



OMV Group Report January – September and Q3 2016

including interim consolidated financial statements as of September 30, 2016

- ▶ **Q3/16: Clean CCS EBIT at EUR 415 mn; clean CCS net income attributable to stockholders at EUR 447 mn**
- ▶ **Positive free cash flow after dividends at EUR 239 mn in Q3/16**
- ▶ **Upstream production of 301 kboe/d**
- ▶ **Robust clean CCS EBIT contribution from Downstream Oil and Downstream Gas**
- ▶ **Sale agreement for 49% stake in Gas Connect Austria signed**
- ▶ **OMV divests its wholly owned Upstream subsidiary in the UK for up to USD 1 bn**

Rainer Seele, CEO of OMV:

“OMV continues to deliver on its strategic targets. We further optimized our portfolio by selling a 49% stake in Gas Connect Austria, the gas transportation business. This will bring us sales proceeds of EUR 601 mn at closing in Q4/16. We also continued to optimize our North Sea portfolio. OMV signed an agreement for the sale of 100% of the shares in its wholly owned Upstream subsidiary, OMV UK, to Siccar Point Energy Limited for up to USD 1 bn.

In the third quarter, OMV also continued to stringently implement its cost reduction program. OMV will achieve cost reductions of EUR 100 mn in 2016 and EUR 150 mn in 2017. In Upstream, we continue to focus our investments on projects delivering profitable barrels. This enabled OMV to reduce its CAPEX program from the initially targeted EUR 2.4 bn to EUR 2.0 bn in 2016. In 2017, we now plan to invest EUR 2.2 bn, a decrease of EUR 200 mn.

All our efforts are reflected in OMV’s resilient earnings development despite the continuously challenging market environment. OMV delivered a robust clean CCS EBIT of EUR 415 mn in Q3/16. Moreover, OMV generated a positive cash flow, with an operating cash flow of EUR 652 mn and a free cash flow of EUR 239 mn.”

Q2/16	Q3/16	Q3/15	Δ%	in EUR mn	9m/16	9m/15	Δ%
(300)	63	(728)	n.m.	EBIT	(190)	(277)	31
214	415	495	(16)	Clean CCS EBIT	796	1,203	(34)
(168)	48	(456)	n.m.	Net income attributable to stockholders ¹	(26)	(84)	69
222	447	367	22	Clean CCS net income attributable to stockholders ¹	842	968	(13)
(0.51)	0.15	(1.40)	n.m.	Earnings Per Share (EPS) in EUR	(0.08)	(0.26)	69
0.68	1.37	1.13	22	Clean CCS EPS in EUR	2.58	2.97	(13)
1,036	652	1,135	(43)	Cash flow from operating activities	2,267	2,400	(6)
172	239	524	(54)	Free cash flow after dividends	266	(426)	n.m.

¹ After deducting net income attributable to hybrid capital owners and net income attributable to non-controlling interests

Contents

Directors' report.....	3
Financial highlights.....	3
Group performance	4
Outlook.....	7
Business Segments	8
Upstream	8
Downstream.....	10
Group interim financial statements (condensed, unaudited)	12
Declaration of the management	22
Further information.....	23

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.

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Directors' report

Financial highlights

Q2/16	Q3/16	Q3/15	Δ% in EUR mn	9m/16	9m/15	Δ%
4,614	5,249	5,932	(12) Sales ¹	13,853	17,484	(21)
(603)	(319)	(980)	67 EBIT Upstream	(1,025)	(845)	(21)
362	378	174	117 EBIT Downstream	877	531	65
(15)	(8)	0	n.m. EBIT Corporate and Other	(27)	(9)	n.m.
(44)	11	78	(85) Consolidation: Elimination of inter-segmental profits	(15)	46	n.m.
(300)	63	(728)	n.m. EBIT Group	(190)	(277)	31
46	131	8	n.m. thereof EBIT OMV Petrom group	255	297	(14)
(608)	(350)	(1,073)	67 Special items ²	(973)	(1,266)	23
(18)	(12)	(16)	24 thereof: Personnel and restructuring	(37)	(32)	(15)
(614)	(353)	(1,071)	67 Unscheduled depreciation	(967)	(1,278)	24
20	(7)	0	n.m. Asset disposal	13	0	n.m.
4	23	14	65 Other	18	44	(58)
94	(3)	(149)	98 CCS effects: Inventory holding gains/(losses)	(13)	(213)	94
0	38	52	(26) Clean EBIT Upstream ³	(59)	201	n.m.
250	377	402	(6) Clean CCS EBIT Downstream ³	852	931	(9)
(12)	(7)	3	n.m. Clean EBIT Corporate and Other ³	(23)	(4)	n.m.
(24)	7	37	(82) Consolidation: Elimination of inter-segmental profits	26	75	(65)
214	415	495	(16) Clean CCS EBIT ³	796	1,203	(34)
49	137	239	(43) thereof clean CCS EBIT OMV Petrom group ³	278	520	(47)
72	75	9	n.m. Net financial result	188	78	141
(228)	138	(719)	n.m. Profit before tax	(2)	(199)	99
(117)	129	(461)	n.m. Net income	148	52	183
(168)	48	(456)	n.m. Net income attributable to stockholders ⁴	(26)	(84)	69
222	447	367	22 Clean CCS net income attributable to stockholders ^{3,4}	842	968	(13)
(0.51)	0.15	(1.40)	n.m. Earnings Per Share (EPS) in EUR	(0.08)	(0.26)	69
0.68	1.37	1.13	22 Clean CCS EPS in EUR ³	2.58	2.97	(13)
1,036	652	1,135	(43) Cash flow from operating activities	2,267	2,400	(6)
551	239	524	(54) Free cash flow before dividends	645	103	n.m.
172	239	524	(54) Free cash flow after dividends	266	(426)	n.m.
3.17	2.00	3.48	(43) Cash flow per share in EUR	6.94	7.35	(6)
3,992	3,743	5,398	(31) Net debt	3,743	5,398	(31)
29	27	39	(31) Gearing ratio in %	27	39	(31)
489	403	600	(33) Capital expenditure	1,359	1,997	(32)
-	-	-	n.a. ROFA in %	(10)	(4)	(172)
-	-	-	n.a. ROACE in %	(6)	(1)	n.m.
-	-	-	n.a. Clean CCS ROACE in % ³	7	9	(19)
-	-	-	n.a. ROE in %	(8)	(3)	n.m.
49	6	36	(83) Group tax rate in %	7,307	126	n.m.
23,172	22,838	24,470	(7) Employees	22,838	24,470	(7)

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 and include unrealized gains/losses on commodity derivatives (starting with Q2/15), which are added back or deducted from EBIT. For more details please refer to Business Segments

³ Adjusted for special items. Clean CCS figures exclude 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

Group performance

Third quarter 2016 (Q3/16) vs. second quarter 2016 (Q2/16)

Consolidated sales increased by 14% vs. Q2/16, mainly due to higher Downstream Oil sales reflecting seasonally higher volumes as well as prices. **Clean CCS EBIT** increased from EUR 214 mn in Q2/16 to EUR 415 mn, driven by a higher Upstream and Downstream Oil result. The Upstream result benefited from a higher realized oil price and lower costs. Downstream Oil delivered a substantially increased result which was driven by the strong contribution from the retail and commercial businesses. **OMV Petrom Group's clean CCS EBIT** amounted to EUR 137 mn, above Q2/16 (EUR 49 mn), mainly due to higher Downstream Oil results and a positive effect in the consolidation line.

