

A photograph of an industrial refinery or chemical plant. The scene is dominated by a complex network of silver-colored pipes, metal walkways, and large cylindrical storage tanks. In the upper left, two workers in safety gear stand on a metal platform. The sky is clear and blue. The overall atmosphere is one of industrial activity and scale.

Quarterly Report 2017

Q1

OMV Aktiengesellschaft

Moving more. Moving the future.





OMV Group Report January – March 2017

including condensed consolidated financial statements as of March 31, 2017

- ▶ **Clean CCS Operating Result at EUR 805 mn**
- ▶ **Clean CCS net income attributable to stockholders at EUR 502 mn, clean CCS Earnings Per Share of EUR 1.54**
- ▶ **Strong free cash flow after dividends of EUR 1.3 bn**
- ▶ **Production cost decreased to below USD 9/boe**

Rainer Seele, CEO and Chairman of the OMV Executive Board:

“OMV had a successful start to 2017 with very good operational and financial performance. In Q1/17, the Group generated EUR 805 mn in Operating Results, which were supported by a strong contribution from both Upstream and Downstream. In Upstream, we reached a ten-year-high quarterly production of 335 kboe/d and decreased the production cost further to below USD 9/boe. In Downstream, we captured the benefits of a strong market environment along the entire value chain. The refinery utilization rate reached a high of 96%, and the OMV indicator refining margin remained strong at USD 5.4/bbl. The petrochemical business and Borealis strongly contributed to this favorable result. Free cash flow after dividends marked a record high of EUR 1.3 bn in a USD 54/bbl oil price environment.

OMV continued on its path of value-added growth and signed an agreement to acquire a 24.99% interest in the Yuzhno Russkoye gas field at the beginning of March, 2017. At the same time, OMV signed the sale of its Turkish subsidiary, OMV Petrol Ofisi, to the Vitol Group. On April 24, OMV and four other European energy companies signed financing agreements for the Nord Stream 2 pipeline project.”

| Q4/16 | Q1/17 | Q1/16 | Δ% in EUR mn (unless otherwise stated) | 2016 |
|--------|-------|-------|---|--------|
| (169) | 1,037 | 143 | n.m. Operating Result ¹ | (32) |
| 412 | 805 | 262 | n.m. Clean CCS Operating Result | 1,535 |
| (378) | 712 | 95 | n.m. Net income attributable to stockholders ² | (403) |
| 153 | 502 | 174 | 189 Clean CCS net income attributable to stockholders ² | 995 |
| (1.16) | 2.18 | 0.29 | n.m. Earnings Per Share (EPS) in EUR | (1.24) |
| 0.47 | 1.54 | 0.53 | 189 Clean CCS EPS in EUR | 3.05 |
| 611 | 923 | 579 | 59 Cash flow from operating activities | 2,878 |
| 436 | 1,320 | (145) | n.m. Free cash flow before dividends | 1,081 |
| 349 | 1,320 | (145) | n.m. Free cash flow after dividends | 615 |
| 803 | 1,320 | (145) | n.m. Free cash flow after dividends inclusive non-controlling interest changes ³ | 1,105 |
| – | – | – | n.a. Dividend Per Share (DPS) in EUR ⁴ | 1.20 |

¹ Income statement has been restructured in line with industry best practice. For comparison only, figures of previous periods are presented in the same structure; further information to be found on page 14.

² After deducting net income attributable to hybrid capital owners and net income attributable to non-controlling interests.

³ In Q4/16 and 2016, the non-controlling interest change mainly includes the cash inflow from the sale of a 49% minority stake in Gas Connect Austria.

⁴ 2016: As proposed by the Executive Board and confirmed by the Supervisory Board, subject to confirmation by the Annual General Meeting 2017.

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Disclaimer regarding forward looking statements

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

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

Directors' Report (condensed, unaudited)

Financial Highlights

| Q4/16 | Q1/17 | Q1/16 | Δ% in EUR mn (unless otherwise stated) | 2016 |
|--------------|--------------|------------|---|--------------|
| 5,407 | 5,518 | 3,991 | 38 Sales ¹ | 19,260 |
| (28) | 508 | (102) | n.m. Operating Result Upstream | (1,046) |
| (90) | 540 | 232 | 133 Operating Result Downstream | 1,106 |
| (29) | (16) | (4) | n.m. Operating Result Corporate and Other | (56) |
| (21) | 5 | 18 | (70) Consolidation: Elimination of inter-segmental profits | (36) |
| (169) | 1,037 | 143 | n.m. Operating Result Group | (32) |
| 76 | 177 | 77 | 129 thereof Operating Result OMV Petrom group | 330 |
| (601) | 210 | (15) | n.m. Special items ² | (1,574) |
| (13) | 0 | (7) | 96 thereof: Personnel and restructuring | (50) |
| (654) | 14 | 0 | n.m. Unscheduled depreciation | (1,621) |
| 67 | 2 | 0 | n.m. Asset disposal | 80 |
| 0 | 194 | (8) | n.m. Other | 18 |
| 20 | 22 | (104) | n.m. CCS effects: Inventory holding gains/(losses) | 6 |
| 91 | 321 | (96) | n.m. Clean Operating Result Upstream ³ | 40 |
| 362 | 494 | 319 | 55 Clean CCS Operating Result Downstream ³ | 1,533 |
| (27) | (13) | (4) | (191) Clean Operating Result Corporate and Other ³ | (50) |
| (14) | 3 | 44 | (92) Consolidation: Elimination of inter-segmental profits | 12 |
| 412 | 805 | 262 | n.m. Clean CCS Operating Result ³ | 1,535 |
| 102 | 170 | 92 | 85 thereof clean CCS Operating Result OMV Petrom group ³ | 380 |
| (59) | (49) | (55) | 10 Net financial result | (198) |
| (228) | 988 | 88 | n.m. Profit before tax | (230) |
| (331) | 816 | 136 | n.m. Net income | (183) |
| (378) | 712 | 95 | n.m. Net income attributable to stockholders ⁴ | (403) |
| 153 | 502 | 174 | 189 Clean CCS net income attributable to stockholders ^{3,4} | 995 |
| (1.16) | 2.18 | 0.29 | n.m. Earnings Per Share (EPS) in EUR | (1.24) |
| 0.47 | 1.54 | 0.53 | 189 Clean CCS EPS in EUR ³ | 3.05 |
| 611 | 923 | 579 | 59 Cash flow from operating activities | 2,878 |
| 436 | 1,320 | (145) | n.m. Free cash flow before dividends | 1,081 |
| 349 | 1,320 | (145) | n.m. Free cash flow after dividends | 615 |
| 803 | 1,320 | (145) | n.m. Free cash flow after dividends inclusive non-controlling interest changes ⁵ | 1,105 |
| 1.87 | 2.83 | 1.78 | 59 Cash flow per share in EUR | 8.82 |
| 2,969 | 1,669 | 4,181 | (60) Net debt | 2,969 |
| 21 | 12 | 29 | (61) Gearing ratio in % | 21 |
| 519 | 302 | 467 | (35) Capital expenditure | 1,878 |
| – | – | – | n.a. Dividend Per Share (DPS) in EUR ⁶ | 1.20 |
| – | 3 | (6) | n.m. ROACE in % | 0 |
| – | 10 | 7 | 28 Clean CCS ROACE in % ³ | 7 |
| – | 4 | (9) | n.m. ROE in % | (1) |
| (45) | 17 | (54) | n.m. Group tax rate in % | 21 |
| 22,544 | 22,210 | 23,687 | (6) Employees | 22,544 |

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

¹ Sales excluding petroleum excise tax.

