Value management

OMV's business model of being an integrated oil and gas company requires special focus on both evaluating long-term investment projects and managing short to medium-term cash flow and cost positions. Value management is, therefore, an integral part of OMV's management system. To properly reflect imminent business-relevant uncertainties and risks, value management is closely linked to risk management.

Integration creates additional value

The guiding role of value management is reflected both in OMV's planning and decision-making process as well as in the metrics, Key Performance Indicators (KPIs) and control functions of OMV's management information system. OMV's value management approach is designed to address the following issues:

- How does OMV create value?
- How well does OMV make use of its profit potential?
- How do OMV shareholders participate in the value created?

At the OMV corporate level, market capitalization and enterprise value are examples of mid- to long-term value creation-related metrics. The short-term financial success derived from implementing strategies and investment projects is measured using various best-practice profitability KPIs, the leading ones being Return On Average Capital Employed (ROACE) and Return On Net Assets (RONA) as well as Economic Value Added (EVA). While ROACE is relevant for the overall Group, RONA is an efficient metric for the internal assessment of the financial success of the business segments since RONA enables the breakdown of the ROACE Group target to individual businesses. Shareholder participation in value creation is measured using metrics such as payout ratio and total shareholder return. OMV's dividend policy is a long-term payout ratio target of 30% of net income. As a physically integrated oil and gas company with activities throughout the value chain from resources to markets, OMV is able to create additional value from optimal capital allocation and risk mitigation and to take advantage of the full product value. Choosing the right investment projects has a substantial influence on determining future success. Investment projects' rates of return have to exceed business segment-specific hurdle rates. In addition, investment projects are ranked by the expected profitability. Value management also implies cost management. During the planning exercise cost targets are formulated, both relative to output figures (e.g. production cost/boe) and in terms of absolute amounts of cost savings to be achieved. A corporate value analysis is performed as part of OMV's annual planning process, which involves a critical examination of the current strategy's success in achieving the Group's value creation targets. Additional special emphasis is put on maintaining OMV's strong investment grade credit rating and on delivering a neutral free cash flow after dividends. Proper management of the financing structure including working capital is a key focus area in this regard. At OMV, value management delivers essential decision-making support and enables effective business steering by defining and balancing targets.

Ratios					%
	2014	2013	2012	2011	2010
Return On Average Capital Employed (ROACE)	4	11	11	11	10
Gearing ratio	34	30	26	34	46
Payout ratio	114 [1]	35	29	32	32

[1] Based on a dividend at the amount of EUR 1.25 per share as proposed by the Executive Board and approved by the Supervisory Board. Subject to approval by the Annual General Meeting 2015

OMV share and bonds

2014 was a volatile year for the financial markets. The share price of OMV was negatively impacted by the sharp decrease in oil prices as well as political unrest and closed at EUR 22.01 at year-end. Including the dividend for the financial year 2013, this led to a negative total shareholder return of (33)% for the year 2014. Against this backdrop, OMV successfully placed a EUR 750 mn four-year Eurobond with a coupon of 0.6% in order to improve the debt maturity profile.

Financial markets

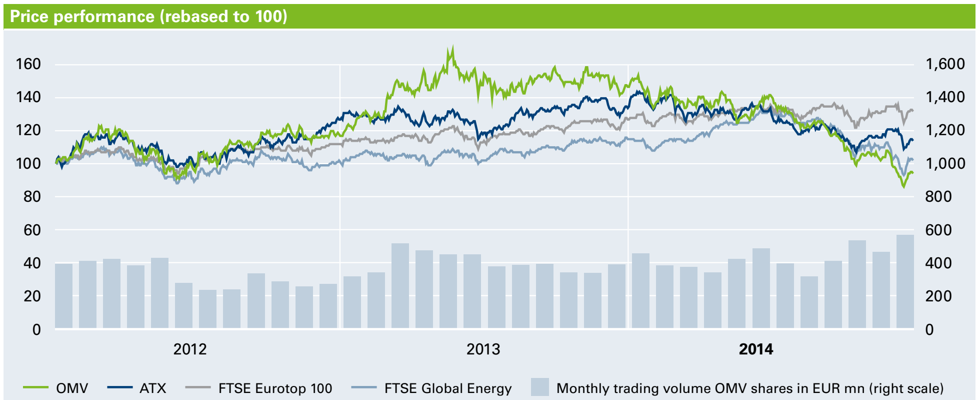
In 2014, the financial markets were very volatile and heavily influenced by investors' sentiment towards geopolitical issues, namely the Russian-Ukrainian crisis escalating in mid-2014 followed by economic sanctions against Russia, and the ongoing political instability in North Africa and the Middle East. Furthermore, overcapacities of crude supply led to a significant decrease in oil prices. The Brent oil price closed at USD 54.98 at year-end, down by 50% since the beginning of the year. The FTSE Global Energy Index, comprising the world's largest oil and gas companies, decreased by 13%. European and US indices rose slightly as follows: DAX +3%, FTSE Eurotop 100 +3%, Dow Jones +8%. The Vienna Stock Exchange underperformed the European markets and the Austrian blue-chip index (ATX) decreased by 15% in 2014. Its performance was affected by the relatively weak share price performance of the Banking and Energy sector, alongside businesses with major stakes in Russia.

OMV share price performance and volume

The OMV share price started to increase at the beginning of the year and reached the year's high of EUR 36.06 by mid-January after closing the year 2013 at EUR 34.79. From that point on, the OMV share price only decreased slightly through to the mid-year, and stood at EUR 33.00 at the end of the second quarter 2014. Declining crude prices together with geopolitical instability led to a substantial decrease in the stock price towards the end of the year 2014, reaching its bottom in mid-December at EUR 20.07 and closing 2014 at EUR 22.01. Market capitalization was approximately EUR 7 bn at year-end. The total capitalization of all Austrian shares listed on the Vienna Stock Exchange decreased by 7% to EUR 76 bn, out of which OMV's market capitalization represented 9%. The overall share turnover at the Vienna Stock Exchange rose by 23% to EUR 48 bn. The volume of OMV stock traded was approximately EUR 5 bn and accounted for 11% of total stock turnover at the Vienna Stock Exchange (2013: 12%).

