

Auditor's Report¹

Report on the Financial Statements

Audit Opinion

We have audited the financial statements of

OMV Aktiengesellschaft, Vienna.

These financial statements comprise the balance sheet as of December 31, 2018, the income statement for the fiscal year then ended and the notes.

Based on our audit the accompanying financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Company as of December 31, 2018 and its financial performance for the year then ended in accordance with Austrian Generally Accepted Accounting Principles.

Basis for Opinion

We conducted our audit in accordance with the regulation (EU) no. 537/2014 (in the following "EU regulation") and in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISA). Our responsibilities under those regulations and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Austrian General Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the fiscal year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

¹ This report is a translation of the original report in German, which is solely valid. Publication or sharing with third parties of the financial statements together with our auditor's opinion is only allowed if the financial statements and the directors' report are identical with the German audited version; this audit opinion is only applicable to the German and complete financial statements with the directors' report; section 281 paragraph 2 UGB (Austrian Company Code) applies to alternated versions.

We considered the following matter as key audit matter for our audit:

Key Audit Matter

Recoverability of the carrying value of shares in and loans to affiliated companies

The carrying value of shares in affiliated companies amounted to EUR 8,187 mn at December 31, 2018 after an impairment charge of EUR 704 mn in 2018. The carrying value of loans to affiliated companies amounted to EUR 6,008 mn.

Impairment assessments of shares in and loans to affiliated companies require significant judgement whether there is an indication that an asset should be impaired and in measuring any such impairment.

The principal risk relates to management's estimates of future cash flows and discount rates.

OMV's disclosures about shares in and loans to affiliated companies are included in Note "Accounting and valuation policies"; Note 1 (Fixed assets), Note 12 (Financial income and expenses) and the Statement of fixed assets.

How our audit addressed the key audit matter

We assessed and tested management's assessment of the recoverability of the carrying value of shares in and loans to affiliated companies. Specifically our work included, but was not limited to, the following procedures:

- ▶ Review and evaluation of management's assessment of the existence of impairment indicators;
- ▶ Comparison of the assumptions (forecasted revenues, expenses, capital expenditure and changes in working capital) used within the future cash flow models to approved budgets and business plans;
- ▶ Involvement of our valuation specialists to evaluate discount rates.

Responsibilities of Management and of the Audit Committee for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with Austrian Generally Accepted Accounting Principles, for them to present a true and fair view of the assets, the financial position and the financial performance of the Company and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Audit Committee is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISA, always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISA, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- ▶ identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence

obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- ▶ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Comments on the Directors' Report

Pursuant to Austrian Generally Accepted Accounting Principles, the directors' report is to be audited as to whether it is consistent with the financial statements and as to whether the directors' report was prepared in accordance with the applicable legal regulations.

Management is responsible for the preparation of the directors' report in accordance with Austrian Generally Accepted Accounting Principles.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the directors' report.

Opinion

In our opinion, the directors' report for the Company was prepared in accordance with the valid legal requirements, comprising the details in accordance with Section 243a Austrian Company Code UGB, and is consistent with the financial statements.

Statement

Based on the findings during the audit of the financial statements and due to the thus obtained understanding concerning the Company and its circumstances no material misstatements in the directors' report came to our attention.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the directors'

report and the auditor's report thereon. The annual report is estimated to be provided to us after the date of the auditor's report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, as soon as it is available, and, in doing so, to consider whether – based on our knowledge obtained in the audit – the other information is materially inconsistent with the financial statements or otherwise appears to be materially misstated.

Additional information in accordance with Article 10 EU regulation

We were elected as auditor by the ordinary general meeting at May 22, 2018. We were appointed by the Supervisory Board on June 7, 2018. We are auditors without cease since the financial year 2011.

We confirm that the audit opinion in the Section "Report on the financial statements" is consistent with the additional report to the audit committee referred to in Article 11 of the EU regulation.

We declare that no prohibited non-audit services (article 5 par. 1 of the EU regulation) were provided by us and that we remained independent of the audited company in conducting the audit.

Responsible Austrian Certified Public Accountant

The engagement partner on the audit resulting in this independent auditor's report is Mr. Gerhard Schwartz, Certified Public Accountant.

Vienna, March 13, 2019

Ernst & Young

Wirtschaftsprüfungsgesellschaft m. b. H.

Gerhard Schwartz m.p.
Wirtschaftsprüfer/Certified Public Accountant

Alexander Wlasto m.p.
Wirtschaftsprüfer/Certified Public Accountant

Financial Statements

Balance sheet as of December 31, 2018

Assets

	Note	in EUR	in EUR 1,000
		2018	2017
A. Fixed assets	1		
I. Intangible assets			
1. Concessions, industrial property rights and similar rights and benefits and licenses derived therefrom		13,942,513	—
II. Tangible assets			
1. Land and buildings on third party land		2,405,589	722
2. Other fixtures and fittings, tools and equipment		8,113,914	498
		10,519,503	1,220
III. Financial assets			
1. Shares in affiliated companies		8,187,092,386	8,390,756
2. Loans to affiliated companies		6,007,883,481	4,488,444
3. Participating interests		26,624,460	26,624
4. Securities (loan stock rights) held as fixed assets		4,506,435	4,506
5. Other loans		1,735,241	1,746
		14,227,842,003	12,912,077
		14,252,304,019	12,913,298
B. Current assets			
I. Receivables and other assets	2		
1. Trade receivables		30,755	12
thereof with a remaining maturity of more than one year		—	—
2. Receivables from affiliated companies		1,684,425,105	2,265,580
thereof with a remaining maturity of more than one year		—	—
3. Receivables from companies in which the Company has a participating interest		4,719	11
thereof with a remaining maturity of more than one year		—	—
4. Other receivables and assets		49,103,169	48,700
thereof with a remaining maturity of more than one year		—	20,000
		1,733,563,748	2,314,304
II. Securities and interests			
1. Other securities		183,264,914	227,615
III. Cash on hand, checks, cash at banks		2,186,851,273	2,591,812
		4,103,679,934	5,133,730
C. Prepaid expenses and deferred charges		27,329,766	24,089
D. Deferred tax assets	3	—	—
		18,383,313,719	18,071,117

Liabilities

	Note	in EUR	in EUR 1,000
		2018	2017
A. Shareholders' equity	4		
I. Nominal capital called up and paid in			
Nominal capital subscribed		327,272,727	327,273
Nominal amount of treasury shares		(542,151)	(772)
		326,730,576	326,500
II. Capital reserves			
1. Appropriated reserve		1,739,256,045	1,731,920
2. Unappropriated reserve		333,728	334
		1,739,589,773	1,732,253
III. Capital reserve for share based payments		13,712,120	20,961
IV. Revenues reserves			
1. Unappropriated reserve		2,419,732,717	2,418,585
2. Reserve for treasury shares		542,151	772
		2,420,274,868	2,419,357
V. Unappropriated income		720,449,301	799,166
thereof income brought forward		309,070,124	16,969
		5,220,756,638	5,298,238
B. Provisions	5		
1. Provisions for severance payments		13,974,549	7,641
2. Provisions for pensions		53,047,219	17,059
3. Provisions for taxes		318,719,488	385,345
4. Other provisions		49,925,482	50,265
		435,666,738	460,310
C. Liabilities	6		
1. Bonds		7,000,000,000	7,000,000
thereof with a remaining maturity of less than one year		500,000,000	750,000
thereof with a remaining maturity of more than one year		6,500,000,000	6,250,000
2. Amounts due to banks		480,973,103	461,160
thereof with a remaining maturity of less than one year		98,606,633	56,026
thereof with a remaining maturity of more than one year		382,366,470	405,133
3. Trade payables		26,767,988	9,886
thereof with a remaining maturity of less than one year		26,654,189	9,886
thereof with a remaining maturity of more than one year		113,799	—
4. Payables to affiliated companies		4,940,200,263	4,595,920
thereof with a remaining maturity of less than one year		4,940,200,263	4,595,920
thereof with a remaining maturity of more than one year		—	—
5. Payables to companies in which the Company has a participating interest		9,022	—
thereof with a remaining maturity of less than one year		9,022	—
thereof with a remaining maturity of more than one year		—	—
6. Other liabilities		278,939,968	245,602
thereof with a remaining maturity of less than one year		236,459,272	239,163
thereof with a remaining maturity of more than one year		42,480,696	6,439
thereof taxes		173,964,403	155,501
thereof with a remaining maturity of less than one year		173,964,403	155,501
thereof with a remaining maturity of more than one year		—	—
thereof social security payables		1,244,625	733
thereof with a remaining maturity of less than one year		1,244,625	733
thereof with a remaining maturity of more than one year		—	—
thereof with a remaining maturity of less than one year		5,801,929,379	5,650,995
thereof with a remaining maturity of more than one year		6,924,960,965	6,661,573
		12,726,890,343	12,312,568
		18,383,313,719	18,071,117