² Special items are exceptional, non-recurring items; starting with Q1/17 the special items include temporary effects from commodity hedging for material Downstream and Upstream hedging transactions (in order to mitigate possible income statement volatility).

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

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

⁵ In Q4/16 and 2016, the non-controlling interest change mainly includes the cash inflow from the sale of a 49% minority stake in Gas Connect Austria.

⁶ 2016: As proposed by the Executive Board and confirmed by the Supervisory Board, subject to confirmation by the Annual General Meeting in 2017.

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

⁵ In Q4/16 and 2016, the non-controlling interest change mainly includes the cash inflow from the sale of a 49% minority stake in Gas Connect Austria.

⁶ 2016: As proposed by the Executive Board and confirmed by the Supervisory Board, subject to confirmation by the Annual General Meeting in 2017.

Group Performance

First quarter 2017 (Q1/17) compared to first quarter 2016 (Q1/16)

Consolidated sales in the amount of EUR 5,518 mn increased by 38% compared to Q1/16, mainly due to higher market prices in Downstream. The **Clean CCS Operating Result** increased from EUR 262 mn in Q1/16 to EUR 805 mn in Q1/17, mainly driven by a higher Upstream result due to higher realized prices and higher sales volumes, as well as a better contribution from Downstream supported by higher refining and petrochemical margins. **OMV Petrom's clean CCS Operating Result** was at EUR 170 mn, which is higher than in Q1/16 (EUR 92 mn).

Positive **net special items** of EUR 210 mn were recorded in Q1/17 (EUR (15) mn in Q1/16). Upstream net special items amounted to EUR 187 mn and were mainly related to the net FX gains of EUR 136 mn following closing of the OMV (U.K.) Limited divestment. Downstream net special items amounted to EUR 26 mn. Starting with Q1/17, the special items include temporary effects from commodity hedging for material Downstream and Upstream hedging transactions (in order to mitigate possible income statement volatility). Positive **CCS effects** of EUR 22 mn were recognized in Q1/17 (EUR (104) mn in Q1/16). **OMV Group's reported Operating Result** amounted to EUR 1,037 mn, significantly above Q1/16 (EUR 143 mn). **OMV Petrom's** contribution to OMV Group's **reported Operating Result** was EUR 177 mn (Q1/16 EUR 77 mn).

The **net financial result** of EUR (49) mn in Q1/17 slightly increased compared to EUR (55) mn in Q1/16 mainly as a result of FX gains.

Taxes on Group income amounted to EUR (172) mn in Q1/17. The **effective tax rate** in Q1/17 was 17% (Q1/16: (54)%).

Net income attributable to stockholders was EUR 712 mn compared to EUR 95 mn in Q1/16. **Clean CCS net income attributable to stockholders** amounted to EUR 502 mn (Q1/16: EUR 174 mn). **EPS** for the quarter equaled EUR 2.18 and **clean CCS EPS** amounted to EUR 1.54 (Q1/16: EUR 0.29 and EUR 0.53, respectively).

Cash flow from operating activities amounted to EUR 923 mn and was above Q1/16 (EUR 579 mn), mainly due to an improved market environment and to an increased dividend payment from Borealis. **Free cash flow after dividends** amounted to EUR 1,320 mn (Q1/16: Outflow of EUR 145 mn) and was positively impacted by the divestment of OMV (U.K.) Limited that led to a net inflow of EUR 810 mn.

Statement of financial position and capital expenditure

| Summarized statement of financial position in EUR mn | Mar. 31, 2017 | % | Dec. 31, 2016 | % |
|--|---------------|------------|---------------|------------|
| Assets | | | | |
| Non-current assets | 20,573 | 66 | 21,042 | 66 |
| Intangible assets and property, plant and equipment | 16,042 | 51 | 16,326 | 51 |
| Equity-accounted investments | 2,660 | 9 | 2,860 | 9 |
| Other non-current assets | 1,100 | 4 | 1,017 | 3 |
| Deferred tax assets | 771 | 2 | 839 | 3 |
| Current assets | 8,177 | 26 | 7,666 | 24 |
| Inventories | 1,468 | 5 | 1,663 | 5 |
| Trade receivables | 2,574 | 8 | 2,459 | 8 |
| Other current assets | 4,135 | 13 | 3,544 | 11 |
| Assets held for sale | 2,403 | 8 | 3,405 | 11 |
| Equity and liabilities | | | | |
| Equity | 14,441 | 46 | 13,925 | 43 |
| Non-current liabilities | 10,242 | 33 | 10,354 | 32 |
| Provisions for pensions and similar obligations | 1,053 | 3 | 1,057 | 3 |
| Bonds and other interest-bearing debts | 4,703 | 15 | 4,737 | 15 |
| Provisions for decommissioning and restoration obligations | 3,303 | 11 | 3,320 | 10 |
| Other provisions and liabilities | 1,063 | 3 | 1,117 | 3 |
| Deferred tax liabilities | 119 | 0 | 122 | 0 |
| Current liabilities | 5,577 | 18 | 6,727 | 21 |
| Trade payables | 3,084 | 10 | 3,731 | 12 |
| Bonds and other interest-bearing debts | 170 | 1 | 260 | 1 |
| Other provisions and liabilities | 2,323 | 7 | 2,736 | 9 |
| Liabilities associated with assets held for sale | 893 | 3 | 1,107 | 3 |
| Total assets/equity and liabilities | 31,153 | 100 | 32,112 | 100 |

Capital expenditure decreased to EUR 302 mn (Q1/16: EUR 467 mn).

Upstream invested EUR 209 mn (Q1/16: EUR 373 mn) mainly in workover and drilling activities in Romania and field developments and redevelopments in Norway. CAPEX in **Downstream** amounted to EUR 91 mn (Q1/16: EUR 92 mn), of which EUR 84 mn were invested in Downstream Oil (Q1/16: EUR 89 mn) and EUR 7 mn in Downstream Gas (Q1/16: EUR 2 mn).

Compared to year-end 2016, **total assets** decreased by EUR 960 mn to EUR 31,153 mn mainly as a result of a lower derivatives position, a reduced value for property, plant and equipment and a lower level of inventories.

Equity increased by 4% in comparison to December 31, 2016. The Group's equity ratio increased from 43% to 46% as of March 31, 2017 compared to December 31, 2016.

The **overall cash position** increased to EUR 3,493 mn (December 31, 2016: EUR 2,314 mn), and thereof EUR 370 mn are disclosed as assets held for sale being part of OMV Petrol Ofisi disposal group. The increased cash position is mainly driven by the divestment of OMV (U.K.) Limited.

Net debt decreased to EUR 1,669 mn compared to EUR 2,969 mn at the end of 2016. On March 31, 2017, the **gearing ratio** stood at 12% (December 31, 2016: 21%).