Declining crude oil prices and geopolitical instability impacted share price performance

Price performance (rebased to 100)



OMV share	ISIN: AT0000743059
Listings	Vienna, USA (ADR Level I)
Ticker	Vienna Stock Exchange: OMV
	Reuters: OMVV.VI Bloomberg: OMV AV
ADR information	Sponsored Level I 1 ADR represents 1 share
Depositary	JPMorgan Chase Bank N.A. PO Box 64504, St. Paul, MN 55164-0504, USA
Custodian	UniCredit Bank Austria AG, Julius Tandler-Platz 3, 1090 Vienna
Level I	OMVKY, CUSIP: 670875509 ISIN: US6708755094
OMV hybrid bond	ISIN: XS0629626663
OMV Eurobonds Maturity; coupon	ISIN: XS0434993431 2009 to June 22, 2016; 5.250%
	ISIN: XS0485316102 2010 to February 10, 2020; 4.375%
	ISIN: XS0690406243 2011 to October 12, 2021; 4.25%
	ISIN: XS0834367863 2012 to Sept. 27, 2022; 2.625%
	ISIN: XS0834371469 2012 to Sept. 27, 2027; 3.500%
	ISIN: XS0996734868 2013 to Nov. 25, 2019; 1.75%
	ISIN: XS1138423774 2014 to Nov. 19, 2018; 0.600%

Dividend proposal for 2014: EUR 1.25 per share

Annual General Meeting results

The main items dealt with at the Annual General Meeting on May 14, 2014 were: 1) the approval of a dividend of EUR 1.25 per share for 2013, which corresponds to a payout ratio of approximately 35%; 2) the election of the members to the Supervisory Board as proposed; 3) the approval of the Long Term Incentive Plan 2014, which is a long-term compensation instrument for the Executive Board and selected senior executives introduced in order to promote mid- and long-term value creation at OMV; 4) the approval of the Matching Share Plan 2014, an integral part of the annual bonus agreement which is a long-term compensation vehicle for the members of the Executive Board and combines the interests of management and shareholders.

As in previous years, an employee stock ownership plan launched in fall 2014 entitled employees to one free share for every three purchased, subject to a two-year holding period.

At year-end 2014, OMV held a total of 1,015,102 own shares, or 0.3% of issued share capital. The number of shares in circulation was thus 326,257,625. The capital stock of OMV Aktiengesellschaft is EUR 327,272,727 and consists of 327,272,727 no par value bearer shares. The Executive Board will propose a dividend of EUR 1.25 per share at the next Annual General Meeting on May 19, 2015. This is the same absolute level as in the previous year. The dividend yield, based on the closing price on the last trading day of 2014, will amount to 5.68%.

Credit ratings

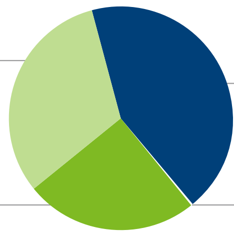
OMV is rated A3 by Moody's (last update in June 2014) and A– by Fitch (last update in December 2014). Both rating agencies confirmed their rating as well as the stable outlook assessment. This underscored the creditworthiness of OMV and is in line with the target to maintain a strong investment grade credit rating.

Bonds

In November 2014, OMV issued a EUR 750 mn four-year Eurobond with a coupon of 0.6% under the Euro Medium Term Note (EMTN) program in order to improve the debt maturity profile.

OMV shareholder structure

OMV's shareholder structure was relatively unchanged in 2014 and therefore at year-end comprised: 43.3% free float, 31.5% ÖIAG (representing the Austrian government), 24.9% International Petroleum Investment Company (IPIC) and 0.3% own shares. The capital stock consists entirely of common shares and due to the application of the one-share one-vote principle there are no classes of shares that bear special rights. A consortium agreement between the two major shareholders, IPIC and ÖIAG, contains established arrangements for coordinated action and restrictions on the transfer of shareholdings.



Analyst coverage

The OMV stock is covered by more than 20 Austrian and international investment banks, which ensure good visibility of OMV in the financial community with their regular research reports.

Investor Relations activities

The Executive Board and the Investor Relations team maintained and deepened relationships with analysts and investors at numerous roadshows and conferences in Europe and in North America. Some 290 one-on-one meetings and presentations were held in 2014, attracting around 530 individual fund managers and analysts. Executive Board members devoted around 250 hours to face-to-face conversations with investors and analysts. In the interest of transparency and timeliness, all important information and news for analysts and investors is posted on the corporate website at www.omv.com. In addition, news on corporate and financial information from OMV Group is also available on Twitter at www.twitter.com/omv and in the OMV Investor Relations App available for Android and iOS mobile operating systems.

Financial Calendar 2015	Date [1]
Trading Statement Q4 2014 and business update	January 29, 2015
Results January–December and Q4 2014	February 19, 2015
Publication of the Annual Report 2014	March 2015
Trading Statement Q1 2015	April 23, 2015
Record date for the AGM	May 9, 2015
Results January–March 2015	May 18, 2015
Ordinary Annual General Meeting (AGM)	May 19, 2015
Dividend ex date	May 27, 2015
Dividend payment date	May 28, 2015
Trading Statement Q2 2015	July 23, 2015
Results January–June and Q2 2015	August 12, 2015
Trading Statement Q3 2015	October 19, 2015
Results January–September and Q3 2015	November 5, 2015

[1] The information shown above is subject to final confirmation.
The effective dates can be downloaded from the website:
www.omv.com > Investor Relations > Financial Calendar and Events

More than 20 analysts ensure good visibility in the financial community

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At a glance					in EUR
	2014	2013	2012	2011	2010
Number of outstanding shares in mn [1]	326.26	326.23	326.19	326.07	298.80
Market capitalization in EUR bn [1]	7.18	11.35	8.92	7.64	9.29
Volume traded on the Vienna Stock Exchange in EUR bn	5.21	4.82	3.98	7.34	7.78
Year's high	36.06	39.69	29.12	34.69	32.63
Year's low	20.07	27.85	21.29	21.24	24.12
Year end [1]	22.01	34.79	27.36	23.44	31.10
Earnings per share [2, 3]	1.09	3.56	4.18	3.43	3.08
Book value per share [1, 2, 3]	35.77	35.60	36.49	33.41	30.13
Cash flow per share [3, 4]	11.24	12.64	11.69	8.00	9.66
Dividend per share	1.25 [5]	1.25	1.20	1.10	1.00
Payout ratio in %	114	35	29	32	32
Dividend yield in % [1]	5.68	3.59	4.39	4.69	3.22
Total shareholder return in % [6]	(33)	32	21	(21)	5

[1] As of December 31
[2] As of March 31, 2012, figures for 2010 and 2011 were adjusted according to the revised accounting rules for post-employment benefits (IAS 19 revised)
[3] Figures for 2013 were adjusted due to the implementation of IFRS 11 "Joint Arrangements"
[4] Cash flow from operating activities
[5] As proposed by the Executive Board and approved by the Supervisory Board. Subject to approval by the Annual General Meeting 2015
[6] Assuming no reinvestment of dividends

Business environment

Global oil demand for 2014 slightly increased

Contrary to general expectations, 2014 did not bring a sustainable recovery in **global economic growth**. Global trade grew at a moderate level, expanding by 3.1%, while the growth rate for the global economy fell short of the long-term average, at 3.3%, and was unchanged on a year earlier. The pace of growth in developing and emerging economies slowed to 4.4%, while economies in the OECD region improved slightly, with GDP growth of 1.8%. Within the OECD countries the upturn was significantly stronger in North America (up by 2.4%) than in the Eurozone, which posted gains of just 0.8%.

After stagnating in 2013, the **European Union** economy achieved a moderate rise in GDP of 1.3%. A steady decline in exports throughout the course of the year, combined with continued sluggish investment activity and muted consumer sentiment, held growth in check.