Net special items of EUR (350) mn were recorded in Q3/16 (EUR (608) mn in Q2/16). As OMV agreed to sell its wholly owned Upstream subsidiary in the UK to Siccar Point Energy, a pre-tax impairment of the disposal group in the amount of EUR 458 mn has been recognized in Q3/16. This impairment was partly offset by a write-up in the amount of EUR 116 mn, related to the ongoing divestment process of an Upstream asset in the Middle East and Africa region. Negative **CCS effects** of EUR (3) mn were recognized in Q3/16 (EUR 94 mn in Q2/16). The **Group's reported EBIT** equaled EUR 63 mn, higher than Q2/16 (EUR (300) mn). **OMV Petrom's** contribution to the **Group's reported EBIT** was EUR 131 mn, higher than in Q2/16 (EUR 46 mn).

The **net financial result** amounting to EUR 75 mn in Q3/16 improved by EUR 3 mn compared to last quarter. The result from Borealis remained strong and interest expenses decreased following the repayment of a bond at the end of Q2/16.

Taxes on Group income amounted to EUR (8) mn in Q3/16. The **effective tax rate** in Q3/16 was 6% (Q2/16: 49%).

Net income attributable to stockholders was EUR 48 mn vs. EUR (168) mn in Q2/16. **Clean CCS net income attributable to stockholders** was EUR 447 mn (Q2/16: EUR 222 mn). **EPS** for the quarter was at EUR 0.15 and **clean CCS EPS** was at EUR 1.37 (Q2/16: EUR (0.51) and EUR 0.68, respectively).

Cash flow from operating activities amounted to EUR 652 mn and was below the Q2/16 level (EUR 1,036 mn), mainly due to negative working capital effects which were primarily related in Q3/16 to seasonal increase of accounts receivable in Downstream Oil as well as inventories in Downstream Gas. **Free cash flow after dividends** amounted to EUR 239 mn (Q2/16: EUR 172 mn).

Third quarter 2016 (Q3/16) vs. Third quarter 2015 (Q3/15)

Consolidated sales decreased by 12% vs. Q3/15, mainly due to lower Downstream Oil sales reflecting lower product prices. **Clean CCS EBIT** decreased from EUR 495 mn in Q3/15 to EUR 415 mn. The improved results of the retail and commercial businesses as well as the higher Downstream Gas result, almost offset the sharp decline of the OMV indicator refining margin. **OMV Petrom group's clean CCS EBIT** was at EUR 137 mn, below Q3/15 (EUR 239 mn), as Q3/16 was negatively impacted by lower oil and gas prices. Negative **net special items** of EUR (350) mn were recorded in Q3/16 (EUR (1,073) mn in Q3/15), mainly related to the EUR 458 mn impairment of OMV's Upstream assets in the UK. This impairment was partly offset by a write-up in the amount of EUR 116 mn, related to the ongoing divestment process of an Upstream asset in the Middle East and Africa region. Negative **CCS effects** of EUR (3) mn were recognized in Q3/16 (EUR (149) mn in Q3/15). The **Group's reported EBIT** amounted to EUR 63 mn, higher than Q3/15 (EUR (728) mn). **OMV Petrom's** contribution to the **Group's reported EBIT** was EUR 131 mn, higher than Q3/15 (EUR 8 mn).

The **net financial result** of EUR 75 mn in Q3/16 increased significantly compared to EUR 9 mn in Q3/15. This development was sustained by a higher contribution from Borealis as well as an improved foreign exchange result.

Taxes on Group income amounted to EUR (8) mn in Q3/16. The **effective tax rate** in Q3/16 was 6% (Q3/15: 36%).

Net income attributable to stockholders was EUR 48 mn vs. EUR (456) mn in Q3/15. **Clean CCS net income attributable to stockholders** amounted to EUR 447 mn (Q3/15: EUR 367 mn). **EPS** for the quarter equaled EUR 0.15 and **clean CCS EPS** amounted to EUR 1.37 (Q3/15: EUR (1.40) and EUR 1.13, respectively).

Cash flow from operating activities amounted to EUR 652 mn and was below Q3/15 (EUR 1,135 mn). This development was mainly due to cash outflows from net working capital. **Free cash flow after dividends** amounted to EUR 239 mn (Q3/15: EUR 524 mn).

Statement of financial position and capital expenditure

Summarized statement of financial position in EUR mn	Sep. 30, 2016	%	Dec. 31, 2015	%
Assets				
Non-current assets	22,089	71	24,054	74
Intangible assets and property, plant and equipment	17,563	56	19,715	60
Equity-accounted investments	2,658	9	2,562	8
Other non-current assets	1,008	3	927	3
Deferred tax assets	861	3	850	3
Current assets	7,559	24	8,516	26
Inventories	1,743	6	1,873	6
Trade receivables	2,803	9	2,567	8
Other current assets	3,012	10	4,076	12
Assets held for sale	1,494	5	94	0
Equity and liabilities				
Equity	14,029	45	14,298	44
Non-current liabilities	10,157	33	10,314	32
Provisions for pensions and similar obligations	1,072	3	1,045	3
Bonds and other interest-bearing debts	4,583	15	4,592	14
Provisions for decommissioning and restoration obligations	3,316	11	3,342	10
Other provisions and liabilities	992	3	1,105	3
Deferred tax liabilities	194	1	229	1
Current liabilities	6,614	21	8,021	25
Trade payables	3,438	11	3,380	10
Bonds and other interest-bearing debts	616	2	494	2
Other provisions and liabilities	2,560	8	4,147	13
Liabilities associated with assets held for sale	343	1	32	0
Total assets/equity and liabilities	31,142	100	32,664	100

Capital expenditure decreased to EUR 1,359 mn in 9m/16 (9m/15: EUR 1,997 mn).

Upstream invested EUR 997 mn in 9m/16 compared to EUR 1,702 mn in 9m/15. CAPEX in **Downstream** amounted to EUR 357 mn (9m/15: EUR 282 mn), of which EUR 328 mn was invested in Downstream Oil (9m/15: EUR 249 mn) and EUR 29 mn in Downstream Gas (9m/15: EUR 33 mn). CAPEX in the **Corporate & Other** amounted to EUR 5 mn (9m/15: EUR 13 mn).