Cash flow

| Summarized statement of cash flows in EUR mn | Q1/17 | Q1/16 | Δ% |
|--|--------------|--------------|-------------|
| Sources of funds | 1,192 | 653 | 83 |
| Cash flow from operating activities | 923 | 579 | 59 |
| Cash flow from investing activities | 397 | (724) | n.m. |
| Free cash flow | 1,320 | (145) | n.m. |
| Cash flow from financing activities | (127) | (32) | n.m. |
| Effect of exchange rate changes on cash and cash equivalents | (15) | (2) | n.m. |
| Net (decrease)/increase in cash and cash equivalents | 1,179 | (179) | n.m. |
| Cash and cash equivalents at beginning of period | 2,314 | 1,348 | 72 |
| Cash and cash equivalents at end of period | 3,493 | 1,169 | 199 |
| thereof cash disclosed within Assets held for sale | 370 | 0 | n.a. |
| Cash and cash equivalents presented in the consolidated statement of financial position | 3,123 | 1,169 | 167 |
| Free cash flow after dividends | 1,320 | (145) | n.m. |
| Free cash flow after dividends inclusive non-controlling interest changes | 1,320 | (145) | n.m. |

In Q1/17, **inflow of funds** from net income, adjusted for non-cash items such as depreciation, net change in long-term provisions, non-cash income from investments and other positions, was EUR 1,192 mn (Q1/16: EUR 653 mn). **Net working capital components** in the cash flow statement generated a cash outflow of EUR 269 mn (Q1/16: EUR 73 mn). **Cash flow from operating activities** increased by EUR 343 mn, compared to Q1/16, reaching EUR 923 mn.

In Q1/17, **net cash from investing activities** resulted in an inflow of EUR 397 mn (Q1/16: Outflow of EUR 724 mn), impacted by the divestment of OMV (U.K.) Limited that led to a net inflow of EUR 810 mn.

Free cash flow (defined as net cash from operating activities less net cash used in investing activities) showed an inflow of funds of EUR 1,320 mn (Q1/16: Outflow of EUR 145 mn). **Free cash flow after dividends** resulted in a cash inflow of EUR 1,320 mn (Q1/16: Outflow of EUR 145 mn).

Cash flow from financing activities reflected a net outflow of funds amounting to EUR 127 mn (Q1/16: Outflow of EUR 32 mn) following repayments of short- and long-term debt.

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, and operational and strategic risks. A detailed description of risks and risk management activities can be found in the 2016 Annual Report (pages 84–85).

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 for the 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.

See also the Outlook section of the Director's Report below for more information on current risks.

Transactions with related parties

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

Outlook

Market environment

For the year 2017, OMV expects the average Brent oil price to be at USD 55/bbl. The gas market environment in Europe continues to be characterized by oversupply. However, average gas prices on European spot markets are expected to show an increase in 2017 compared to 2016, since there was a cold winter in Europe in the first quarter of 2017.

Group

- ▶ 2017 CAPEX (including capitalized E&A and excluding acquisitions) is expected to come in at EUR 1.9 bn.
- ▶ OMV targets a cost reduction of more than EUR 250 mn in 2017 compared to 2015.

Upstream

- ▶ OMV expects total production at 320 kboe/d in 2017.
- ▶ Production in Libya is expected to contribute on average 10 kbbl/d in 2017.
- ▶ In comparison to Q1/17, production is expected to be lower in the following quarters due to planned maintenance activities.
- ▶ CAPEX for Upstream (including capitalized E&A and excluding acquisitions) is expected to come in at EUR 1.3 bn in 2017.
- ▶ Exploration and appraisal expenditure is expected to amount to EUR 300 mn.

Downstream

Oil

- ▶ Refining margins are projected to be on a similar level compared to 2016. Following a strong performance in Q1/17, refining margins are expected to trend downwards for the rest of the year due to persisting overcapacity in the market.
- ▶ A planned full-site turnaround at the Schwechat refinery started in mid-April 2017 and will last approximately six weeks. Investments and operating costs related to the turnaround will amount to EUR 110 mn and EUR 23 mn, respectively. Capacity utilization in 2017 is expected to be above 90% despite the planned turnaround.
- ▶ Petrochemical margins are expected to be higher compared to the levels in 2016. Commercial and retail margins in OMV's markets excluding Turkey are expected to be on a similar level compared to 2016.
- ▶ OMV expects to close the divestment of its wholly owned subsidiary OMV Petrol Ofisi to the Vitol Group in Q3/17 at the latest.

Gas

- ▶ Natural gas sales volumes are expected to be slightly higher in 2017 compared to 2016.
- ▶ Natural gas sales margins are expected to be slightly lower in 2017 compared to 2016 due to the oversupply in the European gas market.
- ▶ Due to a change in tariff regulation, the contribution from the gas transportation business in Austria (Gas Connect Austria) is expected to be significantly lower in 2017 compared to 2016.

OMV's expected clean CCS operating result in Q2/17 compared to Q1/17 will be negatively affected in the amount of approximately EUR 80 mn by the planned turnaround at the Schwechat refinery leading to higher operating costs and a lower contribution as well as planned maintenance activities in Upstream.

Business Segments

Upstream

| Q4/16 | Q1/17 | Q1/16 | Δ% | in EUR mn (unless otherwise stated) | 2016 |
|-------|-------|-------|------|--|---------|
| (28) | 508 | (102) | n.m. | Operating Result | (1,046) |
| (120) | 187 | (6) | n.m. | Special items | (1,086) |
| 91 | 321 | (96) | n.m. | Clean Operating Result | 40 |
| 456 | 657 | 272 | 141 | Clean Operating Result before depreciation | 1,521 |
| 358 | 209 | 373 | (44) | Capital expenditure | 1,356 |
| 75 | 53 | 115 | (54) | Exploration expenditure in EUR mn | 307 |
| 63 | 32 | 36 | (12) | Exploration expenses in EUR mn | 808 |
| 10.38 | 8.91 | 11.09 | (20) | Production cost in USD/boe ¹ | 10.58 |
| 315 | 335 | 312 | 7 | Total hydrocarbon production in kboe/d | 311 |
| 170 | 170 | 175 | (3) | thereof OMV Petrom group | 174 |
| 14.6 | 15.9 | 14.6 | 9 | Crude oil and NGL production in mn bbl | 57.9 |
| 81.2 | 80.3 | 77.6 | 4 | Natural gas production in bcf | 314.9 |
| 28.7 | 28.5 | 26.3 | 8 | Total hydrocarbon sales volumes in mn boe | 108.8 |
| 49.33 | 53.69 | 33.94 | 58 | Average Brent price in USD/bbl | 43.73 |
| 45.35 | 50.40 | 30.93 | 63 | Average realized crude price in USD/bbl | 39.77 |
| 3.98 | 5.02 | 4.80 | 5 | Average realized gas price in USD/1,000 cf | 4.45 |
| 12.08 | 15.40 | 14.24 | 8 | Average realized gas price in EUR/MWh ² | 13.15 |
| 1.079 | 1.065 | 1.102 | (3) | Average EUR-USD FX-rate | 1.107 |

Note: The net result from the equity-accounted investment in Pearl Petroleum Company is reflected in the Operating Result in all presented periods. Starting with Q1/17, the impact from Pearl Petroleum Company is included in OMV's "Total hydrocarbon production in kboe/d" and "Production cost in USD/boe."

¹ OMV aligned the production cost definition with its industry peers. Starting with Q1/17, administrative expenses and selling and distribution costs are excluded. For comparison only 2016 figures presented in the table were re-calculated.

² The average realized gas price is converted to MWh using a standardized calorific value across the portfolio.