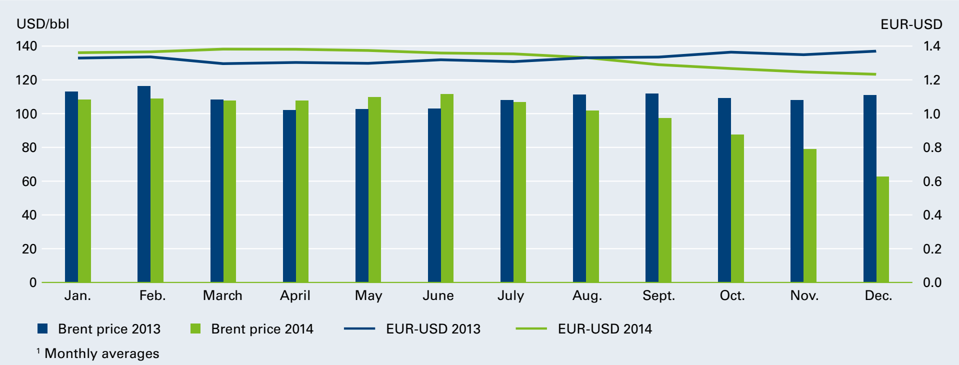
Despite signs of cooling off in the second half of the year, the **German** economy reported an increase in GDP of 1.5% on the back of strong export growth in 2014. The **Austrian** economy grew by just 0.3% as a result of the slowdown experienced in the second half of the year. Consumer spending edged up by 0.2%. In **Romania**, the economy continued to grow during the reporting period and GDP rose by 2.9%. Industrial production jumped by 6.1%.

Turkey's economic output advanced by 2.8% in 2014. Industrial production was some 3.6% higher, similar to the previous year. The high balance of payments deficit was reduced by around a quarter to 6% of GDP.

Global oil demand for 2014 went up by 0.8% – clearly weaker than the year earlier – to 92.5 mn bbl/d. At 46.8 mn bbl/d, demand from non-OECD countries increased by 2.4%, outstripping growth rates of industrial countries for the first time. Within the OECD region, oil demand remained steady in North America and declined in European and Pacific OECD countries by 2.2% and 2.4% respectively. Global oil production increased by 1.9 mn bbl/d or 2.1% to 93.3 mn bbl/d. Stocks rose steadily throughout the year by an average of 0.8 mn bbl/d. Tapping into new, unconventional resources enabled North America to boost production by some 9% or 1.6 mn bbl/d. OPEC production declined by 0.2 mn bbl/d to 30.3 mn bbl/d of crude oil and 6.4 mn bbl/d of NGL. Increased production in Iran, Iraq and Saudi Arabia almost compensated fully for the 50% drop in production in Libya and moderate declines in several other OPEC countries.

Brent opened the year at around USD 108/bbl on the Rotterdam spot market. By mid-June, the price had reached its intra-year high of

Crude price (Brent) and EUR-USD exchange rate [1]



[1] Monthly averages

more than USD 115/bbl, owing to the military conflicts in Iraq, Libya, Syria and the Ukraine. From then on, factors such as the muted global economic outlook and rising supply increasingly drove prices downward. By the time the OPEC conference took place in late November, crude prices had fallen below USD 80/bbl. Once it became clear that there would be no move to adjust OPEC production, the price slid by a further USD 25/bbl by the end of the year. At USD 98.95/bbl, the average Brent price was 9% down on the 2013 average of USD 108.66/bbl. The euro prices of the main petroleum products traded in Rotterdam dropped by 7 to 10%.

The euro remained relatively strong in the first half of the year, but weakened significantly during the last six months of 2014 due to the economic slowdown and increasingly loose monetary policy. Over the year, the average **EUR-USD FX-rate** remained unchanged on the comparative period at USD 1.33 per EUR.

Following a decline of 6% in 2013, **demand for natural gas in Austria** fell once again in 2014, by a further 8% to 7.4 bcm or 83 TWh. This drop was again chiefly attributable to the sharp decline in gas-fired power generation. Domestic natural gas output slipped by 9% to 1.2 bcm, while net imports surged by 22% to 7.4 bcm. The supply overhang led to injections into gas storage facilities. In combination with the increase in storage capacity to 8.1 bcm, this helped to significantly improve security of supply. At year-end, gas in storage amounted to 6.1 bcm, for a percentage full rate of 76%. Gas demand in **Romania** decreased by 4% to 12 bcm (129 TWh) in 2014. In **Turkey**, gas demand increased by about 6% to 48 bcm (518 TWh).

Electricity consumption in Romania was stable at 53 TWh and increased in Turkey by about 4% to 256 TWh.

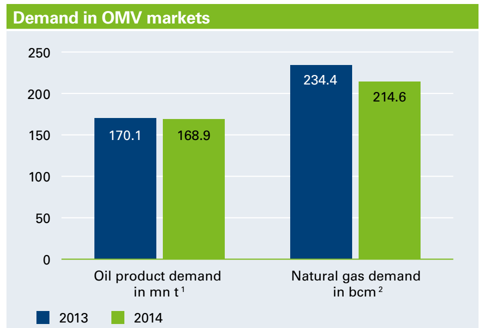
Petroleum product sales in the markets supplied by OMV (Central and Southeastern Europe, and Turkey) declined by about 1% to some 169 mn t in 2014, owing to weak demand for heating oil.

The market for automotive fuels expanded by around 3 mn t, albeit with demand for diesel outstripping that for gasoline. Heating oil sales contracted significantly: the total decline for Germany and Austria amounted to around 3.3 mn t. In **Austria**, petroleum product sales dropped by almost 3% to 10.7 mn t. Demand for diesel fell by about 1%, while gasoline sales contracted by some 2%. Aviation fuel sales increased by 1%. Sales of heating oil were down by more than 10%, largely due to weather conditions and the resulting drop in space heating demand. In **Germany**, sales of petroleum products fell by 2%. While fuel sales were up (5% for diesel and 2% for gasoline), demand for heating oil declined significantly, dropping 13% year-on-year. Overall demand in **Romania** was down by 2%. Gasoline sales (down by 4%) declined more sharply than those of diesel (down by 2%). Demand for aviation fuel soared by 13%. The trends seen on the market for petroleum products in **Turkey** point to an overall increase of 4% primarily driven by a rise in fuel sales.

Brent price decreased significantly in the second half of 2014

The West European market for **polyolefins** grew significantly by 0.6 mn t or 3.4% in 2014. Polyethylene sales prices increased by 2%, but those of polypropylene shrank by 3%. The integrated producers' margin was up by about 25% on the previous year.

Demand in OMV markets



[1] Oil product markets: Austria, Bulgaria, Czech Republic, Germany, Hungary, Moldova, Romania, Serbia, Slovakia, Slovenia, Turkey
[2] Natural gas markets: Austria, Croatia, Germany, Italy, Hungary, Romania, Turkey

Business segments

Exploration and Production

2014 was a challenging year for the business segment Exploration and Production (E&P). Total production in mature core countries (Romania and Austria) was kept at a stable level in line with the strategic target of 200-210 kboe/d. Production in Romania showed a second year of marginal growth. Norway's production ramp-up to 50 kboe/d towards the end of the year is a strong indicator that the North Sea region is becoming a core area for the Group. In contrast, the rest of the international portfolio was impacted by production interruptions in Libya and Yemen due to security issues. From an exploration point of view, 2014 was a less successful year with an overall success rate significantly below previous years. This year's discoveries were made onshore and offshore Romania, while in Norway the Wisting discovery was successfully appraised. In Abu Dhabi, Namibia, Gabon and Bulgaria large license areas were covered by 3D seismic.