Income statement

Income statement

	Note	in EUR	in EUR 1,000
		2018	2017
1. Sales	7	213,495,146	129,005
2. Other operating income	8		
a) Income from the disposal of fixed assets		—	29
b) Income from the reversal of provisions		3,338,312	19,068
c) Other		893,092	1,224
		4,231,405	20,321
3. Expenses for materials and purchased services	9		
a) Expenses for materials		(485,847)	(167)
b) Expenses for purchased services		(42,335,868)	(6,120)
		(42,821,715)	(6,287)
4. Personnel expenses	10		
a) Salaries		(85,871,879)	(90,069)
b) Social benefits		(68,090,912)	(20,453)
thereof expenses for pensions		(47,569,735)	(8,345)
aa) thereof expenses for severance payments and contributions to staff provision funds		(3,259,654)	(1,930)
bb) thereof expenses for statutory social security, payroll-related taxes and mandatory contributions		(16,630,692)	(9,778)
		(153,962,791)	(110,522)
5. Depreciation and amortization			
a) of fixed intangible and tangible assets		(8,252,590)	(118)
6. Other operating expenses	11		
a) thereof taxes not included in Taxes on income		(768,009)	(1,386)
b) Other		(82,762,820)	(74,084)
		(83,530,828)	(75,470)
7. Subtotal of items 1 to 6 (Operating Result)		(70,841,372)	(43,072)
8. Income from investments		1,450,340,016	1,990,160
thereof affiliated companies		1,411,370,510	1,961,171
9. Income from loans held as financial assets		130,596,787	75,773
thereof affiliated companies		130,591,987	75,765
10. Other interest and similar income		266,731,380	115,560
thereof affiliated companies		38,349,139	88,781
11. Income from the disposal and write-up of financial assets		5,964,583	21,110
thereof write-up		5,964,583	—
12. Expenses arising from financial assets		(842,956,341)	(1,008,990)
thereof impairments		(705,448,635)	(1,008,990)
thereof affiliated companies		(842,956,341)	(1,008,990)
13. Interest and similar expenses		(507,815,901)	(355,610)
thereof concerning affiliated companies		(71,573,551)	(20,856)
14. Subtotal of items 8 to 13 (Financial result)	12	502,860,524	838,002
15. Profit before taxation (subtotal of lines 7 and 14)		432,019,152	794,930
16. Taxes on income	13	(20,639,975)	(12,733)
thereof deferred taxes		(5,562,655)	164
17. Profit after taxation		411,379,176	782,197
18. Release of capital reserves		184,789	—
19. Appropriation to revenue reserves		(184,789)	—
20. Income brought forward from previous years		309,070,124	16,969
21. Unappropriated retained income		720,449,301	799,166

Notes

The accounts of **OMV Aktiengesellschaft**, Vienna, as of December 31, 2018 have been drawn up in accordance with the current version of the Austrian Commercial Code (ACC) as amended and in compliance with the general standard to provide a true and fair view of the assets, liabilities, financial position and earnings of the company.

The valuation of assets and liabilities is based on the principle of individual valuation assuming going concern.

Taking into account the principle of prudence, the company only reported the profits realized at the balance sheet date. All identifiable risks and impending losses are taken into account.

As the parent company of the OMV Group, OMV Aktiengesellschaft also prepares separate consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs). The consolidated financial statements are deposited at the Vienna Commercial Court (Commercial Register Number FN 93363z) and are published on the Internet.

The detailed disclosures are shown in the notes to the accounts. The total cost format is used for the presentation of the income statement.

The annual financial statements were prepared in euro (EUR). The presentation in the notes is in EUR 1,000 as well as EUR thousand, which may result in rounding differences.

Due to the fact, that OMV Aktiengesellschaft has taken over the operating business activities from OMV Solutions GmbH as of 1.1.2018 some of items stated in the balance sheet and income statement are only partially comparable to the previous year.

Accounting and valuation policies

Intangible and **tangible assets** are capitalized at cost and amortized/depreciated on a straight-line basis.

Depreciation is based on the following useful economic lives:

Category

	Useful life
Intangible assets	4–5 years
Buildings on third party land	15 years
Machines and mechanical systems	4–10 years
Other fixtures and fittings, tools and equipment	4–10 years

In accordance with the relevant fiscal law provisions, a whole year's depreciation is recognized for **additions** in the first half of the year, and half a year's depreciation for additions in the second half.

Sustained and material **impairments** of fixed assets in excess of scheduled depreciation are recognized by write-downs.

Low-value assets up to EUR 400 are capitalized and fully written off in the year of acquisition, and are shown as additions and disposals in the statement of fixed assets.

Financial assets are carried at acquisition cost less any material impairment. Securities held as fixed assets are carried at the lower of cost or market value at the last trade date of the year. If the reasons for a previous impairment no longer apply, a write-up in the amount of the increase in value is made.

Accounts receivable and other assets are stated at cost. Non-interest bearing receivables with maturities of over one year are discounted. Foreign currency receivables are stated at the lower of cost or fair value on the balance sheet date. All recognizable risks are accounted for by valuation allowances.

Securities and shares are stated at the lower of cost or fair value on the balance sheet date.

On the balance sheet **deferred taxes** are reported either under deferred tax assets or provisions for taxes and in the income statement under the item Taxes on income. A tax group was formed with effect from January 1, 2005, under section 9 KStG (Corporate Tax Act), with OMV Aktiengesellschaft as the top-tier corporation. Due to group taxation, tax group members that make profits pay OMV Aktiengesellschaft tax contributions equal to the corporate tax attributable to those profits. If a tax group member makes an annual tax loss, OMV Aktiengesellschaft pays it a tax contribution of 25% of the transferred tax loss or the applicable corporate tax

rate if different. OMV Aktiengesellschaft retains the profits and losses of most of its domestic subsidiaries on the basis of profit and loss pooling agreements. With 20 companies, OMV Aktiengesellschaft has a tax pooling agreement based on the liability method. OMV Aktiengesellschaft forms a tax group in accordance with section 9 of the Austrian Corporate Income Tax Act 1988 (KStG), which aggregates the taxable profits and losses of all the Group's main subsidiaries in Austria and possibly arising losses of one foreign subsidiary (OMV AUSTRALIA PTY LTD).

The treatment of deferred tax is based on the balance sheet liability method. Recognition of deferred tax assets and liabilities is mandatory if there are temporary differences between the carrying amounts for statutory accounting and tax purposes. In principle, a fiscal option for recognizing tax loss carryforwards as deferred tax assets exists.