First quarter 2017 (Q1/17) compared to first quarter 2016 (Q1/16)

- ▶ **Clean Operating Result increased substantially to EUR 321 mn**
- ▶ **Ten-year-high quarterly production of 335 kboe/d**
- ▶ **Production cost decreased significantly to USD 8.91/boe**

In Q1/17, the average **Brent price** in USD was up by 58% mainly due to OPEC compliance with the production cut. The Group's average **realized crude price** increased by 63%. The average **realized gas price** in USD/1,000 cf increased by 5%. Realized prices increased more than the benchmark quotations since they were supported by positive realized hedging results of EUR 22 mn in Q1/17 as well as favorable FX effects.

Total OMV daily production of oil, NGL and gas increased by 7% to a quarterly ten-year high of 335 kboe/d, supported by the production contribution from Libya and higher production from Norway. OMV Petrom's total daily oil and gas production was down to 170 kboe/d due to natural decline. **Total sales volumes** increased by 8% due to regular liftings from Libya and higher liftings from Norway.

At USD 8.91/boe, **production costs** excluding royalties (OPEX) in USD/boe were down by 20% as a result of the successful implementation of the cost reduction program coupled with higher production. Also, OMV aligned the production cost definition with its industry peers. Administrative expenses and selling and distribution costs will be excluded from 2017 onwards. At OMV Petrom, production costs decreased by 13% to USD 10.52/boe despite lower production following the abolishment of the infrastructure tax and strict cost management.

The **Clean Operating Result** substantially increased from EUR (96) mn to EUR 321 mn mainly due to higher prices and favorable FX effects coupled with higher sales volumes. The total positive impact on earnings therefrom was EUR 376 mn in Q1/17 compared to Q1/16. Moreover, lower depreciation and production cost supported the result. Depreciation decreased by EUR 32 mn following the effect of upward reserves revisions in Q4/16, which means that the unit of production factor for the depreciation decreases because of higher proved reserves. In addition, the Upstream asset base value is lower following the divestment of OMV (U.K.) Limited. OMV Petrom contributed EUR 102 mn to the clean operating result. The **exploration expenses** were EUR 32 mn in Q1/17, down from EUR 36 mn in Q1/16. Positive **special items** recorded in the quarter amounted to EUR 187 mn, mainly related to net FX gains of EUR 136 mn following closing of the OMV (U.K.) Limited divestment and positive unrealized hedging impact. The **reported Operating Result** amounted to EUR 508 mn (Q1/16: EUR (102) mn).

Capital expenditure including capitalized E&A in Upstream was EUR 209 mn in Q1/17 compared to EUR 373 mn in Q1/16. Investments were undertaken primarily in Norway and Romania. **Exploration expenditure** fell by 54% to EUR 53 mn and reflected activities mainly in the United Arab Emirates and Romania.

Downstream

| Q4/16 | Q1/17 | Q1/16 | Δ% in EUR mn (unless otherwise stated) | 2016 |
|----------------------------|-------|-------|---|--------|
| (90) | 540 | 232 | 133 Operating Result | 1,106 |
| (478) | 26 | (9) | n.m. Special items | (482) |
| 26 | 20 | (78) | n.m. CCS effects: Inventory holding gains/(losses) ¹ | 55 |
| 362 | 494 | 319 | 55 Clean CCS Operating Result ¹ | 1,533 |
| 333 | 411 | 296 | 39 thereof Downstream Oil | 1,341 |
| 29 | 82 | 23 | n.m. thereof Downstream Gas | 192 |
| 525 | 611 | 475 | 29 Clean CCS Operating Result before depreciation ¹ | 2,175 |
| 156 | 91 | 92 | (1) Capital expenditure | 513 |
| Downstream Oil KPIs | | | | |
| 5.59 | 5.42 | 5.08 | 7 OMV indicator refining margin in USD/bbl ² | 4.75 |
| 366 | 385 | 374 | 3 Ethylene/propylene net margin in EUR/t ³ | 375 |
| 96 | 96 | 90 | 6 Utilization rate refineries in % | 89 |
| 7.87 | 6.54 | 6.82 | (4) Total refined product sales in mn t | 30.74 |
| 2.67 | 2.34 | 2.22 | 5 thereof retail sales volumes in mn t | 10.40 |
| 0.57 | 0.59 | 0.60 | (1) thereof petrochemicals in mn t | 2.31 |
| Downstream Gas KPIs | | | | |
| 29.78 | 32.30 | 32.49 | (1) Natural gas sales volumes in TWh | 108.89 |
| 1.78 | 1.74 | 0.78 | 124 Net electrical output in TWh | 5.18 |

¹ 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.

² Actual refining margins realized by OMV may vary from the OMV indicator refining margin as well as from the market margins due to factors including a different crude slate, product yield and operating conditions.

³ Calculated based on West European Contract Prices (WECP).

First quarter 2017 (Q1/17) compared to first quarter 2016 (Q1/16)

- ▶ **Clean CCS Operating Result increased by 55% to EUR 494 mn resulting from better results in Downstream Oil and Downstream Gas**
- ▶ **High petrochemicals' and indicator refining margins increased results**
- ▶ **Borealis generated a stronger result of EUR 113 mn**

The **Clean CCS Operating Result** increased from EUR 319 mn in Q1/16 to EUR 494 mn in Q1/17 resulting from good results in both Downstream Oil and Downstream Gas.

Downstream Oil clean CCS Operating Result increased from EUR 296 mn to EUR 411 mn and was supported by good performance in the refining business, including petrochemicals and a stronger contribution from Borealis. In addition, the lower depreciation coming from the reclassification of OMV Petrol Ofisi to assets held for sale had a positive impact of EUR 37 mn on the result. The refineries' utilization rate increased to 96% in Q1/17 compared to 90% in Q1/16, capturing an increased OMV indicator refining margin from USD 5.1/bbl in Q1/16 to USD 5.4/bbl in Q1/17. The increase in the refining margin was largely supported by higher middle distillates' margins. At 6.5 mn t, total refined product sales decreased by 4% due to lower commercial sales volumes in OMV Petrol Ofisi. The petrochemicals business contributed EUR 74 mn to the clean CCS Operating Result, up from EUR 53 mn in Q1/16. This was supported by increased propylene net margins and a very strong increase in butadiene and benzene margins. While retail margins decreased, the retail volumes increased in all markets. Borealis, which is accounted for at equity, generated an increased result from EUR 92 mn in Q1/16 to EUR 113 mn in Q1/17 due to positive inventory effects and strong olefin margins. OMV Petrom contributed EUR 62 mn to the clean CCS Operating Result. The Operating Result of OMV Petrol Ofisi amounted to EUR 53 mn. There was no depreciation recognized for OMV Petrol Ofisi, following the reclassification to assets held for sale in Q4/16.

Downstream Gas clean CCS Operating Result reached EUR 82 mn in Q1/17 compared to EUR 23 mn in Q1/16. The result was supported mainly by valuation effects related to supply and storage hedges as well as future contracts in the amount of EUR 43 mn. The performance of Gas Connect Austria decreased from EUR 32 mn in Q1/16 to EUR 26 mn in Q1/17 following the change in regulated tariffs.

Natural gas sales volumes remained on a similar level compared to the same quarter in the previous year at 32.3 TWh. The power business remained challenging.

The reported Operating Result for Downstream amounted to EUR 540 mn compared with EUR 232 mn in Q1/16. This result reflects positive CCS effects of EUR 20 mn due to increased crude prices over Q1/17 and positive special items of EUR 26 mn mainly related to OMV Petrol Ofisi.