Production ramp-up in Norway

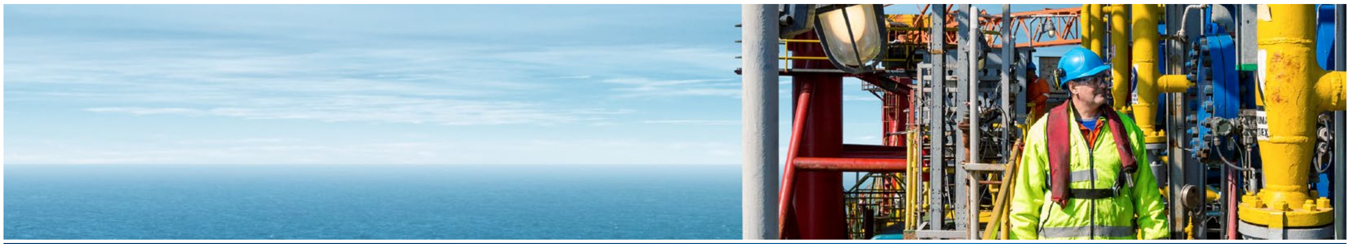
Health, Safety, Security and Environment (HSSE) is E&P's first priority

The Lost-Time Injury Rate (LTIR) in E&P improved (0.53) compared to last year (2013: 0.66). Regrettably, E&P had two work-related fatalities in operations maintenance. The incidents have been investigated thoroughly by senior E&P management to determine root causes and far-reaching measures have been initiated to prevent recurrence. In 2014, the incidents with a potentially high impact have decreased substantially. These incidents are investigated and the resulting recommendations and actions are monitored to closure. In addition to maintaining the focus on occupational health and safety, process safety, road transportation safety, lifting operations and electrical maintenance continue to be our highest priority focus areas.

Financial performance

Clean EBIT came in 20% lower than in 2013 at EUR 1,669 mn, in spite of the contribution from Norway (production included since November 2013), which was more than offset by higher depreciation, increased production costs and lower oil prices. The Group's average realized crude price in USD/bbl decreased by 9% while the average realized gas price in EUR increased by 13% compared to the 2013 level. Exploration expenses decreased by 10% to EUR 460 mn in 2014, as 2013 included write-offs of exploration licenses in the Kurdistan Region of Iraq and higher write-offs of exploration wells in Norway. With a total of EUR 2,951 mn, E&P investments were 33% lower than in the previous year, as 2013 included the acquisition of the assets from Statoil. Investments in 2014 were mainly directed towards field redevelopments, drilling and workover activities in Romania and field developments in

At a glance	2014	2013	Δ
Segment sales in EUR mn	5,773	5,378	7%
Earnings Before Interest and Taxes (EBIT) in EUR mn	1,466	1,990	(26)%
Clean EBIT in EUR mn	1,669	2,086	(20)%
Earnings Before Interest, Taxes and Depreciation (EBITD) in EUR mn	3,292	3,361	(2)%
Capital expenditure in EUR mn	2,951	4,431	(33)%
Production in mn boe	112.9	105.0	8%
Production cost in USD/boe	16.6	14.0	19%
Proved reserves as of December 31 in mn boe	1,090	1,131	(4)%



Norway and the United Kingdom. Net special items of EUR (203) mn in 2014 were mainly related to the impairment of the TOC asset in Kazakhstan and led to a reported EBIT of EUR 1,466 mn, 26% below the level of 2013.

Production increased compared to the level of 2013, as Norway's contribution was higher and more than offset the lower production volumes in Libya. Total hydrocarbon production increased by 8% to 112.9 mn boe. This corresponds to an average daily production of 309 kboe/d.

In Romania, our investment program helped us to achieve our second year of marginal production growth with an average production of 171.4 kboe/d. Austrian production was impacted by technical issues with average production at 33.0 kboe/d, below last year's level. The production of the international portfolio has increased compared to the previous year mainly due to increased production in Norway, Pakistan, New Zealand and Yemen. In Libya, production was interrupted several times during the year and was largely shut-down in the fourth quarter of the year. The construction of the new Glen Lyon FPSO vessel for the Schiehallion field redevelopment project (United Kingdom) has almost been completed and the Rosebank development (United Kingdom) has undergone significant design optimization. In New Zealand, we had first production contribution from the Maari Growth project towards the end of the year. In Tunisia, the Final Investment Decision was taken for the Nawara development project. Pakistan experienced a significant increase in production as a result of the completed Mehar and Latif field developments. In Yemen, despite the volatile security situation, production increased significantly in 2014 compared to 2013.

Production costs excluding royalties in USD/boe (OPEX) increased by 19% compared to 2013, mainly reflecting the change in country mix, with contribution from Norway with higher production costs and lower volumes from Libya, and the new construction tax in Romania.

A challenging exploration year

In 2014, OMV drilled 34 exploration wells in eight different countries, spanning from New Zealand to Norway, and completed 29 of these. 56% of the wells were operated by OMV and the exploration success ratio was 21% (2013: 46%). Eleven exploration and appraisal high impact wells were completed in 2014. The Wisting discovery in Norway (2013) was appraised by the Hanssen-1 appraisal well which confirmed the Wisting area potential. Further appraisal wells will be needed to delineate the accumulation. In the Black Sea, after interpretation of the 3D data collected in 2013, drilling in the deep water parts of the Neptun Block (Romania) has commenced to test additional prospects of the area. The 3D seismic collected in 2013 in the Han Asparuh block in Bulgaria has been evaluated and will be the basis for defining future drilling opportunities. Sub-Saharan Africa exploration activities have progressed substantially and two large 3D seismic surveys were conducted across OMV's Namibia acreage (5,000 km²) and over OMV's Gabon licenses (8,570 km²). These will be the basis for further opportunity assessments in the respective licenses. Additionally, OMV has picked up substantial new exploration acreage in the United Kingdom (West of Britain), two new licenses in New Zealand and significant acreage in Pakistan (Kirthar fold belt).

Proved hydrocarbon reserves (1P) as of December 31, 2014, were 1,090 mn boe (thereof OMV Petrom: 690 mn boe) and proved and probable oil and gas reserves (2P) amounted to 1,813 mn boe (thereof OMV Petrom: 977 mn boe). The 2014 single-year Reserve Replacement Rate (RRR) was 64% (2013: 113%). The three-year average RRR stood at 87% in 2014 (2013: 93%). In Romania and Austria, the three-year average RRR decreased to 41% (2013: 49%). In the international portfolio, the three-year average RRR decreased to 188% (2013: 203%), which includes reserves from the recent acquisitions in Norway and the United Kingdom.

