**16,301**

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

Other notes

Transactions with related parties

In 6m/18, there were arm's-length supplies of goods and services between the Group and equity-accounted companies, except for transactions with OJSC Severneftegazprom, which are not based on market prices but on cost plus defined margin.

Material transactions with related parties

In EUR mn

	6m/18		6m/17	
	Sales and other income	Purchases and services received	Sales and other income	Purchases and services received
Borealis	691	23	490	20
GENOL Gesellschaft m.b.H. & Co KG	92	1	78	1
Erdöl-Lagergesellschaft m.b.H.	19	27	19	26
Enerco Enerji Sanayi ve Ticaret A.Ş.	2	87	3	88
Deutsche Transalpine Oelleitung GmbH	0	12	0	13
OJSC Severneftegazprom	-	76	-	-
Trans Austria Gasleitung GmbH	5	11	20	11

Related Party Balances

In EUR mn

	Jun. 30, 2018	Dec. 31, 2017
Trade receivables	170	123
Other receivables	14	6
Trade payables	80	100
Other payables	4	4
Contract liabilities	146	153

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

Via IPIC (International Petroleum Investment Company), OMV has an indirect relationship with the Emirate of Abu Dhabi, which is, together with the companies under control of Abu Dhabi, also considered a related party. In 6m/18, there were supplies of goods and services for instance with Compañía Española de Petróleos (CEPSA) and Abu Dhabi National Oil company (ADNOC). OMV cooperates with ADNOC in several Upstream arrangements, one of which is an evaluation agreement over several undeveloped oil and gas fields in North-West Offshore Abu Dhabi. This agreement is resulting in an open long-term receivable balance towards ADNOC. Furthermore, during this quarter OMV acquired a 20% share in the offshore concession in two oil fields in Abu Dhabi from ADNOC (see "Other significant transactions"). Also CEPSA is a partner in the concession.

In 6m/18, OMV received dividend income of EUR 252 mn (6m/17: EUR 270 mn) from Borealis AG, EUR 15 mn (6m/17: EUR 11 mn) from Trans Austria Gasleitung GmbH, EUR 10 mn (6m/17: EUR 9 mn) from Pearl Petroleum Company Limited, EUR 10 mn (6m/17: EUR nil) from OJSC Severneftegazprom, EUR 1 mn (6m/17: EUR 3 mn) from Enerco Enerji Sanayi Ve Tickaret A.Ş and EUR 1 mn (6m/17: EUR nil) from Genol Gesellschaft m.b.H.

Borealis has two pending tax cases in Finland related to Borealis Technology Oy and Borealis Polymers Oy, which are described in detail in the OMV Annual Report 2017 (Note 15 – Equity-accounted investments). There have been no material changes up to the publication of the OMV Group Interim Financial Statements for 6m/18.

Subsequent events

There were no material subsequent events leading up to the publication of the Group Interim Financial Statements for 6m/18.

Declaration of the Management

We confirm to the best of our knowledge that the condensed interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the Group Directors' Report gives a true and fair view of important events that have occurred during the first six months of the financial year and their impact on the condensed interim financial statements, the principal risks and uncertainties for the remaining six months of the financial year and the major related-party transactions to be disclosed.

Vienna, August 2, 2018

The Executive Board

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

Reinhard Florey m.p.
Chief Financial Officer

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

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

Further Information

Next events

- OMV Group Report January–September and Q3 2018: October 31, 2018

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

OMV contacts

Florian Greger, Vice President and Head of Investor Relations
Tel.: +43 1 40440-21600; e-mail: investor.relations@omv.com

Andreas Rinofner, Public Relations
Tel.: +43 1 40440-21472; e-mail: public.relations@omv.com