The nominal value of the **treasury shares** acquired is openly deducted from the capital stock in accordance with section 229 paragraph 1a ACC. The difference between the nominal amount and the acquisition cost is offset against the revenue reserves.

OMV Aktiengesellschaft has both **defined contribution and defined benefit pension plans**. In the case of defined contribution plans, OMV has no obligations beyond payment of the agreed premiums, and no provision is therefore recognized. In contrast, participants in defined benefit plans are promised pensions at certain levels. Defined benefit pension obligations are accounted for by setting up provisions for pensions, or by means of payments to an external pension fund. The risks associated with these defined benefit pension plans remain with OMV.

Provisions for pensions, severance payments and jubilee payments are calculated using the projected unit credit method, which divides the costs of the estimated benefit entitlements over the whole period of employment, and takes future increases in remuneration into account. The actuarial gains and losses for the current financial year are disclosed under personnel expenses or other operating income, depending on the overall development of the provision.

Expenses from accrued interests for pension, severance and jubilee provisions together with income from pension plan assets are disclosed as part of financial income and expense.

Payments for defined contribution plans are reported as expenses for pensions.

Provisions for personnel reduction schemes are recognized with the settlement amount if a detailed plan has been approved by management prior to balance sheet date, and an irrevocable commitment is thereby established.

Provisions and long-term liabilities are measured at the settlement amounts, and projected cost increases are therefore taken into account. Provisions with recognition periods of more than one year are discounted at the market interest rate.

All risks recognizable and uncertain liabilities are provided for according to the best estimate and reported under **other provisions**.

Liabilities are stated at the settlement amount. Foreign currency liabilities are valued at the higher of cost or amount repayable on balance sheet date.

The **currency hedges** concluded both with banks and with affiliates (on behalf of the affiliates) form valuation units from OMV Aktiengesellschaft's perspective. They are therefore not disclosed in the books of OMV Aktiengesellschaft but in the affiliates' financial statements.

Long Term Incentive (LTI) plans

LTI plans with similar conditions have been granted to the Executive Board and selected senior executives in the Group yearly. At vesting date, bonus shares will be granted to the participants. The number of bonus shares is determined depending on the achievement of defined performance targets. Disbursement is made in cash or in shares. From 2011 till 2015, participation to the plan also was granted to selected employees with outstanding development potential (potentials). Executive Board members and senior executives as participants of the plans are required to build up an appropriate volume of shares and to hold those shares until retirement or departure from the Company. The shareholding requirement is defined as a percentage of the annual gross base salary, for Executive Board members the requirement needs to be fulfilled five years after the initial respective appointment. Until fulfillment of

the shareholding requirement the disbursement is in form of shares whilst thereafter the plan participants can decide between cash or share settlement. As long as the shareholding requirements are not fulfilled the granted shares after deduction of taxes are transferred to a trustee deposit, managed by the Company.

For share-based payments the grant date fair values are spread as expenses over the three years performance period with a corresponding increase in shareholders' equity. In case of assumed cash-settlements a provision is made for the expected future costs of the LTI plans at statement of financial position date based on fair values. A discount rate of 3.5% was used for the provision calculations.

Main conditions

	2018 plan	2017 plan	2016 plan	2015 plan
Start of plan	1/1/2018	1/1/2017	1/1/2016	1/1/2015
End of performance period	12/31/2020	12/31/2019	12/31/2018	12/31/2017
Vesting date	3/31/2021	3/31/2020	3/31/2019	3/31/2018
Shareholding requirement				
Executive Board Chairman	200% of gross base salary			
Executive Board Deputy Chairman	175% of gross base salary			
Executive Board members	150% of gross base salary			
Senior executives	75% of gross base salary			
Expected bonus shares as of December 31, 2018 (OMV Group)	180,687 shares	392,978 shares	733,322 shares	—
Maximum bonus shares as of December 31, 2018 (OMV Group)	273,302 shares	420,518 shares	869,228 shares	—
Fair value of plan (in EUR 1,000) as of December 31, 2018	7,188	15,876	30,198	—
Provision (in EUR 1,000) as of December 31, 2018	1,030	3,911	9,671	—
Estimated tax payments related to equity settled transactions (in EUR 1,000) ¹	133	912	2,815	—

¹ This position includes estimated tax obligations of participants of the plan associated with equity settled transactions of the whole plan. This amount is paid by OMV in cash to the tax authority on behalf of participants after vesting date.

The following table refers to OMV Group:

Personal investment held in shares

	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Active executive Board members				
Seele	70,890 shares	48,435 shares	38,038 shares	32,200 shares
Florey	13,401 shares	8,335 shares	—	—
Pleininger ¹	28,511 shares	19,333 shares	12,979 shares	8,462 shares
Leitner	65,245 shares	59,335 shares	51,249 shares	37,163 shares
Former executive Board members ²				
Davies	—	—	—	54,626 shares
Floren	—	—	—	31,929 shares
Huijskes	—	—	—	38,419 shares
Roiss	—	—	81,831 shares	80,600 shares
Total — Executive Board	178,047 shares	135,438 shares	184,097 shares	283,399 shares
Other senior executives ²	299,997 shares	256,202 shares	317,840 shares	287,397 shares
Total personal investment	478,044 shares	391,640 shares	501,937 shares	570,796 shares

¹ Johann Pleininger also takes part in the 2013 to 2015 plans in his position as senior executive.

² Personal investment of former executive Board members and other senior executives are only included if shares are held in the OMV trustee deposit.

Equity Deferral

The Equity Deferral (equity part of the Annual Bonus, previously OMV Share Part of the Annual Bonus) serves as a long-term compensation vehicle for the members of the Executive Board that promotes retention and shareholder alignment in OMV, combining the interests of management and shareholders via a long-term investment in restricted shares. The plan also seeks to prevent inadequate risk-taking.

The Annual Bonus is capped at 180% of the target Annual Bonus (until 2017: 200% of the annual gross salary). One third of the Annual Bonus (until 2017: 50% of the granted Annual Bonus) is granted in shares. The determined bonus achievement is settled per March 31 following the period end

whereby at the statement of financial position date the target achievements and the share price is estimated (the latter on basis of market quotes). In case of major changes in external factors the Supervisory Board can adjust the target levels of the performance criteria of the Annual Bonus. The granted shares after deduction of taxes are transferred to a trustee deposit, managed by the Company, to be held for three years.

Total expense

In 2018 expenses related to share based payment transactions were as follows.

Expenses related to share base payment transactions

In EUR 1,000

	2018	2017
Total expenses arising from share based payment transactions	6,740	35,917
thereof cash settled	3,874	26,280
thereof equity settled	2,866	9,637

Notes to the balance sheet

1 Fixed assets

Movements in fixed assets in 2018 are shown in the statement of fixed assets. The Land and buildings item includes land valued at EUR 722 thousand (2017: EUR 722 thousand).

Commitments arising from the use of off-balance sheet tangible assets were as follows:

Commitments arising from the use of off-balance sheet tangible assets

In EUR 1,000

	2018	2017
Maturing in one year	2,830	446
Maturing in the next five years	9,882	1,012

Loans with maturities of up to one year amounted to EUR 192.069 thousand (2017: EUR 32.563 thousand).