Compared to year-end 2015, **total assets** decreased by EUR 1,522 mn to EUR 31,142 mn mainly as a result of a lower derivatives position as well as a reduction of intangible assets and property, plant and equipment as of September 30, 2016.

Equity decreased by 2% in comparison to December 31, 2015. The Group's equity ratio increased to 45% as of September 30, 2016, compared to December 31, 2015 (44%).

The **cash** position increased to EUR 1,748 mn (December 31, 2015: EUR 1,348 mn).

Net debt decreased to EUR 3,743 mn compared to EUR 4,038 mn at the end of 2015. On September 30, 2016, the **gearing ratio** stood at 27% (December 31, 2015: 28%).

Cash flow

Summarized statement of cash flows in EUR mn	9m/16	9m/15	Δ%
Sources of funds	2,149	2,579	(17)
Cash flow from operating activities	2,267	2,400	(6)
Cash flow from investing activities	(1,621)	(2,297)	29
Free cash flow	645	103	n.m.
Cash flow from financing activities	(237)	(104)	(129)
Effect of exchange rate changes on cash and cash equivalents	(8)	(36)	78
Net (decrease)/increase in cash and cash equivalents	400	(37)	n.m.
Cash and cash equivalents at beginning of period	1,348	649	108
Cash and cash equivalents at end of period	1,748	612	186
Free cash flow after dividends	266	(426)	n.m.

In 9m/16, **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 2,149 mn (9m/15: EUR 2,579 mn). **Net working capital components** in the cash flow statement generated a cash inflow of EUR 118 mn (9m/15: cash outflow of EUR 179 mn); the positive impact resulted primarily from lower inventories and higher trade payables. **Cash flow from operating activities** decreased by EUR 133 mn, compared to 9m/15, reaching EUR 2,267 mn.

In 9m/16, **net cash from investing activities** resulted in an outflow of EUR 1,621 mn (9m/15: EUR 2,297 mn), mainly related to investments in Romania and Norway. This position also included cash outflows for the acquisition of FE-Trading GmbH and FE-Trading trgovina d.o.o. of EUR 57 mn, which reflects the cash consideration of EUR 26 mn paid to the seller and also trade and other financial liabilities amounting to EUR 31 mn. Cash outflow less cash acquired amounted to EUR 54 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 645 mn (9m/15: EUR 103 mn). **Free cash flow after dividends** resulted in a cash inflow of EUR 266 mn (9m/15: outflow of EUR 426 mn).

Cash flow from financing activities reflected a net outflow of funds amounting to EUR 237 mn (9m/15: EUR 104 mn), following repayments of a bond and other long-term debt as well as payments of dividends and hybrid coupons during the period. These effects were partially compensated by drawings of new long- and short-term borrowings. This position also includes a cash inflow from contributions by former minority shareholders of EconGas GmbH in the amount of EUR 36 mn. The cash consideration paid for the remaining non-controlling interest in EconGas GmbH amounted to 3 Euro.

Risk management

As an international oil and gas company with operations extending from hydrocarbon exploration and production through trading and marketing of mineral products and gas, OMV is exposed to a variety of risks including market and financial risks, operational and strategic risks. A detailed description of risks and risk management activities can be found in the Annual Report 2015 (pages 31-33).

For 2016, the main uncertainties which can influence OMV Group's performance remain 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 maintain 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 interim consolidated financial statements for disclosures on significant transactions with related parties.

Outlook for the full year 2016

Market environment

For the year 2016, OMV expects the average Brent oil price to be at USD 44/bbl. The Brent-Urals spread is anticipated to be wider than in recent years due to increased supply from Saudi Arabia and Iran. The gas market environment in Europe continues to be characterized by oversupply. However, gas prices on European spot markets are expected to show a seasonally upward trend in Q4/16 compared to Q3/16.

Group

- ▶ CAPEX (incl. capitalized E&A) is expected to be around EUR 2 bn, thereof 75% in Upstream
- ▶ Exploration and appraisal expenditure is expected to amount to EUR 360 mn
- ▶ The Group expects to reach its goal of reducing costs of EUR 100 mn ahead of schedule already in 2016 (compared with 2015 as the basis). OMV has set a new cost reduction target of more than EUR 150 mn for 2017

Upstream

- ▶ OMV expects total production to be slightly above 300 kboe/d
- ▶ The combined production of Romania and Austria is expected to average slightly above 190 kboe/d. In Q4/16, OMV is finalizing an upgrade of surface facilities, including shut-ins at key wells, in the Totea Deep field in Romania
- ▶ In Norway, average production is expected to increase to above 65 kboe/d due to additional volumes, resulting mainly from the ramp-up of Edvard Grieg and better performance from Gullfaks and Gudrun
- ▶ OMV recently restarted production in two fields in the Sirte basin in Libya. Consequently, OMV expects to generate minor production volumes in Libya in Q4/16. Production in Yemen is not expected to restart during the year since the security situation remains critical
- ▶ The sale of a 30% stake in the Rosebank field was closed on October 6, 2016, bringing OMV a cash inflow of USD 50 mn in Q4/16

Downstream

Oil

- ▶ Refining margins in Q4/16 are projected to be above the Q3/16 level, along with an increase in middle distillates spreads
- ▶ Capacity utilization in Q4/16 is expected to be above 90%. This is supported by the strong performance in all sales channels
- ▶ Petrochemical volumes are expected to come in lower in Q4/16 vs. Q3/16 while petrochemical margins are expected to remain on a similar level
- ▶ Demand from commercial and retail customers for mineral oil products will remain strong but decline seasonally in Q4/16
- ▶ The sale of the Aliaga Terminal in Turkey is expected to be closed in Q4/16
- ▶ The sale process of OMV's wholly owned subsidiary OMV Petrol Ofisi is progressing according to plan

Gas

- ▶ Due to oversupply on the European gas market, natural gas sales margins are expected to remain at a similar level as in Q3/16
- ▶ Downstream Gas does not anticipate any one-off gains in clean EBIT in Q4/16
- ▶ The sale of OMV's 49% stake in Gas Connect Austria is expected to be closed in Q4/16. OMV will realize sale proceeds of EUR 601 mn at closing
- ▶ The power business remains challenging in the core countries in Turkey and Romania

OMV expects Q4/16 clean CCS EBIT to be below the strong level in Q3/16. The main reasons are the seasonal decline in the Downstream Oil business compared to Q3/16. The previous quarter was supported by high product demand during the driving season. In addition, we do not anticipate any one-off gains in clean EBIT of Downstream Gas in Q4/16.