Capital expenditure in Downstream remained stable at EUR 91 mn, and thereof Downstream Oil investment accounted for EUR 84 mn.

Group Interim Financial Statements (condensed, unaudited)

Income statement (unaudited)

| Q4/16 | Q1/17 | Q1/16 Consolidated income statement in EUR mn (unless otherwise stated) | 2016 |
|---------------|--------------|---|---------------|
| 5,407 | 5,518 | 3,991 Sales revenues | 19,260 |
| 243 | 216 | 109 Other operating income | 646 |
| 98 | 121 | 95 Net income from equity-accounted investments | 425 |
| 86 | 113 | 92 thereof Borealis | 399 |
| 5,747 | 5,855 | 4,195 Total revenues and other income | 20,331 |
| (3,544) | (3,376) | (2,512) Purchases (net of inventory variation) | (12,297) |
| (453) | (402) | (409) Production and operating expenses | (1,686) |
| (72) | (85) | (71) Production and similar taxes | (290) |
| (1,171) | (454) | (527) Depreciation, amortization and impairment charges | (3,235) |
| (473) | (405) | (427) Selling, distribution and administrative expenses | (1,721) |
| (54) | (32) | (32) Exploration expenses | (790) |
| (150) | (64) | (74) Other operating expenses | (344) |
| (169) | 1,037 | 143 Operating Result | (32) |
| 2 | 0 | 8 Dividend income | 41 |
| 7 | 13 | 22 Interest income | 66 |
| (63) | (61) | (66) Interest expenses | (261) |
| (5) | (1) | (19) Other financial income and expenses | (44) |
| (59) | (49) | (55) Net financial result | (198) |
| (228) | 988 | 88 Profit before tax | (230) |
| (103) | (172) | 47 Taxes on income | 47 |
| (331) | 816 | 136 Net income for the period | (183) |
| (378) | 712 | 95 thereof attributable to stockholders of the parent | (403) |
| 26 | 25 | 26 thereof attributable to hybrid capital owners | 103 |
| 21 | 78 | 16 thereof attributable to non-controlling interests | 118 |
| (1.16) | 2.18 | 0.29 Basic Earnings Per Share in EUR | (1.24) |
| (1.15) | 2.18 | 0.29 Diluted Earnings Per Share in EUR | (1.23) |
| - | - | - Dividend Per Share (DPS) in EUR ¹ | 1.20 |

¹ 2016: As proposed by the Executive Board and confirmed by the Supervisory Board, subject to confirmation by the Annual General Meeting in 2017

Statement of comprehensive income (condensed, unaudited)

| Q4/16 | Q1/17 | Q1/16 in EUR mn | 2016 |
|--------------|--------------|--|--------------|
| (331) | 816 | 136 Net income for the period | (183) |
| (181) | (292) | (31) Exchange differences from translation of foreign operations | (113) |
| 1 | 0 | 0 Gains/(losses) on available-for-sale financial assets | 1 |
| (30) | 23 | (5) Gains/(losses) on hedges | (102) |
| 88 | (36) | (29) Share of other comprehensive income of equity-accounted investments | 63 |
| (123) | (304) | Total of items that may be reclassified ("recycled") subsequently to the income (65) statement | (151) |
| (13) | 0 | 0 Remeasurement gains/(losses) on defined benefit plans | (67) |
| 0 | 0 | 0 Share of other comprehensive income of equity-accounted investments | (18) |
| (13) | 0 | Total of items that will not be reclassified ("recycled") subsequently to the 0 income statement | (86) |
| (5) | 1 | 4 Income taxes relating to items that may be reclassified ("recycled") subsequently to the income statement | 15 |
| 0 | 0 | 0 Income taxes relating to items that will not be reclassified ("recycled") subsequently to the income statement | 2 |
| (5) | 1 | 4 Total income taxes relating to components of other comprehensive income | 17 |
| (141) | (304) | (61) Other comprehensive income for the period, net of tax | (220) |
| (472) | 512 | 75 Total comprehensive income for the period | (403) |
| (462) | 416 | 0 thereof attributable to stockholders of the parent | (611) |
| 26 | 25 | 26 thereof attributable to hybrid capital owners | 103 |
| (36) | 71 | 49 thereof attributable to non-controlling interests | 105 |

Statement of financial position (unaudited)

| Statement of financial position in EUR mn | Mar. 31, 2017 | Dec. 31, 2016 |
|--|---------------|---------------|
| Assets | | |
| Intangible assets | 1,724 | 1,713 |
| Property, plant and equipment | 14,317 | 14,613 |
| Equity-accounted investments | 2,660 | 2,860 |
| Other financial assets | 1,035 | 947 |
| Other assets | 65 | 70 |
| Deferred taxes | 771 | 839 |
| Non-current assets | 20,573 | 21,042 |
| Inventories | 1,468 | 1,663 |
| Trade receivables | 2,574 | 2,459 |
| Other financial assets | 732 | 1,245 |
| Income tax receivables | 30 | 32 |
| Other assets | 250 | 198 |
| Cash and cash equivalents | 3,123 | 2,069 |
| Current assets | 8,177 | 7,666 |
| Assets held for sale | 2,403 | 3,405 |
| Total assets | 31,153 | 32,112 |
| Equity and liabilities | | |
| Capital stock | 327 | 327 |
| Hybrid capital | 2,231 | 2,231 |
| Reserves | 8,802 | 8,357 |
| OMV equity of the parent | 11,360 | 10,915 |
| Non-controlling interests | 3,080 | 3,010 |
| Equity | 14,441 | 13,925 |
| Provisions for pensions and similar obligations | 1,053 | 1,057 |
| Bonds | 3,726 | 3,725 |
| Interest-bearing debts | 977 | 1,012 |
| Provisions for decommissioning and restoration obligations | 3,303 | 3,320 |
| Other provisions | 527 | 553 |
| Other financial liabilities | 384 | 409 |
| Other liabilities | 152 | 155 |
| Deferred taxes | 119 | 122 |
| Non-current liabilities | 10,242 | 10,354 |
| Trade payables | 3,084 | 3,731 |
| Bonds | 41 | 38 |
| Interest-bearing debts | 129 | 222 |
| Provisions for income taxes | 166 | 212 |
| Provisions for decommissioning and restoration obligations | 97 | 92 |
| Other provisions | 444 | 435 |
| Other financial liabilities | 749 | 1,169 |
| Other liabilities | 867 | 828 |
| Current liabilities | 5,577 | 6,727 |
| Liabilities associated with assets held for sale | 893 | 1,107 |
| Total equity and liabilities | 31,153 | 32,112 |

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, 2017 | 327 | 1,507 | 2,231 | 7,990 | (1,131) | (9) | 10,915 | 3,010 | 13,925 |
| Net income for the period | | | | 738 | | | 738 | 78 | 816 |
| Other comprehensive income for the period | | | | 0 | (296) | | (296) | (8) | (304) |
| Total comprehensive income for the period | | | | 738 | (296) | | 441 | 71 | 512 |
| Share-based payments | | 4 | | | | | 4 | | 4 |
| March 31, 2017 | 327 | 1,511 | 2,231 | 8,727 | (1,427) | (9) | 11,360 | 3,080 | 14,441 |

| 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, 2016 | 327 | 1,500 | 2,231 | 8,613 | (989) | (10) | 11,672 | 2,626 | 14,298 |
| Net income for the period | | | | 120 | | | 120 | 16 | 136 |
| Other comprehensive income for the period | | | | 0 | (94) | | (94) | 34 | (61) |
| Total comprehensive income for the period | | | | 120 | (94) | | 26 | 49 | 75 |
| Dividend distribution and hybrid coupon | | | | | | | | 0 | 0 |
| Share-based payments | | (4) | | 1 | | | (2) | | (2) |
| March 31, 2016 | 327 | 1,496 | 2,231 | 8,734 | (1,083) | (10) | 11,696 | 2,675 | 14,371 |