Total production inceased by 8% vs. 2013

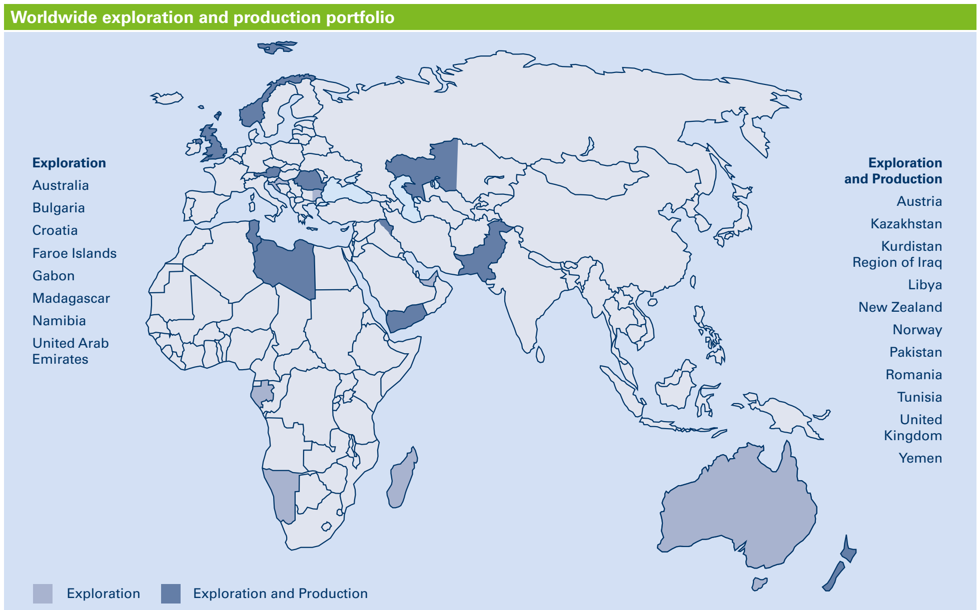
Marginal production increase in Romania for the second year in a row

OMV's core countries: Romania and Austria

In **Romania**, production averaged 171.4 kboe/d for the year, slightly higher than in the previous year and marking the second year of marginal growth in the past decade. Projects and optimization initiatives have been offsetting the natural decline for two years now. Throughout the year, redevelopment projects of key fields progressed. OMV Petrom succeeded in having twelve field redevelopment (FRD) projects in execution phase, out of which six FRDs passed Final Investment Decision (FID) this year. Additionally, two FRDs were completed. The works to optimize gas production systems and to modernize surface facilities and equipment in selected major fields continued. In 2014, the largest exploration investments were made since privatization in 2004. In 2014, the exploration success rate was 60%. OMV Petrom maintained a leading position in Romania by obtaining the extension of exploration blocks license for another three years. The drilling program in the deep water sector of the Neptun Block in the Black Sea (offshore Romania) has been resumed. The Domino-2 appraisal well was drilled, followed by an exploration well (Pelican South-1), undergoing drilling over the year-end. The results and data gathered will be evaluated.

In **Austria**, production decreased to 33.0 kboe/d in 2014 (34.6 kboe/d in 2013). This level mostly reflected the production challenges with three big gas wells, as well as planned and unplanned interruptions. The year-end production level in Austria, however, stood at the same rate as at the start of January. Several activities contributed to keeping this level of production and counterbalancing the natural decline, including 15 new wells put in production and three finalized field redevelopment (FRD) projects. OMV Austria had a full year with nine workover or well intervention rigs which contributed ~2 kboe/d. Investments were made mainly for the execution of four major projects and several small surface debottleneck projects.

Worldwide exploration and production portfolio



OMV's international portfolio

In **Norway**, OMV has successfully developed its portfolio. After the acquisition of two major assets from Statoil in the second half of 2013, OMV Norway started 2014 with an increase in production of approximately 28 kboe/d from the Gullfaks field (OMV share: 19%) followed by the production start-up of the Gudrun field (OMV share: 24%) in April, which then ramped up production with additional wells coming on stream throughout the year. At Gullfaks, with 118 wells available for production, five new wells were put on stream in 2014 in addition to some recompletions of existing wells. Production progress was significant in 2014 as the four new wells from Gudrun increased the production rate in Norway to 50 kboe/d towards year-end. Average production in 2014 stood at 35.2 kboe/d. The Edvard Grieg field development (operated by Lundin) made good progress with the successful installation of the jacket in May, the laying of the gas pipeline and the start of development drilling in September. For Aasta Hansteen, a Statoil operated deep water gas development in the Norwegian Sea, construction of the spar platform started in South Korea in the second quarter of 2014. OMV is also participating in a new 480 km gas pipeline, Polarled, and an upgrade of the existing Nyhamna gas processing plant. Both are needed to evacuate the gas from Aasta Hansteen and potentially from the Zidane field development project, and represent important new infrastructure for Norway. OMV operated exploration drilling in the PL537 Barents Sea license, which contains the Wisting discovery made in 2013, resulted in a successful appraisal well (Hanssen) in the summer of 2014. This well was also tested and confirmed earlier resource estimates for the Wisting discovery, which continues appraisal in 2015. Another successful appraisal well was drilled in PL 359 (North Sea) in the Luno 2 discovery, where OMV increased its share from 15% to 20%. Overall, OMV built up its acreage in Norway to a total of 36 licenses (2013: 31), of which nine are operated.

In **New Zealand**, OMV completed its exploration drilling campaign with the Matuku-1 well in February and the Whio-1 well in August. Both wells were drilled under OMV operatorship. No commercial accumulations of hydrocarbons could be confirmed. In April, an offshore jack up drilling unit was brought into the country and started drilling new development wells in the Maari field. Production operations continued during drilling and construction activities in the Maari field. The first new well in Maari was brought on stream in November. Total average daily production in New Zealand amounted to 18.7 kboe/d, higher than in the previous year (16.5 kboe/d). In the Great South Basin (license PEP 50119; OMV share: 21.95%), the joint venture entered into a drilling commitment for one well to be drilled by June 2016. In 2014, OMV was successful in the New Zealand exploration block awards and secured two new offshore permits with 100% OMV interest. At year-end, OMV holds interests in New Zealand in eleven licenses: three production and eight exploration permits (six as operator).

In **Australia**, the Zola discovery was appraised by the Bianchi appraisal well, which was drilled in 2013, finding multiple gas-bearing sands with net gas pay estimated more than 100 meter. OMV holds six licenses in total: two retention leases over the Zola and Nasutus discoveries and four exploration licenses.

Execution of the Nawara gas fiel development started

In **Tunisia**, the Final Investment Decision (FID) for the Nawara development project was taken in March 2014. The project will allow OMV and the Tunisian National Oil Company ETAP to monetize gas and condensate produced in South Tunisia and includes a central processing facility in the South, a 370 km pipeline to Gabes and a gas treatment plant at Gabes. Related engineering, procurement, construction and commissioning contracts were signed in August 2014 and construction works were started. First production of gas is expected to start in 2017. Overall production in Tunisia decreased slightly to 9.5 kboe/d (2013: 10.1 kboe/d). The reduction was mainly due to natural reservoir decline combined with delays to workovers in Cercina, Cherouq and Ashtart concessions and to new wells coming on stream. In South Tunisia, the Cherouq gas valorization project was finished and operations started in April 2014, allowing OMV to deliver previously flared gas to the local market and increase overall production. Furthermore, the FID for the Anaguid East development was taken in June 2014. A new development well was spudded in November 2014 in the Guebiba concession (operated by TPS; OMV share: 49%), first oil is expected in early 2015. Furthermore, the safety performance was significantly improved in Tunisia, achieving one year with no Lost-Time Injuries (LTI) on Ashtart in 2014 (Serept operated; OMV share: 50%) and two years LTI free on Waha Central Processing Facility.