Business Segments

Upstream

Q2/16	Q3/16	Q3/15	Δ%	in EUR mn	9m/16	9m/15	Δ%
(603)	(319)	(980)	67	EBIT	(1,025)	(845)	(21)
(603)	(357)	(1,031)	65	Special items	(966)	(1,046)	8
0	38	52	(26)	Clean EBIT	(59)	201	n.m.
373	413	445	(7)	Clean EBITD	1,057	1,401	(25)
316	308	500	(38)	Capital expenditure	997	1,702	(41)
49	68	143	(52)	Exploration expenditure	233	477	(51)
653	57	353	(84)	Exploration expenses	746	522	43
11.51	11.42	13.17	(13)	OPEX in USD/boe	11.69	13.58	(14)
316	301	292	3	Total hydrocarbon production in kboe/d	310	300	3
177	174	174	0	thereof OMV Petrom group	175	179	(2)
14.7	14.0	13.7	3	Crude oil and NGL production in mn bbl	43.3	41.2	5
79.5	76.7	74.1	3	Natural gas production in bcf	233.7	229.1	2
45.59	45.86	50.47	(9)	Average Brent price in USD/bbl	41.88	55.31	(24)
38.70	43.33	50.54	(14)	Average realized crude price in USD/bbl	37.80	51.96	(27)
4.60	4.46	5.57	(20)	Average realized gas price in USD/1,000 cf	4.62	5.54	(17)
13.32	13.06	16.37	(20)	Average realized gas price in EUR/MWh ¹	13.53	16.26	(17)
1.129	1.117	1.112	0	Average EUR-USD FX-rate	1.116	1.114	0

¹ The average realized gas price is converted to MWh using a standardized calorific value across the portfolio.

Third quarter 2016 (Q3/16) vs. second quarter 2016 (Q2/16)

- **Clean EBIT increased substantially to EUR 38 mn**
- **Strict capital discipline resulted in continued low CAPEX and exploration expenditure**
- **Cost savings initiatives led to a further decrease in OPEX in USD/boe**

The average **Brent price** in USD was stable and the Group's average **realized crude price** was up by 12%, driven by the positive hedging result in the amount of EUR 26 mn. The average **realized gas price** in USD/1,000 cf decreased by 3%.

Total OMV daily production of oil, NGL and gas decreased by 5% to 301 kboe/d, mainly due to planned turnaround activities in the Norwegian fields Gullfaks and Gudrun. OMV Petrom's total daily oil and gas production declined by 2% to 174 kboe/d. **Total sales volumes** were 4% higher since part of Q2/16 production volumes were sold in Q3/16.

In spite lower production volumes, **production costs** excluding royalties (OPEX) in USD/boe declined further by 1%. This was mainly attributable to the ongoing cost saving initiatives. At OMV Petrom, OPEX decreased by 7% to USD 11.27/boe.

Clean EBIT increased substantially from break-even in Q2/16 to EUR 38 mn owing to a higher realized oil price in Q3/16. **Exploration expenses** dropped to EUR 57 mn vs. EUR 653 mn in Q2/16, which included impairments of exploration assets.

Negative **special items** recorded in the quarter amounted to EUR (357) mn. These are mainly related to the EUR 458 mn impairment of OMV's Upstream assets in the UK. This impairment was partly offset by a write-up in the amount of EUR 116 mn, related to the ongoing divestment process of an Upstream asset in the Middle East and Africa region.

Reported EBIT amounted to EUR (319) mn (Q2/16: EUR (603) mn).

Capital expenditure in Upstream was slightly down at EUR 308 mn and primarily attributable to investments in Norway, Romania and Tunisia.

Exploration expenditure amounted to EUR 68 mn mainly reflecting activities in the North Sea region, in Bulgaria and Romania.

Third quarter 2016 (Q3/16) vs. third quarter 2015 (Q3/15)

- ▶ Lower oil and gas prices negatively impacted clean EBIT
- ▶ Production increased by 3%, driven by the ramp-up of the Edvard Grieg field in Norway
- ▶ Reduced exploration activities led to 52% less exploration expenditure
- ▶ Strict cost management coupled with higher production resulted in a 13% decrease in OPEX in USD/boe

In Q3/16, the average **Brent price** in USD was down by 9% mainly due to the oversupply in the oil market. The Group's average **realized crude price** decreased by 14%. This mirrored the development of the Brent price and was also impacted by the different crude mix. The average **realized gas price** in USD/1,000 cf decreased by 20% and followed the trend of European spot markets, where an oversupply situation still persisted. Realized prices were supported by a positive hedging result in the amount of EUR 26 mn, which was lower than in Q3/15 (EUR 62 mn).

Total OMV daily production of oil, NGL and gas increased by 3% to 301 kboe/d. Production in Norway was up significantly attributable to the Edvard Grieg field, which started production at the end of 2015. This increase was partly offset by lower production in Austria, Pakistan and New Zealand. OMV Petrom's total daily oil and gas production was stable at 174 kboe/d. **Total sales volumes** increased by 8% due to higher liftings in Norway.

At USD 11.42/boe, **production costs** excluding royalties (OPEX) in USD/boe were down by 13%, as a result of the successful implementation of the cost reduction program coupled with higher production. At OMV Petrom, OPEX decreased by 14% to USD 11.27/boe.

The decline in oil and gas prices led to a decrease in **clean EBIT** from EUR 52 mn to EUR 38 mn. The decrease in prices was partially offset by higher sales volumes as well as lower depreciation, production costs and exploration expenses. OMV Petrom contributed EUR 45 mn to clean EBIT. **Exploration expenses** dropped from EUR 353 mn to EUR 57 mn. The previous year's figure included impairments of exploration assets.

Capital expenditure in Upstream decreased from EUR 500 mn in Q3/15 to EUR 308 mn in Q3/16 as a result of the strict capital discipline.

OMV decreased its **exploration expenditure** by 52% to EUR 68 mn, reflecting lower activities across the entire portfolio in line with the revised exploration strategy.

Downstream

Q2/16	Q3/16	Q3/15	Δ%	in EUR mn	9m/16	9m/15	Δ%
362	378	174	117	EBIT	877	531	65
(2)	8	(38)	n.m.	Special items	(3)	(216)	99
114	(8)	(190)	96	CCS effects: Inventory holding gains/(losses) ¹	28	(184)	n.m.
250	377	402	(6)	Clean CCS EBIT ¹	852	931	(9)
178	312	430	(27)	thereof Downstream Oil	694	921	(25)
72	65	(28)	n.m.	thereof Downstream Gas	158	10	n.m.
410	540	559	(3)	Clean CCS EBITD ¹	1,331	1,412	(6)
171	94	98	(4)	Capital expenditure	357	282	27
Downstream Oil KPIs							
4.67	3.69	7.84	(53)	OMV indicator refining margin in USD/bbl	4.47	7.69	(42)
357	405	521	(22)	Ethylene/propylene net margin in EUR/t ²	378	440	(14)
72	97	93	3	Utilization rate refineries in %	86	92	(7)
7.65	8.40	8.21	2	Total refined product sales in mn t	22.87	22.35	2
2.62	2.89	2.87	0	thereof retail sales volumes in mn t	7.73	7.74	0
0.56	0.59	0.57	2	thereof petrochemicals in mn t	1.74	1.70	3
Downstream Gas KPIs							
24.42	22.19	20.36	9	Natural gas sales volumes in TWh	79.11	81.41	(3)
0.72	1.91	2.15	(11)	Net electrical output in TWh	3.40	3.49	(3)