Loans

In EUR 1,000

	2018	2017
Domestic		
OMV Exploration & Production GmbH	4,120,000	3,250,000
OMV Finance Services GmbH	389,863	90,264
OMV Austria Exploration & Production GmbH	332,000	399,000
OMV Gas & Power GmbH	300,000	450,000
OMV Refining & Marketing GmbH	300,000	–
GAS CONNECT AUSTRIA GmbH	153,000	153,000
OMV (Tunesien) Production GmbH	115,855	130,208
OMV Hungária Ásványolaj Korlátolt Felelősségű Társaság	31,155	15,972
BSP Bratislava-Schwechat Pipeline GmbH	1,646	1,646
EGW Heimstätte GmbH	89	99
Foreign		
OMV New Zealand Ltd	263,837	–
OMV Gas Marketing & Trading Hungaria Kft	2,174	–
Total	6,009,619	4,490,190

During the reporting period, OMV Aktiengesellschaft granted loans to following companies: To OMV Exploration & Production GmbH an additional loan of EUR 870,000 thousand and to OMV Hungária Ásványolaj Korlátolt Felelősségű Társaság additional HUF 5,000,000 thousand. OMV (Tunesien) Production GmbH received a further loan of USD 20,000 thousand and repaid USD 41,556 thousand. OMV Finance Services GmbH received EUR 299,599 thousand, OMV Refining & Marketing GmbH EUR 300.000 thousand,

OMV Gas Marketing & Trading Hungária Kft. HUF 700.000 thousand and OMV New Zealand Limited NZD 450.000. thousand. OMV Austria Exploration & Production paid off EUR 67,000 thousand and OMV Gas & Power GmbH EUR 150,000 thousand.

In 2018, an equity injection was granted to OMV Exploration & Production GmbH in the amount of EUR 500,000 thousand and to OMV Switzerland Holding AG (via OMV Gas & Power GmbH) in the amount of EUR 200 thousand.

2 Accounts receivable and other assets

Accounts receivable and other assets

In EUR 1,000

	2018		2017	
	≤1 year	>1 year	≤1 year	>1 year
Trade Receivables	31	—	12	—
Receivables from affiliated companies	1,684,425	—	2,265,580	—
thereof trade	22,354	—	24,863	—
thereof financing	62,758	—	24,238	—
thereof profit pooling	1,267,895	—	1,852,999	—
thereof other	331,418	—	363,480	—
Receivables from associated companies	5	—	11	—
thereof trade	5	—	11	—
Other receivables and assets	49,103	—	28,700	20,000
Total	1,733,564	—	2,294,304	20,000

Other receivables include EUR 47,057 thousand from previous year's sale of OMV Petrol Ofisi Holding Anonim Şirketi, which contains a deferred purchase price component of EUR 20,000 thousand, as well as EUR 1,661 thousand (2017: EUR 1,348 thousand) in corporate tax prepayments.

The Other receivables and assets item includes material income due after balance sheet date. The most important amounts comprise revenues from sales of investments in 2017 of EUR 47,057 thousand (2017: EUR 47,057 thousand).

3 Deferred tax assets

Deferred taxes essentially result from different valuation rules, distribution standards and depreciation methods. Due to insufficient taxable profits in future, no deferred tax income was recognized in the reporting period. The fiscal option to recognize deferred tax

assets relating to loss carryforwards is exercised, however, due to insufficient taxable profits in future, no deferred tax asset relating to loss carryforwards was recognized in the reporting period.

4 Stockholders' equity

The **capital stock** of OMV Aktiengesellschaft consists of 327,272,727 (2017: 327,272,727) fully paid no par value shares with a total nominal value of EUR 327,272,727 (2017: EUR 327,272,727). There are no different classes of shares and no shares with special rights of control. All shares are entitled to dividends for the financial year 2018, with the exception of treasury shares held by OMV Aktiengesellschaft.

As the authorized capital granted by the Annual General Meeting on May 13, 2009 expired on May 13, 2014, the Annual General Meeting decided upon a new authorized capital on May 14, 2014. Specifically, it authorized the Executive Board until May 14, 2019 to increase the share capital with the consent of the Supervisory Board – at once or in several tranches – by an amount of up to EUR 32,727,272 by issuing up to 32,727,272 new no-par value common voting shares in bearer form in return for contributions in cash. The capital increase can also be implemented by way of indirect offer for subscription after taking

over by one or several credit institutions according to Section 153 Paragraph 6 Stock Corporation Act. The issue price and the conditions of issuance can be determined by the Executive Board with the consent of the Supervisory Board.

Further, the Annual General Meeting authorized the Executive Board, subject to the approval of the Supervisory Board, to exclude the subscription right of the shareholders if the capital increase serves to (i) adjust fractional amounts or (ii) satisfy stock options or long term incentive plans (including matching share plans for employees, senior employees and members of the Executive Board/management boards of the Company or one of its affiliates), or other employees' stock ownership plans.

In addition, the Supervisory Board was authorized to adopt amendments to the Articles of Association resulting from the issuance of shares according to the authorized capital.

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

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

On May 18, 2016, the Annual General Meeting authorized the Executive Board for a period of five years from the adoption of the resolution, therefore, until (including) May 17, 2021, upon approval of the Supervisory Board, to dispose of or utilize stock repurchased or already held by the Company to grant treasury shares to employees, senior employees

and/or members of the Executive Board/management boards of the Company or one of its affiliates including for purposes of share transfer programs, in particular long term incentive plans including matching share plans or other stock ownership plans, under exclusion of the general purchasing possibility of shareholders (exclusion of subscription rights). The authorization can be exercised as a whole or in parts or even in several tranches by the Company, by a subsidiary (section 189a number 7 Austrian Commercial Code) or by third parties for the account of the Company.

The nominal value of the **treasury shares** acquired is openly deducted from the capital stock in accordance with section 229 paragraph 1a ACC. The difference between the nominal amount and the acquisition cost is offset against the revenue reserves.

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

Treasury shares

In EUR 1,000

	Number of shares	Cost
January 1, 2017	824,369	9,056
Disposals	(52,139)	(572)
December 31, 2017	772,230	8,485
Disposals	(230,079)	(2,525)
December 31, 2018	542,151	5,960

The number of shares in issue developed as follows:

Number of shares in issue

	Number of shares	Treasury shares	Shares in issue
January 1, 2017	327,272,727	824,369	326,448,358
Used for share-based compensations	—	(52,139)	52,139
December 31, 2017	327,272,727	772,230	326,500,497
Used for share-based compensations	—	(230,079)	230,079
December 31, 2018	327,272,727	542,151	326,730,576

5 Provisions

Provisions for employee benefits are recognized in accordance with the projected unit credit method. The indexed pension commitments to employees of OMV Aktiengesellschaft were transferred to an external pension fund managed by APK-Pensionskasse AG. The defined benefit plans are generally based on years of service and the employee's average compensation over the last five calendar years of employment.

These pension plans are non-contributory. Changes in the funding of defined benefit plans and in provisions for jubilee payments were as follows:

Development defined benefit plans and jubilee payments

In EUR 1,000

	2018			2017		
	Pensions	Severance payments	Jubilee payments	Pensions	Severance payments	Jubilee payments
Present value of funded obligations	102,788	—	—	47,081	—	—
Market value of plan assets	(49,741)	—	—	(30,022)	—	—
Provision for funded obligations	53,047	—	—	17,059	—	—
Present value of unfunded obligations	—	13,975	4,312	—	7,641	2,026
Provision for unfunded obligations	—	13,975	4,312	—	7,641	2,026
Provision as of January 1	17,059	7,641	2,066	12,949	7,879	2,026
Expense for the year	23,010	1,845	654	4,138	900	251
Payments to funds	—	—	—	(28)	—	—
Benefits paid	—	(1,301)	(264)	—	(526)	(93)
Group transfer	12,978	5,790	1,856	—	(611)	(118)
Provision as of December 31	53,047	13,975	4,312	17,059	7,641	2,066
Interest cost	2,380	315	105	1,397	206	58
Current service cost	—	548	247	—	342	141
Expected return on plan assets	(1,923)	—	—	(891)	—	—
Recognized actuarial (gains)/losses	22,553	982	302	3,632	352	52
Expenses of defined benefit plans for the year	23,010	1,845	654	4,138	900	251

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

Assumptions for calculation

	2018			2017		
	Pensions	Severance	Jubilees	Pensions	Severance	Jubilees
Capital market interest rate	2.10%	1.70%	2.00%	2.80%	2.30%	2.60%
Future increases in salaries	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Future increases in pensions	2.00%	—	—	1.80%	—	—
Long-term rate of return on plan assets	3.50%	—	—	3.50%	—	—

The biometrical basis for the calculation of provisions for pensions, severance and jubilee entitlements is provided by AVÖ 2018 P – Rechnungsgrundlagen für die Pensionsversicherung (Computational Framework for Pension Insurance) – Pagler & Pagler, using the variant for salaried employees. The effects of this year's change in the biometric actuarial basis (conversion from AVÖ 2008 to AVÖ 2018) were recorded in full in the 2018 period expense and are included in the table above in the recognized actuarial gains/losses. Essentially, this led to an increase in pension provisions of EUR 5,532 thousand.

