

Dear Shareholders,

OMV's share price performance in 2016 has been excellent. The Company's stock price rose 28% in 2016, far outpacing the FTSE Global Energy Index, with a share performance in euros of 23%. The challenges were enormous given the difficult global situation for the oil and gas industry. The price of Brent oil was USD 44/bbl; the average price for gas was EUR 15/MWh¹.

OMV has clearly and successfully focused on reducing investments, exploration expenses and costs. As a result, the Company has strengthened its earnings and taken measures to ensure a positive cash flow in an uncertain environment.

I am pleased to be able to provide you with this positive news in my first year as the Chairman of the OMV Supervisory Board. OMV management used the resulting financial flexibility wisely to drive forward strategically important and necessary portfolio measures and to ensure the Company's long-term competitiveness.

This created the basis for a successful financial year and put the Company on solid footing for the future. The capital market rewarded this success. The good performance of OMV shares is a sign of this.

I would now like to inform you about the work of the Supervisory Board in the financial year 2016:

Changes to the Supervisory Board and the Executive Board

After Peter Oswald, Wolfram Littich, Herbert Stepic and Alyazia Ali Saleh Al Kuwaiti stepped down, Marc Hall, Karl Rose and Ahmed Matar Al Mazrouei were elected as members of the Supervisory Board for the first time by the OMV Annual General Meeting on May 18, 2016. Likewise, I, Peter Löscher, was for the first time elected as member of the Supervisory Board and the new Chairman of the Supervisory Board. Gerhard Singer was appointed to the Supervisory Board as an employee delegate for the first time in September 2016. At the same time, Martin Rossmann left the Supervisory Board.

On January 19, 2016, Reinhard Florey was appointed by the OMV Supervisory Board as the new Chief Financial Officer. He succeeded David C. Davies on July 1, 2016. In December 2016, Manfred Leitner was confirmed as Executive Board member Downstream for another two years.

Supervisory Board activities

The Supervisory Board carried out its activities in accordance with the law, the Articles of Association and the Internal Rules with great care. It supervised the Executive Board's management of OMV and advised it in the decision-making process on the basis of detailed verbal and written reports as well as constructive discussions

¹ Central European Gas Hub spot gas price



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Peter Löscher
Chairman of the Supervisory Board

between the Supervisory Board and the Executive Board. The Executive Board provided us with regular, timely and comprehensive information regarding its business activities, the general economic situation in the Company’s key markets and the business environment as well as the opportunities and risks to OMV’s business development.

The focus of the Supervisory Board’s activities in 2016 was on measures to restructure the OMV portfolio in line with the approved strategy. In the Upstream area, a number of projects were discussed that support the objective of increasing the reserve replacement rate and the sustainability of the portfolio. In this connection, the planned asset swap with Gazprom is particularly noteworthy. With the signing of a binding basic agreement in December 2016, important progress was made. According to this agreement, OMV will receive a 24.98% stake in the project to develop blocks 4 and 5 of the Achimov formation in the Urengoy oil, gas and condensate field in exchange for a 38.5% stake in OMV (NORGE) AS. In addition, in November the Supervisory Board discussed and approved the sale of the Upstream subsidiary in the UK, which was completed in January 2017. In the Downstream area, the ongoing restructuring of gas activities was a central issue. The acquisition of a minority stake in EconGas was completed in May; in September, a minority stake in Gas Connect Austria was sold, thus contributing to the financial stability and cash flow of the OMV Group. In Downstream Oil, the process of selling OMV Petrol Ofisi was started in line with the strategy of the area, resulting in the successful signing of the transaction in March 2017.

In addition to restructuring the portfolio, the Executive Board's and Supervisory Board's activities focused mainly on improving earnings and securing the Company's cash flow, given that oil and gas prices remain low. As a result, special attention was paid to the investment program during budget and medium-term planning. Furthermore, important groundwork was laid with the establishment of the cost reduction and efficiency improvement program. Thanks to these measures, we achieved our goal of positive free cash flow after payment of dividends in the financial year 2016.

Finally, the Supervisory Board began a comprehensive self-evaluation process on the basis of individual interviews with the objective of making continuous improvements to the efficiency and effectiveness of its work. For the first time, this evaluation is being supported by an external consultant in order to ensure the objectivity of the results and provide an evaluation of the Supervisory Board's work compared with current market practice. This is a clear sign of the Supervisory Board's awareness of its responsibility to shareholders and other stakeholders.

Supervisory Board committees

The [Presidential and Nomination Committee](#) led the search for the Chief Financial Officer, which was brought to a successful conclusion at the start of 2016. It also proposed candidates for election to the Supervisory Board by the Annual General Meeting.

The [Remuneration Committee](#) negotiated the employment contract with Reinhard Florey. The Remuneration Committee also worked continuously on improving the variable remuneration system for the Executive Board. In particular, the remuneration system was reviewed in 2016 to ensure market conformity, and in this connection, adjustments were made to the payout structure.

The [Audit Committee](#) dealt with important topics related to accounting processes, the internal audit, risk management and the Group's internal control system. It also looked closely at the processes and calculation methods (impairment tests) used for the impairment of assets as well as the main features of the financial steering model. OMV Group's auditor, Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.,

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attended each meeting of the Audit Committee, and the opportunity to discuss matters with the auditor without the presence of the members of the Executive Board was used on a regular basis.

Given the number and significant size of the projects the Supervisory Board dealt with in 2016, the [Project Committee](#) was particularly important. Decisions regarding key investment and M&A projects were prepared on the basis of an in-depth exchange of information and discussions at regular meetings held before the meetings of the Supervisory Board.

[Annual financial statement and dividends](#)

Following a comprehensive audit and discussions with the auditor in the Audit Committee and the Supervisory Board, the Supervisory Board approved the directors' report and consolidated annual report pursuant to section 96, paragraph 1, of the Stock Corporation Act and the annual financial statement and the consolidated annual financial statement pursuant to section 96, paragraph 4, of the Stock Corporation Act. Both the 2016 annual financial statement and the 2016 consolidated annual financial statement contained an unqualified auditor's opinion. The Supervisory Board also approved the (consolidated) corporate governance report audited by the Audit Committee and the Supervisory Board as well as the (consolidated) report on payments to government agencies. The Supervisory Board found no issues during the audits. Following the audit, the Supervisory Board accepted the Executive Board's proposal to distribute a dividend of EUR 1.20 per share and to carry the remaining amount forward to a new account.

We made many changes in 2016, accomplishing a lot and laying the foundation for continued growth. On behalf of the entire Supervisory Board, I would like to thank the Executive Board and all employees for their commitment and their successful work in what was a challenging financial year in 2016. We would like to thank also Peter Oswald, who was the Chairman of the Supervisory Board until May 2016, and David C. Davies, the former Chief Financial Officer and Deputy Chairman of the Executive Board, for his many years of dedicated service.

I would like to give special thanks to the shareholders for their trust and all of OMV's customers and partners.

Vienna, March 22, 2017

For the Supervisory Board



Peter Löscher