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 Calculated based on West European Contract Prices (WECP)

Third quarter 2016 (Q3/16) vs. second quarter 2016 (Q2/16)

- ▶ **Downstream Oil increased substantially**
- ▶ **Strong contribution from the retail and commercial businesses**
- ▶ **Downstream Gas performed well again**

Clean CCS EBIT increased from EUR 250 mn to EUR 377 mn in Q3/16, driven by a substantially higher result from Downstream Oil. Decreased crude prices over the quarter contributed to negative CCS effects of EUR (8) mn. This was compensated for by positive special items amounting to EUR 8 mn. **Reported EBIT** was EUR 378 mn.

After the planned turnaround activities in Q2/16, the utilization rate of the refineries was on a high level at 97% in Q3/16. The increased utilization has supported higher refined product sales amounting to 8.4 mn t (Q2/16: 7.7 mn t). The OMV indicator refining margin decreased from USD 4.7/bbl in Q2/16 to USD 3.7/bbl in Q3/16 mainly due to lower gasoline and naphtha spreads. The lower refining margin was more than offset by a strong contribution from the retail and commercial businesses. Sales volumes have increased seasonally and retail as well as commercial margins were higher, backed by strong customer demand for OMV's products. OMV Petrol Ofisi's performance was also seasonally strong with EUR 36 mn. The performance of the petrochemicals business strongly increased from EUR 57 mn to EUR 75 mn due to higher sales volumes and improved product spreads. Clean CCS EBIT of **Downstream Oil** increased substantially from EUR 178 mn to EUR 312 mn.

At EUR 65 mn, **Downstream Gas** again recorded a very good result. This included a one-time gain of EUR 22 mn, mainly related to the clearance of a contract. In comparison, the Q2/16 Downstream Gas clean EBIT amounted to EUR 72 mn, and included positive one-off effects of approximately EUR 40 mn. Natural gas sales volumes decreased by 9% to 22.19 TWh, mostly due to lower sales volumes in Austria. The contribution of the gas transportation business increased from EUR 30 mn in Q2/16 to EUR 36 mn. The power business remained challenging.

The contribution from **Borealis**, which is accounted for at-equity and shown in the financial result of the OMV Group, was strong at EUR 110 mn, supported by an improved performance of the base chemicals business, as well as a higher contribution from Borouge.

Capital expenditure in Downstream decreased to EUR 94 mn (Q2/16: EUR 171 mn). Downstream Oil accounted for EUR 73 mn.

Third quarter 2016 (Q3/16) vs. third quarter 2015 (Q3/15)

- ▶ **Downstream only 6% down despite substantially lower OMV indicator refining margin**
- ▶ **Higher customer demand resulted in better retail and commercial volumes and margins**
- ▶ **Downstream Gas result clearly up, largely driven by restructuring efforts**

Clean CCS EBIT decreased by 6% to EUR 377 mn, driven mainly by the lower contribution of Downstream Oil, which was partly offset by a higher Downstream Gas result.

In **Downstream Oil**, the OMV indicator refining margin decreased by 53% from USD 7.8/bbl in Q3/15 to USD 3.7/bbl in Q3/16, largely due to lower gasoline and middle distillate spreads. This effect was almost compensated by a higher refinery utilization rate of 97% in Q3/16 (93% in Q3/15) as well as higher volumes and better margins in the retail and commercial businesses. At EUR 36 mn, OMV Petrol Ofisi made a stable contribution to earnings. The clean petrochemicals EBIT declined from EUR 110 mn to EUR 75 mn, as a consequence of lower propylene and ethylene margins. Despite the substantial drop in the OMV indicator refining margin, Downstream Oil clean CCS EBIT only declined by 27% to EUR 312 mn.

At EUR 65 mn, the **Downstream Gas** clean EBIT was up by EUR 93 mn largely driven by restructuring efforts. In addition, the result was supported by a higher valuation on forward contracts as well as a one-off effect in the amount of EUR 22 mn related to the clearance of a contract. Natural gas sales volumes increased by 9% to 22.19 TWh, mostly due to higher sales volumes in Austria. The contribution of the gas transportation business increased from EUR 31 mn in Q3/15 to EUR 36 mn, mainly due to lower costs. The power business remained challenging.

Borealis, which is accounted for at-equity and shown in the financial result of the OMV Group, generated a strong result of EUR 110 mn in Q3/16 (EUR 93 mn in Q3/15). This was largely attributable to a better polyolefin business. The contribution from Borouge was stable.

Capital expenditure in Downstream amounted to EUR 94 mn (Q3/15: EUR 98 mn). Downstream Oil accounted for EUR 73 mn.

Group interim financial statements (condensed, unaudited)

Income statement (unaudited)

Q2/16	Q3/16	Q3/15	Consolidated income statement in EUR mn	9m/16	9m/15
4,614	5,249	5,932	Sales revenues	13,853	17,484
(84)	(92)	(84)	Direct selling expenses	(258)	(248)
(3,823)	(4,384)	(5,922)	Production costs of sales	(11,704)	(15,986)
707	774	(74)	Gross profit	1,891	1,251
92	203	112	Other operating income	402	292
(271)	(245)	(215)	Selling expenses	(767)	(662)
(77)	(83)	(80)	Administrative expenses	(242)	(275)
(653)	(57)	(353)	Exploration expenses	(746)	(522)
(4)	(9)	(5)	Research and development expenses	(19)	(16)
(95)	(520)	(111)	Other operating expenses	(710)	(345)
(300)	63	(728)	Earnings Before Interest and Taxes (EBIT)	(190)	(277)
117	114	98	Income from equity-accounted investments	327	269
111	110	93	thereof Borealis	313	269
15	15	17	Dividend income	39	29
9	28	24	Interest income	59	76
(65)	(67)	(87)	Interest expenses	(197)	(227)
(4)	(16)	(43)	Other financial income and expenses	(39)	(68)
72	75	9	Net financial result	188	78
(228)	138	(719)	Profit before tax	(2)	(199)
111	(8)	258	Taxes on income	150	251
(117)	129	(461)	Net income for the period	148	52
(168)	48	(456)	thereof attributable to stockholders of the parent	(26)	(84)
26	26	9	thereof attributable to hybrid capital owners	77	28
25	56	(14)	thereof attributable to non-controlling interests	97	108
(0.51)	0.15	(1.40)	Basic Earnings Per Share in EUR	(0.08)	(0.26)
(0.51)	0.15	(1.39)	Diluted Earnings Per Share in EUR	(0.08)	(0.26)