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

Cash flows (condensed, unaudited)

| Q4/16 | Q1/17 | Q1/16 | Summarized statement of cash flows in EUR mn | 2016 |
|--------------|--------------|--------------|--|----------------|
| (331) | 816 | 136 | Net income for the period | (183) |
| 1,192 | 446 | 536 | Depreciation, amortization and impairments including write-ups | 3,784 |
| 10 | 63 | (59) | Deferred taxes | (178) |
| (63) | 0 | 0 | Losses/(gains) on the disposal of non-current assets | (81) |
| 27 | 4 | 10 | Net change in long-term provisions | (25) |
| 42 | (137) | 29 | Other adjustments | (290) |
| 877 | 1,192 | 653 | Sources of funds | 3,026 |
| (198) | 158 | 258 | (Increase)/decrease in inventories | (110) |
| (600) | (59) | (35) | (Increase)/decrease in receivables | (840) |
| 482 | (344) | (259) | (Decrease)/increase in liabilities | 747 |
| 50 | (25) | (37) | (Decrease)/increase in short-term provisions | 54 |
| 611 | 923 | 579 | Cash flow from operating activities | 2,878 |
| | | | Investments | |
| (400) | (426) | (717) | Intangible assets and property, plant and equipment | (2,022) |
| (1) | (4) | (29) | Investments, loans and other financial assets | (66) |
| 0 | 0 | 0 | Acquisitions of subsidiaries and businesses net of cash acquired | (54) |
| | | | Disposals | |
| 219 | 18 | 21 | Proceeds from sale of non-current assets | 331 |
| 7 | 810 | 0 | Proceeds from the sale of subsidiaries and businesses, net of cash disposed | 14 |
| (175) | 397 | (724) | Cash flow from investing activities | (1,797) |
| 129 | (37) | (66) | (Decrease)/increase in long-term borrowings | (172) |
| 454 | 0 | 0 | Increase in non-controlling interest | 454 |
| 0 | 0 | 0 | Decrease in non-controlling interest | 36 |
| (333) | (89) | 34 | (Decrease)/increase in short-term borrowings | 74 |
| (87) | 0 | 0 | Dividends paid | (466) |
| 164 | (127) | (32) | Cash flow from financing activities | (74) |
| (34) | (15) | (2) | Effect of exchange rate changes on cash and cash equivalents | (42) |
| 565 | 1,179 | (179) | Net (decrease)/increase in cash and cash equivalents | 965 |
| 1,748 | 2,314 | 1,348 | Cash and cash equivalents at beginning of period | 1,348 |
| 2,314 | 3,493 | 1,169 | Cash and cash equivalents at end of period | 2,314 |
| 245 | 370 | 0 | thereof cash disclosed within Assets held for sale | 245 |
| 2,069 | 3,123 | 1,169 | Cash and cash equivalents presented in the consolidated statement of financial position | 2,069 |
| 436 | 1,320 | (145) | Free cash flow | 1,081 |
| 349 | 1,320 | (145) | Free cash flow after dividends | 615 |
| 803 | 1,320 | (145) | Free cash flow after dividends inclusive non-controlling interest changes ¹ | 1,105 |

¹ In Q4/16 and 2016, the non-controlling interest change mainly includes the cash inflow from the sale of a 49% minority stake in Gas Connect Austria.

Selected notes to the interim consolidated financial statements

Legal principles

The interim condensed consolidated financial statements for the three months ended March 31, 2017 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, 2016.

The interim condensed consolidated financial statements for Q1/17 are unaudited and an external review by an auditor was not performed.

The interim condensed consolidated financial statements for Q1/17 have been prepared in million EUR (EUR mn, EUR 1,000,000). Accordingly, there may be rounding differences.

In addition to the interim financial statements, further information on main items affecting the interim financial statements as of March 31, 2017 is given as part of the description of OMV's Business Segments in the Directors' Report.

General accounting policies

The following new and amended standards have been effective since January 1, 2017. At the time of preparation of these condensed interim financial statements, the EU endorsement was still pending. None of these changes are expected to have a material impact on the condensed interim financial statements.

- ▶ Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealized Losses
- ▶ Amendments to IAS 7 Disclosure Initiative
- ▶ Annual Improvements to IFRS Standards 2014–2016 Cycle

New income statement structure

The Group income statement has been restructured in line with industry best practice to comprehensively reflect the operations of the Group and to enhance transparency for investors.

The main changes to the income statement are:

1. **“Net income from equity-accounted investments”** is now part of **“Total revenues and other income”**
 - Previously, net income from equity-accounted investments was included within the net financial result.
 - Starting from Q1/2017, the net income from equity-accounted investments is included in “Total revenues and other income” and contributes to the **“Operating Result.”** The “Operating Result” includes the former indicator “Earnings Before Interest and Taxes” and the net result from equity-accounted investments. Thus, the “Operating Result” reflects the operational result of OMV including contributions from associates and joint ventures.
2. The line items **“purchases (net of inventory variation),” “production and operating expenses”** and **“production and similar taxes”** are now shown separately
 - These items were previously disclosed mainly within the line “production cost of sales.”
 - Purchases (net of inventory variation): This line item includes the cost of goods and materials that are used for conversion into finished or intermediary products as well as goods purchased for reselling. This position also includes inventory changes and write-offs.
 - Production and operating expenses: This line item contains all costs incurred when manufacturing a good or providing a service.
 - Production and similar taxes: This line item contains production taxes, royalties and other taxes related to hydrocarbon production.
3. **“Selling, distribution and administrative expenses”** are now combined and reported in one line item
 - These costs were previously disclosed as part of selling expenses and administrative expenses.
 - The new selling, distribution and administrative expenses line item includes all costs directly related to marketing and selling of products and administrative costs.
4. **“Depreciation, amortization and impairment charges”** are now disclosed as a separate line item
 - Previously, “depreciation, amortization and impairment charges” were included in “production cost of sales,” “selling expenses,” “administrative expenses,” “exploration expenses” and “other operating expenses.”
 - Impairments related to exploration assets remain part of “exploration expenses.”

For comparison only, figures of previous periods are presented in the same structure.

Changes in the consolidated Group

Compared with the consolidated financial statements as of December 31, 2016 the consolidated Group changed as follows:

In **Upstream**, OMV Russia Upstream GmbH, based in Vienna, was included starting from March 15, 2017.

OMV (U.K.) Limited has been deconsolidated as of January 13, 2017 following the successful closing of the sales transaction.

Changes in the ownership of subsidiaries with a change in control

On January 13, 2017 the sale of 100% of the shares in the wholly owned subsidiary OMV (U.K.) Limited to Siccar Point Energy Limited, Aberdeen, was closed. The gain on the disposal of the subsidiary amounted to EUR 137 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. As a result of the disposal, a receivable for the contingent consideration has been recognized, which represents the fair value of the expected consideration (Level 3). The amount of the contingent consideration and the related encashment timeline are dependent on the date when the Rosebank project co-venturers approve the final investment decision.