In **Libya**, production varied significantly during the year, reflecting the deteriorating security situation across the country. This prompted OMV to decide to evacuate non-Libyan personnel from Tripoli during the summer. Yearly production averaged around 8.8 kboe/d (2013: 21.6 kboe/d) which represents approximately 28% of OMV's production potential in the country. During the first half of 2014, three exploration wells were drilled in the Murzuq basin, resulting in one new oil discovery (Wedan well in NC186).

Increased share in the Cambo field for a potential "hub development"

In the **United Kingdom**, OMV is focusing on developments in the area West of Shetland where OMV increased its share in the Schiehallion and Rosebank developments in 2013 (to ~11.8% and 50% respectively). In 2014, OMV increased its share in the Cambo field from 15% to 47.5% and assumed operatorship from Hess. This, together with the Tornado and Suilven discoveries (both OMV operated) positions OMV as operator of a potential Cambo "hub development", underlining our position as a key player in the West of Shetland area. The Rosebank development has undergone significant design optimization and is now fit for Front End Engineering and Design (FEED) completion. The Schiehallion redevelopment has made good progress with the removal of the old FPSO (Floating Production Storage and Offloading unit) from the field. Work continues on completion of the new FPSO in South Korea and on the subsea installation to connect existing and new wells to the FPSO. In total, OMV holds 36 licenses, with eleven as operator.

In **Pakistan**, the 2014 total production was 15.6 kboe/d, significantly higher than in the previous year (11.0 kboe/d) as a result of the successful completion of the field developments Latif and Mehar in the last quarter of 2013. Marketing constraints for Mehar condensate, due to processing limitations in the local refineries, have been solved and OMV is now exporting part of the condensate production. Further development options of the Mehar field and the satellite Sofiya field have been screened but postponed until the completion of further appraisal work in the area.

In **Yemen**, the security situation remained volatile during 2014. Although the increased security measures around the Habban field enabled safe operations within the concession area, production performance was reduced due to security incidents outside the perimeter. Road blockages affecting transportation, labor disputes and several attacks on the oil export pipeline caused sporadic production shutdowns. The average production in 2014 was 6.4 kboe/d, an increase of 33% as compared to 2013 (4.8 kboe/d). The execution of the Habban field development project, which includes the construction of the central processing facility as well as drilling and workover operations, successfully progressed. Five new production wells were drilled and put on production. The selected concept for a condensate recovery plant and a gas export pipeline will help to reduce CO_2 emissions. The seismic acquisition projects are delayed due to the unstable security situation. In order to reduce the financial exposure, all investments are pursued only to the extent they can be financed by current production revenues.

Following the discovery of the Bina Bawi field in the **Kurdistan Region of Iraq** (KRI), extended well tests in the wells Bina Bawi-4, -5 and -6 were completed in 2014 and resulted in only limited (sub-commercial) oil volumes but a significant sour gas potential. Commercialization activities for Bina Bawi sour gas have been ongoing throughout 2014 but were not successful. Consequently, in late 2014, OMV commenced farm-out negotiations with Genel Energy which are still ongoing. Pearl Petroleum Company Limited continued producing in 2014 at a gross production average of 71.7 kboe/d (68.8 kboe/d in 2013). OMV holds a 10% (equity consolidated) interest in the company.

In **Kazakhstan**, production decreased to 8.9 kboe/d (2013: 11.2 kboe/d) due to required partial replacement of the Turkmenoi pipeline and natural production decline.

In the **United Arab Emirates**, OMV signed an agreement with ADNOC to explore for oil and gas in the Eastern region of UAE in 2013. A three well appraisal program of the field was designed by the consortium (OMV and Wintershall) and the first well Shuwaihat-5 spudded in May 2014. Drilling of the well is ongoing. At the request of ADNOC, OMV and Wintershall also completed a technical evaluation of possible further oil and gas field developments. Seismic acquisition commenced in July 2014 and is progressing as planned. If the exploration campaign is successful, ADNOC and OMV intend to jointly develop potential discoveries. The exploration activity agreement has a duration of four years.

In **Bulgaria**, OMV (as operator) completed a 3D seismic acquisition campaign in the Black Sea, performed most of the seismic data processing and completed a sea-bottom survey. The interpretation of new seismic data progressed with the aim of identifying the drilling locations. OMV handed over operatorship for drilling to Total in April 2014.

3D seismic in the Bulgarian Black Sea completed

Production in 2014

	Oil and NGL mn bbl	Natural gas[1] bcf	Natural gas[1] mn boe	Total mn boe
Romania[2]	28.0	186.8	34.6	62.6
Austria	5.8	37.3	6.2	12.0
Northwest Europe, Africa and Australasia[3]	18.1	53.1	8.9	27.0
Middle East and Caspian[2, 4]	5.9	32.5	5.4	11.3
Total	**57.8**	**309.7**	**55.1**	**112.9**

Proved reserves as of Dec. 31, 2014

	Oil and NGL mn bbl	Natural gas[1] bcf	Natural gas[1] mn boe	Total mn boe
Romania[2]	355.6	1,705.2	315.8	671.4
Austria	45.4	278.9	46.5	91.9
Northwest Europe, Africa and Australasia[3]	186.6	571.2	95.2	281.8
Middle East and Caspian[2, 4]	28.1	103.2	17.2	45.3
Total	**615.8**	**2,658.5**	**474.7**	**1,090.4**

[1] To convert gas from scf to boe, the following conversion factor was applied in all countries: 1 boe = 6,000 scf; except for Romania where the following was used: 1 boe = 5,400 scf

[2] As OMV holds 51% of OMV Petrom, it is fully consolidated and figures include 100% of OMV Petrom's assets and results

[3] Region consists of Australia, the Faroe Islands, Gabon, Libya, Madagascar, Namibia, New Zealand, Norway, Tunisia and the United Kingdom, and includes exploration only countries

[4] Region consists of Bulgaria, Kazakhstan, Kurdistan Region of Iraq, Pakistan, the United Arab Emirates and Yemen, and includes exploration only countries

Gas and Power

Gas supply now reflects changed market conditions

For Gas and Power (G&P), the overall market environment remained challenging; nevertheless, key decisions were taken in 2014 to increase profitability. The supply, marketing and trading business renegotiated the long-term gas supply contract with Gazprom and agreed a structural solution which reflects changing market conditions. In turn, the same business unit started marketing Norwegian equity gas volumes of more than 8.4 TWh. The gas logistics business successfully finalized the consolidation of the gas transportation business in Austria.