Statement of comprehensive income (condensed, unaudited)

Q2/16	Q3/16	Q3/15	in EUR mn	9m/16	9m/15
(117)	129	(461)	Net income for the period	148	52
31	69	(374)	Exchange differences from translation of foreign operations	69	(184)
1	(1)	0	Gains/(losses) on available-for-sale financial assets	0	(1)
(68)	1	51	Gains/(losses) on hedges	(72)	95
19	(15)	(5)	Share of other comprehensive income of equity-accounted investments	(25)	73
(17)	54	(328)	Total of items that may be reclassified ("recycled") subsequently to the income statement	(28)	(16)
(55)	0	0	Remeasurement gains/(losses) on defined benefit plans	(55)	0
(18)	0	0	Share of other comprehensive income of equity-accounted investments	(18)	0
(73)	0	0	Total of items that will not be reclassified ("recycled") subsequently to the income statement	(73)	0
15	1	(10)	Income taxes relating to items that may be reclassified ("recycled") subsequently to the income statement	20	(28)
2	0	0	Income taxes relating to items that will not be reclassified ("recycled") subsequently to the income statement	2	0
16	1	(10)	Total income taxes relating to components of other comprehensive income	22	(28)
(74)	55	(338)	Other comprehensive income for the period, net of tax	(79)	(44)
(190)	184	(799)	Total comprehensive income for the period	69	8
(208)	58	(835)	thereof attributable to stockholders of the parent	(149)	(173)
26	26	9	thereof attributable to hybrid capital owners	77	28
(8)	101	27	thereof attributable to non-controlling interests	141	153

Statement of financial position (unaudited)

Statement of financial position in EUR mn	Sep. 30, 2016	Dec. 31, 2015
Assets		
Intangible assets	2,429	3,275
Property, plant and equipment	15,133	16,440
Equity-accounted investments	2,658	2,562
Other financial assets	890	846
Other assets	118	81
Deferred taxes	861	850
Non-current assets	22,089	24,054
Inventories	1,743	1,873
Trade receivables	2,803	2,567
Other financial assets	858	2,245
Income tax receivables	94	108
Other assets	312	374
Cash and cash equivalents	1,748	1,348
Current assets	7,559	8,516
Assets held for sale	1,494	94
Total assets	31,142	32,664
Equity and liabilities		
Capital stock	327	327
Hybrid capital	2,231	2,231
Reserves	8,561	9,114
OMV equity of the parent	11,119	11,672
Non-controlling interests	2,909	2,626
Equity	14,029	14,298
Provisions for pensions and similar obligations	1,072	1,045
Bonds	3,724	3,721
Interest-bearing debts	859	871
Provisions for decommissioning and restoration obligations	3,316	3,342
Other provisions	527	535
Other financial liabilities	308	410
Other liabilities	156	160
Deferred taxes	194	229
Non-current liabilities	10,157	10,314
Trade payables	3,438	3,380
Bonds	46	295
Interest-bearing debts	569	200
Provisions for income taxes	179	215
Provisions for decommissioning and restoration obligations	88	100
Other provisions	353	418
Other financial liabilities	796	2,341
Other liabilities	1,144	1,074
Current liabilities	6,614	8,021
Liabilities associated with assets held for sale	343	32
Total equity and liabilities	31,142	32,664

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, 2016	327	1,500	2,231	8,613	(989)	(10)	11,672	2,626	14,298
Net income for the period				51			51	97	148
Other comprehensive income for the period				(53)	(71)		(124)	44	(79)
Total comprehensive income for the period				(1)	(71)		(72)	141	69
Dividend distribution and hybrid coupon				(377)			(377)	(2)	(379)
Disposal of treasury shares		1				1	2		2
Share-based payments		1		1			2		2
Increase/(decrease) in non-controlling interests				(108)			(108)	144	36
September 30, 2016	327	1,502	2,231	8,128	(1,060)	(9)	11,119	2,909	14,029

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, 2015	327	1,503	741	10,117	(1,086)	(11)	11,591	2,924	14,514
Net income for the period				(55)			(55)	108	52
Other comprehensive income for the period				0	(89)		(89)	45	(44)
Total comprehensive income for the period				(56)	(89)		(145)	153	8
Dividend distribution and hybrid coupon				(459)			(459)	(72)	(531)
Disposal of treasury shares		1				1	3		3
Share-based payments		(5)		3			(1)		(1)
Increase/(decrease) in non-controlling interests				(1)	(6)		(7)	(4)	(12)
September 30, 2015	327	1,500	741	9,605	(1,181)	(10)	10,982	3,000	13,981

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)

Q2/16	Q3/16	Q3/15	Summarized statement of cash flows in EUR mn	9m/16	9m/15
(117)	129	(461)	Net income for the period	148	52
1,157	899	1,631	Depreciation, amortization and impairments including write-ups	2,592	2,991
(147)	18	(301)	Deferred taxes	(187)	(386)
(15)	(4)	(9)	Losses/(gains) on the disposal of non-current assets	(19)	(18)
(36)	(27)	(11)	Net change in long-term provisions	(52)	(3)
(152)	(210)	54	Other adjustments	(332)	(57)
691	806	903	Sources of funds	2,149	2,579
(124)	(45)	169	(Increase)/decrease in inventories	89	106
(59)	(145)	(148)	(Increase)/decrease in receivables	(240)	(164)
499	24	222	(Decrease)/increase in liabilities	265	(9)
29	12	(11)	(Decrease)/increase in short-term provisions	4	(113)
1,036	652	1,135	Cash flow from operating activities	2,267	2,400
			Investments		
(473)	(432)	(689)	Intangible assets and property, plant and equipment	(1,621)	(2,384)
1	(37)	2	Investments, loans and other financial assets	(65)	(55)
(54)	0	0	Acquisitions of subsidiaries and businesses net of cash acquired	(54)	0
41	49	76	Disposals		
			Proceeds from sale of non-current assets	111	142
0	7	0	Proceeds from the sale of subsidiaries and businesses, net of cash disposed	7	0
(485)	(413)	(612)	Cash flow from investing activities	(1,621)	(2,297)
(242)	6	(19)	(Decrease)/increase in long-term borrowings	(301)	122
36	0	0	Change in non-controlling interest	36	(12)
192	181	(422)	(Decrease)/increase in short-term borrowings	407	316
(379)	0	0	Dividends paid	(379)	(530)
(392)	187	(441)	Cash flow from financing activities	(237)	(104)
(2)	(3)	(28)	Effect of exchange rate changes on cash and cash equivalents	(8)	(36)
156	423	54	Net (decrease)/increase in cash and cash equivalents	400	(37)
1,169	1,325	558	Cash and cash equivalents at beginning of period	1,348	649
1,325	1,748	612	Cash and cash equivalents at end of period	1,748	612
551	239	524	Free cash flow	645	103
172	239	524	Free cash flow after dividends	266	(426)

Selected notes to the interim consolidated financial statements

Legal principles

The interim condensed consolidated financial statements for the nine months ended September 30, 2016 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 financial statements, and should be read in conjunction with the Group's annual financial statements as of December 31, 2015.