Employee turnover was estimated based on age or years of service respectively. The expected retirement age used for calculations is based on the earliest possible retirement age according to ASVG regulations.

Applying AFRAC position paper No. 27, "Personnel provisions (ACC)", the average of the discount rate at the applicable balance sheet date and those at the six previous balance sheet dates was used to calculate the pension, severance payment and jubilee payment provisions on the basis of the average residual maturity of the total obligation.

Allocation of plan assets as of December 31

Asset category	2018		2017	
	VRG IV Austria	VRG VI Austria	VRG IV Austria	VRG VI Austria
Equity securities	22.14%	21.81%	23.75%	24.10%
Debt securities	62.21%	62.48%	61.03%	60.42%
Cash and money market investments	6.76%	6.70%	7.55%	7.68%
Other	8.89%	9.01%	7.67%	7.80%
Total	100.00%	100.00%	100.00%	100.00%

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

The funds of the asset allocation and risk group VRG IV and VRG VI are invested in international equity and bond funds, alternative investment strategies (absolute return strategies, real estate and private equity) as well as money market investments. The long-term investment objective of the VRG IV and the VRG VI is to outperform their benchmark (20% global equity, 65% global bonds, 5% cash, 5% alternatives, 5% real estate) and to cover existing and future entitlement payments of the VRGs. The assets of the VRG IV and VRG VI are invested in such a manner as to ensure the security, quality, liquidity

and profitability of the portfolio as a whole, as defined in the Austrian Pension Fund Act section 25. The asset allocation and the regional allocation of the VRG IV and VRG VI can and will deviate from the benchmark allocation if this is in the judgment of APK and warranted by current asset prices and/or future expected returns. To enhance the return potential, active strategies for all asset classes will be used when justified by market characteristics and/or cost/benefit considerations. The majority of the assets of the VRG IV and VRG VI are invested in liquid active markets for which quoted prices are available. A smaller allocation to assets for which only observable but not quoted prices are available (e.g. real estate and certain absolute return strategies) is allowed when the risk return profile of such assets is believed to be favorable. Risk is managed actively and it is generally expected that the volatility and especially the drawdown risk of the VRG IV and VRG VI will be lower than that of their benchmark.

The actual returns of the individual VRGs can deviate from the target returns on the plan assets, due to differences in the allocation, the developments of the capital markets and costs. The performance of the VRG IV in 2018 was -5.1% and the performance of the VRG VI was -4.6%.

In 2019, defined benefit related contributions for 2018 to APK-Pensionskasse AG of EUR 49,500 thousand (2017: TEUR 5,750 thousand) are planned.

Other provisions largely consist of the following:

Other provisions

In EUR 1,000

	2018	2017
Personnel provisions	38,608	49,650
Sundry provisions	11,317	615
Total	49,925	50,265

Personnel provisions include a provision for the Long Term Incentive Plan amounting to EUR 14,612 thousand (2017: EUR 33,151 thousand). Provisions with a residual term of more than one year were discounted at an interest rate of 3.5%.

The provisions for taxes item comprises a corporate income tax provision for the recapture of losses by foreign tax group members at top-tier corporate

level in the amount of EUR 28,274 thousand (2017: EUR 28,274 thousand) as well as a provision for future tax contribution liabilities arising from the transfer of losses incurred by domestic tax group members in the amount of EUR 290,445 thousand (2017: 357,071 thousand).

6 Liabilities

Liabilities

In EUR 1,000

	2018		2017	
	≤1 year	>1 year	≤1 year	>1 year
Bonds	500,000	6,500,000	750,000	6,250,000
Amounts due to banks	98,607	382,366	56,026	405,133
Accounts payable from trade	26,654	114	9,886	—
Accounts payable to affiliates	4,940,200	—	4,595,920	—
thereof trade	5,636	—	1,847	—
thereof financing	3,410,338	—	3,462,526	—
thereof clearing	1,143,795	—	904,747	—
thereof profit pooling	137,508	—	—	—
thereof other	242,923	—	226,799	—
Liabilities to associated companies	9	—	—	—
Other liabilities	236,459	42,481	239,163	6,439
thereof taxes	173,964	—	155,501	—
thereof social security expenses	1,245	—	733	—
Total	5,801,929	6,924,961	5,650,995	6,661,573

In 2018, OMV Aktiengesellschaft issued an additional Eurobond with an aggregate size of EUR 1,000,000 thousand, in two tranches of EUR 500,000 thousand each.

On June 19, 2018, OMV issued another hybrid bond with a size of EUR 500,000 thousand. The hybrid bears a fixed interest rate of 2.875% until, but excluding, June 19, 2024.

The EUR 750,000 thousand hybrid bond, which was issued in 2011, was called and redeemed at its nominal value plus interest on April 26, 2018, the first possible call date. In November 2018, a bond with the nominal value of EUR 750,000 thousand, issued in 2014, was redeemed.

On December 7, 2015, OMV issued additional hybrid notes with an aggregate size of EUR 1.5 bn, in two tranches of EUR 750,000 thousand each. Tranche 1 bears a fixed interest coupon of 5.250% until, but excluding, December 9, 2021 and tranche 2 bears a fixed interest coupon of 6.250% until, but excluding, December 9, 2025.

Accounts payable to affiliates from financing include short-term loans (money market transactions) from various subsidiary companies as part of the liquidity management of the group.

Bonds issued

	Nominal	Coupon	Repayment
International corporate bond	EUR 500,000,000	1.75% fixed	11/25/2019
	EUR 500,000,000	4.375% fixed	02/10/2020
	EUR 500,000,000	4.25% fixed	10/12/2021
	EUR 750,000,000	2.625% fixed	09/27/2022
	EUR 500,000,000	0.75% fixed	12/04/2023
	EUR 1,000,000,000	1.0% fixed	12/14/2026
	EUR 750,000,000	3.5% fixed	09/27/2027
	EUR 500,000,000	1.875% fixed	12/04/2028
Hybrid bond	EUR 750,000,000		
	EUR 750,000,000		
	EUR 500,000,000		
Total	EUR 7,000,000,000		

Other liabilities include interest expenses for bonds of EUR 51,817 thousand (2017: EUR 78,296 thousand) and personnel reduction expenses of EUR 48,862 thousand (2017: EUR 8,354 thousand). EUR 27,345 thousand of the latter come from the takeover of operational business activities from OMV Solutions GmbH. These items become payable after the balance sheet date.

Liabilities with maturities of more than one year include the following liabilities with maturities of more than five years: bond liabilities amounting to EUR 4,250,000 thousand (2017: EUR 4,000,000 thousand) and liabilities for personnel reduction plans amounting to EUR 18,734 thousand (2017: EUR 1,712 thousand).