Health, Safety, Security and Environment (HSSE)

HSSE plays an essential role within G&P. There has been a continuous improvement in the safety performance over the last few years, partly because we engage with our workforce and take a closer look at our operations through management walk-arounds. We reduced the Lost-Time Injury Rate (LTI) from 1.86 in 2013 to 0.00 in 2014 and the Total Recordable Injury Rate from 6.49 in 2013 to 0.41 in 2014, and had no High Potential Incidents (HIPO) in 2014. We recorded no LTI at the Brazi power plant (Romania) since November 2011 and none at the Samsun power plant (Turkey) since September 2013. We further increased the overall HSSE focus in 2014 with leadership and other special training on our incident reporting system. The focus for 2015 is based on the OMV vision "ZERO Harm – NO Losses", further improvement of the overall safety performance, visible commitment, leadership, contractor management, risk management, development of HSSE competences and increased hazard awareness.

Financial performance

Clean EBIT decreased by 27% to EUR 101 mn due to lower contributions from all business units. Reported EBIT was EUR (162) mn due to net special items of EUR (263) mn, mainly related to the impairment of the Brazi power plant and the impairment of goodwill related to the Petrol Ofisi acquisition. The result of the supply, marketing and trading business unit decreased mainly due to lower contributions from Romania and Turkey. Total gas sales and trading volumes increased by 14% to 486 TWh driven by increased trading activities. The weak gas market environment and warm weather conditions led to a decrease in gas sales volumes in EconGas as well as in Romania. EconGas's result was at last year's level, supported by the adjusted long-term gas supply contracts. The gas sales margin in Romania was negatively impacted by additional storage and transportation costs. Due to the unfavorable USD-TRY FX-rate development in 2014, the gas business in Turkey was burdened as the supply volumes were purchased in USD, whereas the sales price for wholesalers and local consumers were in TRY and heavily influenced by the local market leader. The business unit

At a glance

	2014	2013	Δ
Segment sales in EUR mn	6,799	12,236	(44)%
Earnings Before Interest and Taxes (EBIT) in EUR mn	(162)	1	n.m.
Clean EBIT in EUR mn	101	137	(27)%
Earnings Before Interest, Taxes and Depreciation (EBITD) in EUR mn	206	224	(8)%
Capital expenditure in EUR mn	243	270	(10)%
Gas sales and trading volumes in TWh	486	425	14%
Gas transportation volumes sold entry/exit in TWh	1,676	1,664	1%
Storage volume sold in TWh	30.74	28.18	9%
Net electrical output in TWh	5.81	4.34	34%

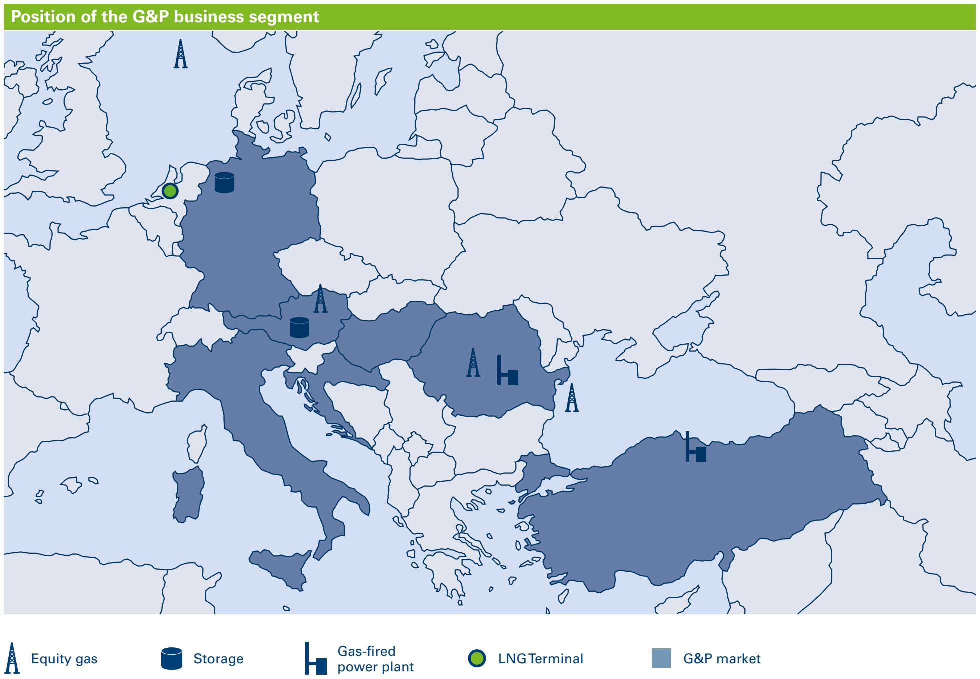
gas logistics recorded a slightly lower result vs. 2013. The gas transportation business result came in below last year's level mainly due to the restructuring of the Trans Austria Gas (TAG) pipeline operations. The storage business contribution decreased vs. 2013, mainly due to the tariff reduction for running gas storage contracts, which has been in place for customers in Austria since July 2013. The power business recorded a net electrical output of 5.81 TWh, mainly as a result of increased output from the gas-fired Samsun power plant. The output of the gas-fired Brazi power plant decreased significantly. The result of the power business was burdened by unfavorable market conditions in Romania. The Samsun power plant achieved a positive result driven by favorable spark spreads and additional income from balancing and ancillary market services.

Gas logistics

The **gas transportation business** was subjected to a further increase in regulatory guidelines. Consequently, Gas Connect Austria (GCA) was merged with Baumgarten Oberkappel-Gasleitungsgesellschaft m.b.H. (BOG) in September 2014 and spun off its Trans Austria Gasleitung (TAG pipeline) service activities into Trans Austria Gasleitung GmbH in October 2014, receiving additional shares in return. During 2014, the new market model continued to work successfully in the Austrian gas transportation business, resulting in an increase in short-term transportation contracts. The utilization rate of GCA's network was stable despite the general decrease in demand in the national and international gas markets. This reflects Austria's gas turntable position and the upturn in trading volumes traded at the Central European Gas

Successful consolidation of the gas transportation business in Austria

Position of the G&P business segment



Hub (CEGH). The merger of GCA and BOG created further cost and marketing synergies; the unbundling requirements under European and Austrian law were met by the TAG service activities spin-off. After this consolidation, two natural gas Transmission System Operators (TSOs) remained, both certified as Independent Transmission System Operators (ITOs), in Austria. GCA progressed several projects, working on a firm reversal of the Hungarian-Austrian pipeline (HAG) in the direction from Hungary to Austria in the context of the pan-European Projects of Common Interests, on the tie-in concept of the South Stream project in Baumgarten, and continuing to work on the Bidirectional Austrian-Czech Interconnector project, the latter in the context of a potential future Czech-Austrian trading region. The whole project work was performed in cooperation with the Austrian and the adjacent countries' TSOs including their regulatory authorities.

OMV Trading started to market equity gas from the Gudrun field

In 2014, the **gas storage business** in Austria recorded the highest storage level in history at the beginning of the winter season. The overall market situation remained challenging due to continuing low summer/winter spreads. Nevertheless, the available storage capacity in Austria and Germany was marketed completely. In 2014, the second tranche of gas caverns in the German storage facility Etzel were filled for the first time with 4 TWh.