The interim condensed consolidated financial statements for Q3/16 are unaudited and an external review by an auditor was not performed.

The interim condensed consolidated financial statements for Q3/16 have been prepared in million EUR (EUR mn, EUR 1,000,000). Accordingly, there may be rounding differences.

General accounting policies

The accounting policies and valuation methods adopted in preparation of the interim condensed consolidated financial statements are consistent with those followed in preparation of the Group's annual financial statements for the year ended December 31, 2015, except as described herein.

The following new and amended standards and interpretations have been implemented since January 1, 2016. None has had a material impact on the condensed interim financial statements.

- ▶ Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations
- ▶ Amendments to IAS 1 Disclosure Initiative
- ▶ Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization
- ▶ Amendments to IAS 16 and IAS 41 Agriculture – Bearer Plants
- ▶ Amendments to IAS 27 Equity Method in Separate Financial Statements
- ▶ Annual Improvements to IFRSs 2012-2014 Cycle
- ▶ Amendments to IFRS 10, IFRS 12 and IAS 28 Investments Entities: Applying the Consolidation Exception

Changes in the consolidated Group

Compared with the consolidated financial statements as of December 31, 2015, the consolidated Group changed as follows:

In **Upstream**, OMV Abu Dhabi Offshore GmbH, based in Vienna, was included starting on May 1, 2016.

OMV Petrom Ukraine Finance Services GmbH and OMV Petrom Ukraine E&P GmbH, both based in Vienna, were deconsolidated as of May 1, 2016 and June 1, 2016, respectively.

In **Downstream**, PEGAS CEGH Gas Exchange Services GmbH, based in Vienna, has been consolidated at equity starting on September 1, 2016. The company was set up together with Powernext and OMV holds a 49% share.

FE-Trading GmbH, based in Anif, and FE-Trading trgovina d.o.o., based in Ljubljana, were acquired and included in the consolidation scope starting on April 30, 2016.

On October 12, 2015, OMV signed a contract to acquire 100% of the shares in FE-Trading GmbH, based in Anif (Austria) and FE-Trading trgovina d.o.o., based in Ljubljana (Slovenia). The companies ("FE Trading") operate a chain of unmanned filling stations in Austria and Slovenia. The transaction was closed on April 30, 2016. FE Trading has been acquired to further extend the unmanned filling station network of OMV.

The following tables show the acquired net assets of FE Trading as well as the calculation of the goodwill related to the transaction:

Fair values acquired in EUR mn	April 30, 2016
Intangible assets	16
Property, plant and equipment	19
Inventories	2
Trade receivables	2
Cash in hand and at bank	3
Total assets	44
Decommissioning and restoration obligations	(3)
Deferred taxes	(2)
Trade payables	(25)
Provisions for income taxes	(1)
Other financial liabilities	(6)
Total liabilities	(37)
Net assets acquired	6

Measurement of goodwill in EUR mn	April 30, 2016
Consideration given (cash)	26
Net assets acquired	(6)
Goodwill	20

The goodwill substantially relates to the integration effect of FE Trading into the Austrian refinery business and retail network as a marketing outlet. The goodwill is not expected to be tax deductible for income tax purposes.

As of September 30, 2016, FE-Trading GmbH and FE-Trading trgovina d.o.o. contributed EUR 38.6 mn to consolidated sales and EUR 0.8 mn to consolidated net income of OMV Group since their inclusion. If the acquisition had already taken place at the beginning of the year, the calculated value of sales and net income contribution to the OMV Group would have been EUR 64.0 mn and EUR 0.8 mn, respectively.

Changes in ownership of subsidiaries without change in control

On May 20, 2016, OMV increased its interest in EconGas GmbH, based in Vienna, to 100%, by acquiring the remaining non-controlling interest.

Seasonality and cyclicity

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

In addition to the interim financial statements, further information on main items affecting the interim financial statements as of September 30, 2016, is given as part of the description of OMV's Business Segments in the Director's Report.

Notes to the income statement

Material impairments and write-ups

In Upstream, a 30% stake in the exploration and appraisal asset Rosebank (United Kingdom) was reclassified to held for sale as of June 30, 2016. On August 9, 2016, OMV signed an agreement for the sale of the 30% stake. Following the reclassification to held for sale, a pre-tax impairment of EUR 318 mn has been recognized in exploration expenses in Q2/16. The basis for the impairment was the selling price agreed with the buyer considering a best estimate for the contingent consideration (level 3 valuation).

The transaction also triggered a reassessment of the retained 20% stake in Rosebank which led to a pre-tax impairment of EUR 212 mn in Q2/16, impacting exploration expenses. The basis of the valuation was the fair value less costs of disposal derived from the expected sales price of the 30% stake in Rosebank (level 3 valuation).

In Upstream, the net assets of OMV (U.K.) Limited were reclassified to held for sale as of September 30, 2016. Following the reclassification to held for sale, a pre-tax impairment of the disposal group amounting to EUR 458 mn has been recognized in other operating expenses in Q3/16. The basis for the impairment was the selling price based on the offer received and it includes a best estimate for the contingent consideration (level 3 valuation).

In Upstream, an ongoing divestment process led to the reclassification of an asset in the Middle East and Africa region to held for sale which triggered a pre-tax write-up of the asset in the amount of EUR 116 mn in Q3/16, impacting other operating income. The basis of the valuation was the fair value less costs of disposal derived from the expected sales price (level 3 valuation).

Income tax

Q2/16	Q3/16	Q3/15	in EUR mn	9m/16	9m/15
111	(8)	258	Taxes on income and profit	150	251
(36)	10	(43)	Current taxes	(37)	(135)
147	(18)	301	Deferred taxes	187	386
49%	6%	36%	Effective tax rate	7,307%	126%

Notes to the statement of financial position

Commitments

As of September 30, 2016, OMV had contractual obligations for the acquisition of intangible assets and property, plant and equipment of EUR 1,442 mn (December 31, 2015: EUR 1,909 mn) mainly relating to exploration and production activities in Upstream.

Inventories

During the nine months ending on September 30, 2016, there were no material write-downs of inventories.

Equity

On May 18, 2016, the Annual General Meeting approved the payment of a dividend of EUR 1.00 per share, resulting in a total dividend payment of EUR 326 mn to OMV Aktiengesellschaft stockholders. Dividend distributions to minorities amounted to EUR 2 mn in 9m/16. An interest payment to hybrid capital owners amounting to EUR 51 mn was also made in 9m/16.

The **total number of own shares** held by the Company as of September 30, 2016, amounted to 824,369 (December 31, 2015: 912,824).