Seasonality and cyclicity

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

Notes to the income statement

Material impairments and write-ups

In Q1/17, there were no material impairments or write-ups.

Income tax

| Q4/16 | Q1/17 | Q1/16 in EUR mn | 2016 |
|-------|-------|-------------------------------|-------|
| (103) | (172) | 47 Taxes on income and profit | 47 |
| (93) | (109) | (11) Current taxes | (130) |
| (10) | (63) | 59 Deferred taxes | 178 |
| (45)% | 17% | (54)% Effective tax rate | 21% |

Notes to the statement of financial position

Commitments

As of March 31, 2017, OMV had contractual obligations for the acquisition of intangible assets and property, plant and equipment of EUR 1,232 mn (December 31, 2016: EUR 1,541 mn) mainly relating to exploration and production activities in Upstream, of which EUR 125 mn are related to the OMV Petrol Ofisi disposal group.

Inventories

During 2017, there were no material write-downs of inventories.

Equity

No dividend was distributed and no interest payments made on hybrid capital to OMV Aktiengesellschaft shareholders in Q1/17.

For the year 2016, a dividend payment of EUR 1.20 per share will be proposed to the Annual General Meeting, which will be held on May 24, 2017.

There were no dividend distributions to minority shareholders in Q1/17.

The **total number of own shares** held by the Company as of March 31, 2017, amounted to 824,369 (December 31, 2016: 824,369).

Financial liabilities

As of March 31, 2017, short- and long-term borrowings, bonds and finance leases amounted to EUR 5,162 mn (December 31, 2016: EUR 5,283 mn), and thereof EUR 9 mn are disclosed as liabilities associated with assets held for sale, being part of the OMV Petrol Ofisi disposal group. Finance lease liabilities amounted to EUR 277 mn (December 31, 2016: EUR 278 mn).

Material changes of contingent liabilities

As part of the disposal of the subsidiary OMV (U.K.) Limited, the contingent liability of EUR 27 mn related to the deferred consideration from the acquisition of an increased share in the West of Shetland area (United Kingdom) in 2014 has ceased to exist for OMV.

In relation to the Bulgarian Commission for Protection of Competition (CPC) investigation initiated in 2016, on March 30, 2017, CPC terminated the proceedings against OMV Bulgaria OOD and the other companies without a finding of violation on the condition that they comply with specific commitments. OMV Bulgaria OOD is committed to designing and implementing internal regulations to achieve compliance with such commitments, which were presented to the CPC on April 28, 2017.

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).

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.

| in EUR mn | Mar. 31, 2017 | | | Dec. 31, 2016 | | |
|---|---------------|------------|------------|---------------|------------|------------|
| | Level 1 | Level 2 | Total | Level 1 | Level 2 | Total |
| Financial instruments on asset side | | | | | | |
| Investment funds | 7 | | 7 | 7 | | 7 |
| Bonds | 17 | 78 | 95 | 20 | 76 | 96 |
| Derivatives designated and effective as hedging instruments | - | 3 | 3 | - | 39 | 39 |
| Other derivatives | 112 | 274 | 386 | 192 | 585 | 777 |
| Total | 137 | 355 | 491 | 219 | 699 | 919 |

| in EUR mn | Mar. 31, 2017 | | | Dec. 31, 2016 | | |
|--|---------------|------------|------------|---------------|------------|------------|
| | Level 1 | Level 2 | Total | Level 1 | Level 2 | Total |
| Financial instruments on liability side | | | | | | |
| Liabilities on derivatives designated and effective as hedging instruments | | 11 | 11 | | 70 | 70 |
| Liabilities on other derivatives | 101 | 233 | 334 | 208 | 632 | 840 |
| Total | 101 | 244 | 345 | 208 | 703 | 911 |

There were no transfers between levels of the fair value hierarchy.

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 of financial assets are the fair values.

Bonds and other interest-bearing debts amounting to EUR 4,873 mn (December 31, 2016: EUR 4,997 mn) are valued at amortized cost. The estimated fair value of these liabilities was EUR 5,362 mn (December 31, 2016: EUR 5,515 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

| Q4/16 | Q1/17 | Q1/16 | Δ% | in EUR mn | 2016 |
|------------|------------|------------|-----------|---|--------------|
| 651 | 718 | 493 | 46 | Upstream | 2,272 |
| 38 | 43 | 20 | 115 | Downstream | 136 |
| 9 | 9 | 8 | 24 | thereof Downstream Oil | 28 |
| 38 | 43 | 36 | 17 | thereof Downstream Gas | 139 |
| (9) | (9) | (24) | 63 | thereof intrasegmental elimination Downstream | (30) |
| 105 | 88 | 91 | (3) | Corporate and Other | 366 |
| 794 | 849 | 604 | 41 | OMV Group | 2,774 |

Sales to external customers

| Q4/16 | Q1/17 | Q1/16 | Δ% | in EUR mn | 2016 |
|--------------|--------------|--------------|-----------|------------------------|---------------|
| 278 | 418 | 213 | 96 | Upstream | 1,013 |
| 5,125 | 5,097 | 3,777 | 35 | Downstream | 18,243 |
| 4,111 | 3,904 | 2,808 | 39 | thereof Downstream Oil | 14,603 |
| 1,014 | 1,194 | 969 | 23 | thereof Downstream Gas | 3,640 |
| 4 | 3 | 0 | n.m. | Corporate and Other | 4 |
| 5,407 | 5,518 | 3,991 | 38 | OMV Group | 19,260 |

Total sales (not consolidated)

| Q4/16 | Q1/17 | Q1/16 | Δ% | in EUR mn | 2016 |
|--------------|--------------|--------------|-----------|---|---------------|
| 929 | 1,136 | 707 | 61 | Upstream | 3,285 |
| 5,163 | 5,140 | 3,797 | 35 | Downstream | 18,379 |
| 4,120 | 3,913 | 2,816 | 39 | thereof Downstream Oil | 14,630 |
| 1,052 | 1,236 | 1,006 | 23 | thereof Downstream Gas | 3,779 |
| (9) | (9) | (24) | 63 | thereof intrasegmental elimination Downstream | (30) |
| 109 | 91 | 91 | 0 | Corporate and Other | 370 |
| 6,201 | 6,368 | 4,595 | 39 | OMV Group | 22,034 |

Segment and Group profit

| Q4/16 | Q1/17 | Q1/16 | Δ% | in EUR mn | 2016 |
|--------------|------------|-----------|-------------|--|--------------|
| (28) | 508 | (102) | n.m. | Operating Result Upstream | (1,046) |
| (90) | 540 | 232 | 133 | Operating Result Downstream | 1,106 |
| 85 | 453 | 241 | 88 | thereof Operating Result Downstream Oil | 1,145 |
| (175) | 87 | (10) | n.m. | thereof Operating Result Downstream Gas | (38) |
| (29) | (16) | (4) | n.m. | Operating Result Corporate and Other | (56) |
| (148) | 1,032 | 125 | n.m. | Operating Result segment total | 4 |
| (21) | 5 | 18 | (70) | Consolidation: Elimination of intersegmental profits | (36) |
| (169) | 1,037 | 143 | n.m. | OMV Group Operating Result | (32) |
| (59) | (49) | (55) | 10 | Net financial result | (198) |
| (228) | 988 | 88 | n.m. | OMV Group profit before tax | (230) |