Notes to the income statement

7 Sales

Sales

In EUR 1,000

	2018	2017
Domestic	181,357	114,964
Foreign	32,138	14,041
Total	213,495	129,005

The sales consist both of corporate service charges paid by Group companies and of revenues generated by operational activities performed for Group companies. The increase in sales revenues is related to the operational business activities taken over

from OMV Solutions GmbH as of 1.1.2018. Since then, OMV Aktiengesellschaft has been providing services to other Group companies in the areas of IT, Finance, Human Resources, Facility Management and Occupational Health.

8 Other operating income

Other operating income

In EUR 1,000

	2018	2017
Income from the disposal of fixed assets other than financial assets	–	29
Income from the reversal of provisions	3,338	19,068
Other	893	1,224
Total	4,231	20,321

Other operating income mainly include income from the reversal of the provision for personnel in the amount of EUR 3,338 thousand (2017: EUR nil)

In 2017 the position contained the theoretical withdrawal premium for a reinsurance relation in the amount of EUR 19,068 thousand.

9 Expenses for materials and purchased services

Expenses for materials and purchased services

In EUR 1,000

	2018	2017
Cost of materials	486	167
Cost of purchased services	42,336	6,120
Total	42,822	6,287

The expenses for purchased services mainly include services provided by third parties for ongoing activities amounting to EUR 16,170 thousand (2017: 3,574 thousand) and other services provided by OMV

Petrom Global Solutions SRL amounting to EUR 15,320 thousand (2017: EUR nil). External software services in the amount of EUR 8,241 (2017: EUR 829 thousand) were purchased in the reporting period.

10 Personnel expenses

The item Salaries includes expenses for share based payments for which we refer to table "Expenses related to share base payment transactions" in the section Long Term Incentive (LTI) plans and Equity

Deferral part of the annual bonus. Expenses related to provisions for jubilee payments amount to EUR 594 thousand (2017: EUR 193 thousand).

Expenses for severance payments, payments to occupational pension funds and expenses for pensions

In EUR 1,000

	2018	2017
Expenses for severance payments	2,225	1,253
Payments to employee benefit funds	1,034	677
Defined contribution personnel expense	4,153	2,659
Defined benefit personnel expense	43,417	5,686
Total	50,829	10,275

Expenses for personnel reduction programs are included in the position Expenses for severance payments amounting to EUR 695 thousand (2017: EUR 559) as well as in the position Defined benefit personnel expense amounting to EUR 20,683 thousand (2017: EUR 1,865 thousand).

The breakdown of expenses for severance payments and pensions is as follows:

Expenses for severance payments and pensions

In EUR 1,000

	2018		2017	
	Severance	Pensions	Severance	Pensions
Current and former members of Executive Board	188	813	112	694
Senior executives	281	1,108	344	622
Other employees	1,808	23,096	1,122	3,397
Actuarial (gains) and losses	982	22,553	352	3,632

11 Other operating expenses

Other operating expenses

In EUR 1,000

	2018	2017
Taxes not shown under item 17 (Taxes on income)	768	1,386
Other	82,763	74,084
Total	83,531	75,470

The tax item largely concerns fees paid to Austrian Financial Market Authority. Other expenses include: EUR 16,586 thousand in services delivered by OMV Group companies (2017: EUR 18,057 thousand), EUR 12,131 thousand in advertising expenditure (2017: EUR 6,704 thousand), EUR 31,183 thousand in legal and consultancy fees (2017: EUR 35,185

thousand), EUR 3,160 thousand in various third-party services (2017: EUR 3,386 thousand), EUR 2,154 thousand insurance expense (2017: EUR 2,239 thousand), EUR 5,142 thousand in communication expenses (EUR nil) and EUR 2,818 thousand in maintenance (2017: EUR 366 thousand).

12 Financial income and expenses

Income from investments amounting to EUR 1,450,340 thousand (2017: EUR 1,990,160 thousand) includes EUR 1,267,895 thousand (2017: EUR 1,852,999 thousand) from profit-pooling arrangements, EUR 143,476 thousand in dividends from affiliated companies (2017: EUR 108,172 thousand) and EUR 38,970 thousand (2017: EUR 28,988 thousand) from other investment income. As of the balance sheet date, there were profit and loss pooling agreements with the following companies: OMV Solutions GmbH, OMV Refining & Marketing GmbH, OMV Insurance Broker GmbH and OMV Gas & Power GmbH.

Income from financial assets includes a write-up to financial assets amounting to EUR 5,965 thousand (2017: EUR nil). In 2018, there were no gains from the disposal of affiliated companies (2017: EUR 52 thousand). A gain amounting to EUR 21,057 thousand resulting from the assumption of shares in Diramic Insurance Ltd. at their fair value was included in this item in 2017 as well.

The expenses arising from financial assets include EUR 137,508 thousand (2017: EUR nil) in expenses arising from profit pooling agreements, a EUR 700,000 thousand distribution-related impairment of the participation value of OMV Solutions GmbH (2017: EUR 1,000,000) and an impairment loss related to OMV AUSTRALIA PTY LTD in the amount of EUR 3,864 thousand (2017: EUR nil).

13 Taxes on income

Taxes on income

In EUR 1,000

	2018	2017
Current taxes	15,077	12,897
Deferred taxes	5,563	(164)
Total	20,640	12,733

Current taxes comprise EUR 3,859 thousand tax income from previous years (2017: EUR 11,641 thousand) and EUR 18,937 thousand corporate tax expense (2017: EUR 24,538 thousand) attributable to the top-tier corporation in consequence of the formation of a tax group under section 9 Corporate Tax Act, after the tax contributions charged. Tax income from prior years' income includes corporate tax income of EUR nil (2017: corporate tax income of EUR 10,506 thousand) due to the change in the corporate tax provision for the retroactive taxation of tax

losses declared by foreign tax group members. Tax expense from current year includes a release of provision of EUR 66,626 thousand (2017: EUR 4,511 thousand) recognized for future tax contribution liabilities arising from the transfer of losses incurred by domestic tax group members.

The reported deferred tax expense amounting to EUR 5,563 thousand (2017: deferred tax income EUR 164 thousand) resulted from the valuation allowance of neutral adjustments.

Supplementary information

14 Interest rate risk management and derivatives

To facilitate management of interest rate risk, liabilities are analyzed in terms of fixed and floating rate borrowings, currencies and maturities. Appropriate ratios for the various categories are established, and where necessary derivative instruments are used to hedge fluctuations outside predetermined ranges.

Interest rate swaps are used from time to time to convert fixed rate debt into floating rate debt, and vice versa. In 2015 the last interest rate hedge expired, and afterwards no further interest rate derivatives were concluded.

Where necessary, the Company hedges its own and Group companies' foreign currency risks. OMV Aktiengesellschaft has entered into hedges with banks, and transferred them to Group companies. As of December 31, 2018, the main exposures were related to the EUR-USD, EUR-GBP as well as the EUR-HUF exchange rates. Foreign currency transactions are used to hedge the period until December 2020.

As of December 31 the value of transactions used to hedge foreign currency risk for Group companies, which is not recognized in the balance sheet of OMV Aktiengesellschaft due to the formation of valuation units, was as follows:

Currency derivatives: Forwards

In EUR 1,000

	2018				2017			
	Notional value	Fair value		Carrying value	Notional value	Fair value		Carrying value
		positive	negative			positive	negative	
Currency forwards	1,359,876	16,785	(16,726)	—	622,916	3,351	(3,325)	—

The effectiveness of the hedging relationship is measured retrospectively based on the correlation between the exchange rate of the hedging instrument and the exchange rate of the underlying hedged transaction. The exchange rate difference of the underlying transaction is settled by the exchange rate difference of the hedging instrument. Prospectively, the effectiveness is measured by checking the correspondence of the critical terms between the underlying transaction and the hedging transaction (critical term match).