Financial liabilities

As of September 30, 2016, short- and long-term borrowings, bonds and finance leases amounted to EUR 5,492 mn (December 31, 2015: EUR 5,386 mn), of which EUR 285 mn were liabilities for finance leases (December 31, 2015: EUR 290 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).

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	Sep. 30, 2016			Dec. 31, 2015		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Financial instruments on asset side						
Investment funds	7		7	7		7
Bonds	33	75	108	97		97
Derivatives designated and effective as hedging instruments	0	27	27	0	165	165
Other derivatives	146	331	477	732	894	1,626
Total	186	433	620	836	1,059	1,895

in EUR mn	Sep. 30, 2016			Dec. 31, 2015		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Financial instruments on liability side						
Liabilities on derivatives designated and effective as hedging instruments	0	29	29	0	91	91
Liabilities on other derivatives	144	311	456	779	917	1,696
Total	144	341	485	779	1,008	1,787

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 5,198 mn (December 31, 2015: EUR 5,087 mn) are valued at amortized cost. The estimated fair value of these liabilities was EUR 5,794 mn (December 31, 2015: EUR 5,449 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

Q2/16	Q3/16	Q3/15	Δ%	in EUR mn	9m/16	9m/15	Δ%
573	554	673	(18)	Upstream	1,620	2,255	(28)
47	31	18	71	Downstream	98	62	59
6	5	7	(27)	thereof Downstream Oil	19	23	(17)
33	32	31	1	thereof Downstream Gas	101	113	(10)
8	(6)	(20)	70	thereof intrasegmental elimination Downstream	(22)	(74)	71
84	86	100	(14)	Corporate and Other	261	297	(12)
704	671	791	(15)	OMV Group	1,980	2,613	(24)

Sales to external customers

Q2/16	Q3/16	Q3/15	Δ%	in EUR mn	9m/16	9m/15	Δ%
199	323	282	15	Upstream	735	724	2
4,415	4,926	5,649	(13)	Downstream	13,118	16,757	(22)
3,663	4,021	4,674	(14)	thereof Downstream Oil	10,492	13,503	(22)
752	905	975	(7)	thereof Downstream Gas	2,627	3,254	(19)
0	0	1	n.m.	Corporate and Other	0	3	n.m.
4,614	5,249	5,932	(12)	OMV Group	13,853	17,484	(21)

Total sales (not consolidated)

Q2/16	Q3/16	Q3/15	Δ%	in EUR mn	9m/16	9m/15	Δ%
772	878	956	(8)	Upstream	2,356	2,979	(21)
4,462	4,956	5,667	(13)	Downstream	13,216	16,818	(21)
3,669	4,026	4,681	(14)	thereof Downstream Oil	10,510	13,525	(22)
785	937	1,007	(7)	thereof Downstream Gas	2,727	3,367	(19)
8	(6)	(20)	70	thereof intrasegmental elimination Downstream	(22)	(74)	71
84	86	101	(15)	Corporate and Other	261	300	(13)
5,318	5,920	6,723	(12)	OMV Group	15,833	20,098	(21)

Segment and Group profit

Q2/16	Q3/16	Q3/15	Δ%	in EUR mn	9m/16	9m/15	Δ%
(603)	(319)	(980)	67	EBIT Upstream	(1,025)	(845)	(21)
362	378	174	117	EBIT Downstream	877	531	65
289	309	238	29	thereof EBIT Downstream Oil	747	752	(1)
73	69	(64)	n.m.	thereof EBIT Downstream Gas	130	(221)	n.m.
(15)	(8)	0	n.m.	EBIT Corporate and Other	(27)	(9)	n.m.
(256)	51	(805)	n.m.	EBIT segment total	(175)	(323)	46
(44)	11	78	(85)	Consolidation: Elimination of intersegmental profits	(15)	46	n.m.
(300)	63	(728)	n.m.	OMV Group EBIT	(190)	(277)	31
72	75	9	n.m.	Net financial result	188	78	141
(228)	138	(719)	n.m.	OMV Group profit before tax	(2)	(199)	99

Assets ¹

in EUR mn	Sep. 30, 2016	Dec. 31, 2015
Upstream	11,174	13,036
Downstream	6,220	6,492
thereof Downstream Oil	4,814	4,985
thereof Downstream Gas	1,406	1,507
Corporate and Other	169	188
Total	17,563	19,715

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

Other notes

Transactions with related parties

In 9m/16, there were arm's-length supplies of goods and services between the Group and at-equity accounted companies.

Significant transactions with related parties in EUR mn	9m/16		9m/15	
	Sales and other income	Purchases	Sales and other income	Purchases
Borealis	731	25	976	32
GENOL Gesellschaft m.b.H. & Co	165	2	213	2
Erdöl-Lagergesellschaft m.b.H.	34	46	37	37
Enerco Enerji Sanayi ve Ticaret A.Ş.	1	114	0	152

Balance sheet positions in EUR mn	Sep. 30, 2016	Dec. 31, 2015
Loans receivable	6	19
Trade receivables	31	26
Trade payables	23	28
Prepayments received	160	168

In 9m/16, OMV received dividend income of EUR 153 mn (9m/15: EUR 36 mn) from Borealis AG, EUR 14 mn (9m/15: EUR nil) from Enerco Enerji Sanayi ve Ticaret A.Ş and EUR 9 mn (9m/15: EUR 9 mn) from Trans Austria Gasleitung GmbH.

In June 2015, Borealis received a reassessment decision from the Finnish tax authority for its Finnish subsidiary Borealis Technology Oy with regard to the year 2010. The authority requested Borealis to pay an additional amount of EUR 125 mn, comprising taxes, late payment interest and penalties. This reassessment decision follows the reassessment decision received by Borealis at the end of 2014 for Borealis Technology Oy with regard to the year 2008 requesting Borealis to pay an additional EUR 282 mn. Borealis believes that both reassessment decisions are unjustified and has appealed by filing claims for adjustment with the Finnish tax authority's Board of Adjustment.

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 Borealis to pay an additional EUR 153 mn, an amount comprising taxes, late payment interest and penalties. Borealis believes also this reassessment decision is unjustified and has appealed against it by filing a claim for adjustment with the Finnish tax authority's Board of Adjustment.

Subsequent events

On October 6, 2016, OMV closed the sale of the 30% interest in Rosebank to Suncor Energy.

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

Vienna, November 9, 2016

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 (EBIT, 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 EBIT**: Earnings before interest and tax adjusted for special items and CCS effects. Group Clean CCS EBIT is calculated by adding the Clean CCS EBIT of Downstream Oil, the Clean EBIT 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; **EBITD**: Earnings Before Interest, Taxes, 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; **ROFA**: Return On Fixed Assets. EBIT divided by average intangible and tangible assets expressed as a percentage; **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 tonne(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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