Assets ¹

| in EUR mn | Mar. 31, 2017 | Dec. 31, 2016 |
|------------------------|---------------|---------------|
| Upstream | 11,060 | 11,250 |
| Downstream | 4,826 | 4,915 |
| thereof Downstream Oil | 3,645 | 3,710 |
| thereof Downstream Gas | 1,181 | 1,205 |
| Corporate and Other | 156 | 161 |
| Total | 16,042 | 16,326 |

¹ Segment assets consist of intangible assets and property, plant and equipment

Other notes

Transactions with related parties

In Q1/17, there were arm's-length supplies of goods and services between the Group and equity-accounted companies.

| Significant transactions with related parties in EUR mn | Q1/17 | | Q1/16 | |
|---|------------------------|-----------|------------------------|-----------|
| | Sales and other income | Purchases | Sales and other income | Purchases |
| Borealis | 307 | 12 | 227 | 7 |
| GENOL Gesellschaft m.b.H. & Co | 58 | 1 | 41 | 1 |
| Erdöl-Lagergesellschaft m.b.H. | 10 | 14 | 6 | 12 |
| Enerco Enerji Sanayi ve Ticaret A.Ş. | 2 | 56 | 0 | 45 |
| Trans Austria Gasleitung GmbH | 19 | 5 | 5 | 2 |

| Balance sheet positions in EUR mn | Mar. 31, 2017 | Dec. 31, 2016 |
|-----------------------------------|---------------|---------------|
| Loans receivable | - | 2 |
| Trade receivables | 146 | 39 |
| Trade payables | 25 | 37 |
| Prepayments received | 154 | 157 |

In Q1/17, OMV received dividend income of EUR 270 mn (Q1/16: EUR 153 mn) from Borealis AG and EUR 11 mn (Q1/16: EUR nil) from Trans Austria Gasleitung GmbH.

In January 2017, Borealis received two decisions of the Finnish Board of Adjustment with regard to Borealis Technology Oy. The Board of Adjustment has confirmed the Finnish tax authority's view that the license arrangements, entered into between Borealis Technology Oy and Borealis AG in 2008 and 2010, should be considered as a sale of businesses. The Board of Adjustment is requesting that Borealis pays an additional EUR 297 mn, comprising taxes, late payment interest and penalties. Borealis believes that this decision fails to properly apply Finnish and international tax law and does not adequately consider the relevant facts of the case. Borealis appealed this decision to the Helsinki Administrative Court on March 6, 2017 and has obtained a suspension of payment until the final decision.

At the end of December 2015, Borealis received a reassessment decision from the Finnish tax authority for its Finnish subsidiary Borealis Polymers Oy with regard to the year 2009. The authority is requesting that Borealis pays an additional EUR 153 mn, an amount comprising taxes, late payment interest and penalties. Borealis believes that this decision fails to properly apply Finnish and international tax law and does not adequately consider the relevant facts of the case. Borealis appealed the reassessment decision to the Finnish tax authority's Board of Adjustment in February 2016. The decision of the Board of Adjustment is expected in the second half of the 2017 calendar year. A suspension of payment has been obtained pending the decision.

Subsequent events

On April 21, 2017 the steam turbine transformer of the Brazi power plant failed. The failure is under investigation to determine the impact and duration of its remediation. Based on preliminary data, the current estimation is that the power plant might be fully unavailable until Q3/17.

On April 24, 2017 Nord Stream 2 AG signed financing agreements for the Nord Stream 2 pipeline project with ENGIE, OMV, Shell, Uniper and Wintershall. The five European energy companies have committed to provide long-term financing for 50% of the total cost of the project, which is currently estimated to be EUR 9.5 bn. Each European company will fund up to EUR 950 mn. Construction works for Nord Stream 2 will begin in 2018 and will be completed by the end of 2019. Gazprom is and will remain the sole shareholder of the project company, Nord Stream 2 AG.

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 three months of the financial year and their impact on the condensed interim financial statements, the principal risks and uncertainties for the remaining nine months of the financial year and the major related party transactions to be disclosed.

Vienna, May 11, 2017

The Executive Board



Rainer Seele
Chairman of the Executive Board
and Chief Executive Officer



Reinhard Florey
Chief Financial Officer



Johann Pleininger
Member of the Executive Board
Upstream



Manfred Leitner
Member of the Executive Board
Downstream

Further Information

Abbreviations and definitions

bbbl: Barrel(s), i.e. approximately 159 liters; **bcf**: Billion standard cubic feet; **bn**: Billion; **boe**: Barrel(s) of oil equivalent; **boe/d**: boe per day; **capital employed**: Equity including non-controlling interests plus net debt; **CCS/CCS effects/Inventory holding gains/(losses)**: Current Cost of Supply; inventory holding gains and losses represent 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 case the net realizable value of the inventory is lower than its cost. 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 (Operating Result, net income, etc.). The amount disclosed as CCS effect represents the difference between the charge to the income statement for inventory on a weighted average basis (adjusted for the change in valuation allowances related to net realizable value) and the charge based on the current cost of supply. The current cost of supply is calculated monthly using data from supply and production systems at Downstream Oil level; **clean CCS Operating Result**: Adjusted for special items and CCS effects. The Group clean CCS Operating Result is calculated by adding the clean CCS Operating Result of Downstream Oil, the clean Operating Result of the other segments and the reported consolidation effect adjusted for changes in valuation allowances, in case the net realizable value of the inventory is lower than its cost; **clean CCS EPS**: Clean CCS Earnings Per Share is calculated as clean CCS net income attributable to stockholders divided by weighted number of shares; **clean CCS net income attributable to stockholders**: Net income attributable to stockholders, adjusted for the after tax effect of special items and CCS; **clean CCS ROACE**: Clean CCS Return On Average Capital Employed is calculated as NOPAT (as a sum of current and last three quarters) adjusted for the after-tax effect of special items and CCS, divided by average capital employed (on a rolling basis, as an average of last four quarters) (%); **Co&O**: Corporate and Other; **Operating Result before depreciation**: Operating Result before Depreciation and amortization, impairments and write-ups of fixed assets; **EPS**: Earnings Per Share; **EUR**: Euro; **FX**: Foreign Exchange; **gearing ratio**: Net debt divided by equity expressed as a percentage; **kbbl, kbbl/d**: Thousand barrels, kbbl per day; **kboe, kboe/d**: Thousand barrels of oil equivalent, kboe per day; **LNG**: Liquefied Natural Gas; **mn**: Million; **MWh**: Megawatt hour(s); **n.a.**: Not available; **n.m.**: Not meaningful; **net debt**: Interest bearing debts plus finance lease liabilities less cash and cash equivalents; **NGL**: Natural Gas Liquids; **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; **ROACE**: Return On Average Capital Employed, NOPAT divided by average capital employed expressed as a percentage; **ROE**: Return On Equity, net income for the year divided by average equity expressed as a percentage (ROFA, ROACE and ROE indicators are calculated on a rolling basis based on the previous four consecutive quarters); **RON**: New Romanian leu; **special items**: Special items are expenses and income reflected in the financial statements that are disclosed separately, as they are not part of underlying ordinary business operations. They are being disclosed separately in order to enable investors to better understand and evaluate OMV Group's reported financial performance; **t**: Metric ton(s); **TRY**: Turkish lira; **TWh**: Terawatt hour(s); **USD**: US dollar

For a full list of abbreviations and definitions, please see the OMV Annual Report.

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