Without hedge accounting, provisions for onerous contracts amounting to the negative fair value would have to be recognized based on the so-called "impairment realization principle" in the amount of EUR 16,726 thousand (2017: EUR 3,325 thousand).

For a M&A Transaction the EURUSD exchange risk was hedged via an option. OMV Aktiengesellschaft bought an EUR Put / USD Call Option for a group company with a strike of EURUSD 1.135, value date January 30, 2019, to protect the hedged amount of USD 270 mn against a stronger USD. The option premium of EUR 2,440 thousand has been charged to the group company.

OMV Aktiengesellschaft employs currency swaps for liquidity management purposes.

As of December 31 the value of transactions used to hedge foreign currency risks for OMV Aktiengesellschaft was as follows:

Currency derivatives: FX Swaps

In EUR 1,000

	2018			2017		
	Notional value	Fair value	Carrying value	Notional value	Fair value	Carrying value
FX Swap EUR-NZD	263,973	1,052	—	—	—	—
FX Swap EUR-NOK	656,272	(5,343)	(5,343)	—	—	—
FX Swap EUR-RUB	109,501	(5,463)	(5,463)	—	—	—
FX Swap EUR-USD	65,407	95	—	167,572	(808)	—

The fair value of the derivative instruments reflects the estimated amounts that OMV would pay or receive if the positions were closed at balance sheet date. Quotations from banks or appropriate pricing models are used to estimate the fair value of finan-

cial instruments at balance sheet date. These models apply the forward rates/forward prices and exchange rates ruling at balance sheet date, as well as volatility indicators for the price calculations. Recognition is under other provisions.

15 Governing bodies, employees and related parties

The **average number of employees** was:

Average

	2018	2017
Salaried employees	623	379
Total	623	379

The number of employees increased due to the takeover of operational business activities from OMV Solutions GmbH.

The **remuneration received** by the Executive Board was made up as follows:

Remuneration received by the Executive Board

In EUR 1,000

	2018								Total
	active members of the Executive Board as of December 31, 2018				former members of the Executive Board				
	Seele	Pleininger	Florey	Leitner	Davies ⁶	Floren ⁷	Huijskes ⁸	Roiss ⁹	
Short term benefits	2,013	1,338	1,351	1,413	150	—	—	—	6,264
Fixed (base salary)	1,100	750	700	700	—	—	—	—	3,250
Variable (cash bonus) ¹	900	575	600	700	150	—	—	—	2,925
Benefits in kind	13	13	51 ⁵	13	—	—	—	—	89
Post employment benefits	275	188	175	175	—	—	—	—	813
Pension fund contributions	275	188	175	175	—	—	—	—	813
Share based benefits ¹	2,348	960	531	2,343	2,586	1,478	1,776	3,300	15,322
Variable (Equity Deferral 2017) ²	796	509	531	619	132	—	—	—	2,587
Variable (LTIP)	1,552 ³	452 ⁴	—	1,724	2,453	1,478	1,776	3,300	12,735
Total	4,636	2,485	2,057	3,931	2,735	1,478	1,776	3,300	22,399

¹ The variable components relate to target achievement in 2017, for which bonuses were paid in 2018.

² The Equity Deferral from the Annual Bonus was renamed from "Share part of the Annual Bonus" at the grant date.

³ Rainer Seele received pro-rated payout in shares before taxes for LTIP 2015 as he joined the Executive Board effectively July 1, 2015.

⁴ Johann Pleininger received pro-rated payout in shares before taxes and in addition cash payment amounting to EUR 516 thousand based on the senior manager LTIP 2015.

⁵ Including schooling costs, moving costs and related taxes.

⁶ David C. Davies resigned from the Executive Board effectively July 31, 2016.

⁷ Hans-Peter Floren resigned from the Executive Board effectively December 31, 2014.

⁸ Jaap Huijskes resigned from the Executive Board effectively August 31, 2015.

⁹ Gerhard Roiss resigned from the Executive Board effectively June 30, 2015.

Remuneration received by the Executive Board

In EUR 1,000

	2017								Total
	active members of the Executive Board as of December 31, 2017				former members of the Executive Board				
	Seele	Florey	Pleininger	Leitner	Davies ^{3,4}	Floren ⁵	Huijskes ⁶	Roiss ⁷	
Short term benefits	1,651	902	1,038	1,287	821	—	149	—	5,848
Fixed (base salary)	900	600	575	700	221	—	—	—	2,996
Variable (cash bonus)	738	246	451	574	598	—	149	—	2,756
Benefits in kind	13	56 ¹	12	13	1	—	—	—	96
Post employment benefits	225	150	144	175	54	—	—	—	748
Pension fund contributions	225	150	144	175	54	—	—	—	748
Share based payments	852	284	521	732	807	83	270	177	3,726
Variable (Matching Share Plan)	852	284	521	663	691	—	172	—	3,182
Variable (LTIP)	—	—	— ²	69	116	83	98	177	543
Total	2,728	1,336	1,703	2,194	1,682	83	419	177	10,322

¹ Including schooling costs and related taxes² Johann Pleininger was entitled to EUR 42 thousand based on the senior manager LTIP 2014 (paid out in cash).³ David C. Davies resigned from the Executive Board effectively July 31, 2016.⁴ David C. Davies received payments under his employment contract in force until March 31, 2017 as well as bonus and LTIP payments in April 2017.⁵ Hans-Peter Floren resigned from the Executive Board effectively December 31, 2014.⁶ Jaap Huijskes resigned from the Executive Board effectively August 31, 2015.⁷ Gerhard Roiss resigned from the Executive Board effectively June 30, 2015.

The members of the Executive Board and the members of the Supervisory Board are covered by directors and officers liability insurance (D&O) and legal costs insurance. A large number of other OMV employees also benefit from these two forms of insurance, and the insurers levy lump-sum premiums, which are not specifically attributed to the Board members.

In 2018 remuneration expenses for the Supervisory Board amounted to EUR 593 thousand (2017: EUR 705 thousand).

OMV Aktiengesellschaft is the parent company of the OMV Group and acts as a holding company.

OMV Aktiengesellschaft also provides the other Group companies with corporate financial and management services. Due to the transfer of operational business activities from OMV Solutions GmbH the company also provides operational services for the group.

The arm's length principle which is applied to transactions with related parties is constantly documented and monitored.

Regarding the expenses for services rendered by the auditor for the year just ended, OMV Aktiengesellschaft refers to the consolidated financial statements of OMV Group.

16 Contingent Liabilities under section § 199 and other obligations under section 237 ACC

Contingent liabilities are as follows:

Contingent Liabilities

In EUR 1,000

	2018	2017
Guarantees	2,198,986	2,117,551
thereof in favor of affiliated companies	2,198,846	2,117,436

The change in contingent liabilities mainly resulted from the increase of guarantees issued for: OMV Gas Marketing & Trading GmbH by EUR 106,747 thousand, OMV Supply & Trading Limited by USD 98,191 thousand, OMV New Zealand Limited by XDR 38,360 thousand, OMV Gas Marketing Trading & Finance B.V. by EUR 22,015 thousand as well as OMV Refining & Marketing GmbH by EUR 39,360 thousand. Guarantees for OMV Deutschland GmbH were reduced by EUR 61,500 thousand, guarantees for OMV Samsun Elektrik Üretim Sanayi ve Ticaret A.Ş. in the amount of EUR 176,667 thousand were cancelled.

The following **other financial commitments** are not reported under liabilities or contingent liabilities:

OMV Aktiengesellschaft has given an undertaking to OMV Clearing und Treasury GmbH, which runs the Group's clearing operations, to maintain its liquidity for the duration of its affiliation in the Group.

OMV Aktiengesellschaft has issued guarantees and letters of comfort on behalf of certain exploration, production and distribution companies in respect of the fulfillment of concession and license agreements and various other agreements of indeterminate amounts.

With a letter of financial support vis à vis OMV Gas Storage Germany GmbH, OMV Aktiengesellschaft has undertaken to provide adequate financial funding if necessary.

OMV Aktiengesellschaft has a joint liability for pension obligations assumed by Group companies, as well as for additional contributions to rectify shortfalls in the funding of obligations transferred to external pension funds and bridging payments to separated employees.

17 Dividend recommendation

Unappropriated income for the financial year 2018 amounted to EUR 720,449 thousand (2017: EUR 799,166 thousand).

For 2018, the Executive Board of OMV Aktiengesellschaft proposes a dividend of EUR 1.75 (2017: EUR

1.50) per eligible share, which is subject to confirmation by the Annual General Meeting in 2019. The dividend for 2017 was paid in June 2018 and amounted to EUR 490,096 thousand (2017: EUR 391,800 thousand).

18 Report on payments to governments

The consolidated report on payments to governments is integrated in the Group's annual report and is available on OMV's website: www.omv.com > Investors > Publications.

19 Subsequent events

On January 27, 2019 OMV signed agreements for the purchase of a 15% share in ADNOC Refining. The estimated purchase price for OMV amounts to approximately USD 2.5 bn based on 2018 year-end net debt. The final purchase price is dependent on the net debt as of closing and certain working capital adjustments.

On January 31, 2019, OMV has bought a 50% stake of the issued share capital in Sapura OMV Upstream Sdn. Bhd. for an amount of USD 540 mn. In

addition, the parties agreed to an additional consideration of up to USD 85 mn based on certain conditions, mainly linked to the resource volume in Block 30, Mexico, at the time the final investment decision is taken. Both parties have also agreed to refinance the existing intercompany debt of USD 350 mn.

Direct Investments by OMV Aktiengesellschaft (interest of at least 20%)

Direct Investments

	Currency	Equity as of 31 Dec. 2018	Net income/ loss in 2018	Equity interest in %
Domestic				
OMV Exploration & Production GmbH, Vienna ¹	in EUR 1,000	2,256,647	(254,304)	100
OMV Gas & Power GmbH, Vienna ¹	in EUR 1,000	544,002	(137,508)	100
OMV Insurance Broker GmbH, Vienna ¹	in EUR 1,000	45	31	100
OMV Refining & Marketing GmbH, Vienna ¹	in EUR 1,000	1,303,646	554,720	100
OMV Solutions GmbH, Vienna ¹	in EUR 1,000	1,916,709	13,144	100
Foreign				
Diramic Insurance Limited, Gibraltar	in EUR 1,000	98,089	1,053	100
OMV AUSTRALIA PTY LTD, Perth ¹	in AUD 1,000	(157,457)	(1,359)	100
OMV International Oil & Gas GmbH, Zug ²	in CHF 1,000	918	458	100
OMV PETROM SA, Bucharest	in RON 1,000	30,313,550	3,891,810	51.01

¹ Tax group member under section 9 Corporate Tax Act

² Amounts as of 2017

Supervisory Board

Peter Löscher
Chairman

Gertrude Tumpel-Gugerell
Deputy

Alyazia Ali Al Kuwaiti
Deputy

Wolfgang C. Berndt

Helmut Draxler

Marc H. Hall

Mansour Mohamed Al Mulla

Karl Rose

Herbert Werner

Elif Bilgi Zapparoli

Delegated by the Works Council:

Angela Schorna
Christine Asperger
Herbert Lindner
Alfred Redlich
Gerhard Singer

In addition to internationally experienced board members and directors of the core shareholders, the Supervisory Board appointed in the Annual General Meeting is made up of highly qualified independent members, whereby OMV observes EU recommendations relating to independence.

Presidential and Nomination Committee:

Löscher (Chairman), Tumpel-Gugerell (Deputy), Al Kuwaiti (Deputy), Al Mulla, Asperger, Redlich

Audit Committee:

Tumpel-Gugerell (Chairwoman), Berndt (Deputy), Al Kuwaiti (Deputy), Draxler, Löscher, Werner, Schorna, Lindner, Singer

Project Committee:

Rose (Chairman), Löscher (Deputy) Al Kuwaiti (Deputy), Al Mulla, Hall, Tumpel-Gugerell, Redlich, Lindner, Singer

Remuneration Committee:

Löscher (Chairman), Berndt (Deputy), Al Kuwaiti (Deputy), Draxler, Tumpel-Gugerell

Executive Board

Rainer Seele

Chairman of the Executive Board
Chief Executive Officer

Reinhard Florey

Chief Financial Officer

Johann Pleininger

Deputy Chairman of the Executive Board
Executive Board member Upstream

Manfred Leitner

Executive Board member Downstream

Vienna, March 13, 2019

The Executive Board

Rainer Seele m.p.
Chairman

Reinhard Florey m.p.

Johann Pleininger m.p.
Deputy Chairman

Manfred Leitner m.p.

Statement of fixed assets in accordance with section 226 (1) ACC

Development of acquisition costs

In EUR 1,000

	As of Jan. 1, 2018	Additions
Intangible assets		
Concessions, industrial property rights and similar rights and benefits and licenses derived therefrom	—	17,130 ¹
Tangible assets		
Land and buildings on third party land	722	2,020
Other fixtures and fittings, tools and equipment	920	12,556 ¹
	1,642	14,576
Financial assets		
Shares in affiliated companies	10,465,365	500,200
Loans to affiliated companies	4,497,434	1,768,669
Participating interests	26,624	—
Securities (loan stock rights) held as fixed assets	4,506	—
Other loans	1,746	—
	14,995,676	2,268,870
	14,997,318	2,300,576

¹ Including assets taken over from OMV Solutions GmbH: EUR 7,630 thousand intangible assets and EUR 9,546 thousand tangible assets

Disposals	As of Dec. 31, 2018	Depreciation and amortization as of Dec 31.2018 (cumulative)	Carrying value as of Dec. 31, 2018	Carrying value as of Dec. 31, 2017
85	17,044	3,102	13,943	—
—	2,742	337	2,406	722
370	13,106	4,992	8,114	498
370	15,848	5,329	10,520	1,220
—	10,965,565	2,778,473	8,187,092	8,390,756
253,610	6,012,494	4,610	6,007,883	4,488,444
—	26,624	—	26,624	26,624
—	4,506	—	4,506	4,506
11	1,735	—	1,735	1,746
253,621	17,010,924	2,783,083	14,227,842	12,912,077
254,076	17,043,817	2,791,514	14,252,304	12,913,298

Development of depreciation

In EUR 1,000

	As of Jan. 1, 2018	Depre- ciation	Impair- ments	Write-up	Disposals	As of Dec. 31, 2018
Intangible assets						
Concessions, industrial property rights and similar rights and benefits and licenses derived therefrom	—	3,105	—	—	3	3,102
Tangible assets						
Land and buildings on third party land	—	337	—	—	—	337
Other fixtures and fittings, tools and equipment	421	4,811	—	—	240	4,992
	421	5,148	—	—	240	5,329
Financial assets						
Shares in affiliated companies	2,074,609	—	703,864	—	—	2,778,473
Loans to affiliated companies	8,990	—	1,585	5,965	—	4,610
Participating interests	—	—	—	—	—	—
Securities (loan stock rights) held as fixed assets	—	—	—	—	—	—
Other loans	—	—	—	—	—	—
	2,083,599	—	705,449	5,965	—	2,783,083
	2,084,020	8,253	705,449	5,965	243	2,791,514