In 2014, 440 TWh of natural gas were traded on the **Central European Gas Hub** Virtual Trading Point (CEGH-VTP), an increase of 12% compared to 2013. By the end of 2014, CEGH had 180 registered members. At the CEGH Gas Exchange of Wiener Boerse, the traded volume increased by more than 60% to 21.27 TWh, compared to the previous year. In August 2014, CEGH launched additional products at the CEGH Futures Market in Austria: quarterly futures, seasons and yearly futures with delivery at the CEGH-VTP in Austria. Volumes at the Futures Market in 2014 increased more than sixfold compared to the previous year, to a total volume of 2.32 TWh. In December 2013, CEGH launched a Gas Futures Market in the Czech Republic. In its first full year of operation, total traded volumes at the CEGH Czech Gas Futures reached 745 GWh in 2014, with a monthly all time high of 317.6 GWh in December 2014.

Supply, marketing and trading

Overall gas sales and trading volumes increased to 486 TWh, an increase of 14% vs. 2013, mainly driven by higher trading volumes of 363 TWh. In 2014, gas sales volumes amounted to 123 TWh. The result of **OMV Trading** in 2014 showed a remarkable improvement vs. 2013 despite the company facing a challenging market environment. From April 2014 onwards, OMV Trading started to market equity gas from the Gudrun field, in addition to the Gullfaks volumes, through wholesale and trading activities in the following market areas: TTF (Title Transfer Facility, Netherlands), NCG (Net Connect Germany), Gaspool (Germany) and NBP (National Balancing Point, United Kingdom). Market access was provided via existing pipeline systems to the Dutch and German gas markets as well as OMV storage assets in Germany. The gas sales business marketed gas to industrial customers, local distribution companies and wholesalers with a focus on multi-country customers.

The result of **EconGas** in 2014 improved slightly vs. 2013 despite the unusually warm weather during the winter season and a more challenging market environment due to declining demand and increasing competition. During 2014, EconGas successfully continued the restructuring process started in 2013. The new long-term agreement with Gazprom and the optimized management of the storage and transport portfolio will improve competitiveness in the future. Moreover, EconGas minimized the loss of the LNG business through re-loads and in-tank deals. With operations in Austria, Germany, Italy, Hungary, Croatia and on international trading hubs, EconGas reached total gas sales and trading volumes of 318 TWh (down by 7% compared to 2013), consisting of 261 TWh trading volumes and 58 TWh sales volumes.

In Romania, **OMV Petrom** gas sales decreased by 9% in the context of an overall decline in estimated Romanian gas demand by 4%. This was mainly driven by an adverse market environment which resulted in lower extraction and higher injection into storages vs. 2013. The reduced off-take by heat and power plants was only partly compensated by higher sales to the chemical industry. In terms of gas market liberalization, the roadmap enforced by the government for the gradual increase of regulated domestic gas prices during 2013-2014 has been partly implemented. The regulated domestic gas price for non-household consumers has been kept at the level of April 1, 2014, of RON 89.4/MWh until the end of 2014, when the price liberalization for non-household consumers was completed. The regulated domestic gas price increase for household consumers scheduled for October 1, 2014 was delayed, with RON 53.3/MWh remaining in effect until the end of the year. In compliance with a new obligation in force as of July 15, 2014, gas producers were required to sell parts of their production on the centralized, domestic market. In 2014, OMV Petrom was the first company which sold natural gas on the Romanian Commodities Exchange (BRM), one of the two operating trading platforms alongside OPCOM.

In **Turkey**, natural gas sales and domestic LNG sales volumes increased by 23% to 15 TWh in 2014. Despite the increasing volumes in natural gas sales, the gas business in Turkey was burdened due to the aforementioned unfavorable USD-TRY FX-rate development. Furthermore, power market entry activities were performed within an asset-backed trading strategy, which hedges OMV power assets within a single portfolio.

Power

The power business continued to provide an additional marketing platform for gas to OMV. The gas-fired Samsun power plant adds 870 MW of low carbon, efficient and reliable power supply to the Turkish market. The gas-fired Brazi power plant (860 MW) continued to provide low carbon power to the Romanian market, underlining its importance for the national energy system as a flexible and reliable supplier with fast response times. The 45 MW wind park Dorobantu in Romania has delivered renewable power to the market. All planned outages were completed ahead of schedule and were performed without any HSSE incidents. In total, net electrical output stood at 5.81 TWh in 2014, mainly coming from the Samsun power plant. A challenging market environment in Romania led to a negative average spark spread and impacted the output of the Brazi power plant. The Samsun power plant performed well in its first full year of operation. Due to the high flexibility of the plant, balancing and ancillary services revenues contributed strongly to a good result. Both gas-fired power plants achieved an availability performance which is in the top quartile of the industry.

Romania: gas price liberalization for non-household consumers completed

Refining and Marketing including petrochemicals

High quality integrated asset portfolio

The business segment Refining and Marketing including petrochemicals (R&M) refines, supplies and trades oil products and petrochemicals with a geographical focus on Central and Southeastern Europe as well as Turkey. R&M operates refineries in Schwechat (Austria) and Burghausen (Southern Germany), both with integrated petrochemical complexes, as well as the Petrobrazi (Romania) refinery, and holds a 36% stake in the petrochemical company Borealis. At the end of 2014, OMV had an annual crude oil processing capacity of 17.4 mn t (360,000 bbl/d). The retail network consists of approximately 4,100 filling stations in 11 countries, with a strong brand portfolio: "OMV", operating in all countries except Turkey and Moldova, "Petrom" in Romania and Moldova, "Petrol Ofisi" in Turkey and "Avanti" in Austria. With a high-quality integrated asset portfolio, strong brands, industry-leading availability and utilization rates, OMV has an advantageous position in its markets.

Health, Safety, Security and Environment (HSSE)
R&M's top priority is to operate with no incidents that could cause injury to our employees or contractors and is thereby striving to achieve OMV´s HSSE Vision "ZERO Harm – NO Losses". We continuously work to improve our HSSE processes and procedures, simultaneously focussing on the effectiveness of the implemented measures. We constantly aim to strengthen the safety culture amongst our employees and contractors. Unfortunately, R&M reported one work-related fatality in 2014. The Lost-Time Injury Rate (LTIR) for both employees and contractors increased to 0.38 in 2014 from 0.25 in 2013.

Financial performance
At EUR 503 mn, clean CCS EBIT increased by 9%, driven by a significantly higher OMV indicator refining margin and despite the slightly lower refinery utilization rate as a consequence of shutdowns in all our three refineries. Net special items of EUR (342) mn, mainly as a result of the impairment of goodwill related to the Petrol Ofisi acquisition, were recognized in 2014. Falling crude prices over the year contributed to negative CCS effects of EUR (452) mn, which led to a reported EBIT of EUR (290) mn. The refining result increased compared to 2013, mainly due to a strong increase in the OMV indicator refining margin as a result of lower costs for own crude consumption as well as the adaptation of the standard yield in Petrobrazi following the completion of the modernization program, and despite higher costs in relation to shutdowns during the year. The OMV indicator refining margin of USD 3.28/bbl increased by 69%. At 89%, overall refining utilization in 2014 decreased compared to the level of 92% in 2013, as there have been major planned shutdowns in Burghausen, Petrobrazi and Schwechat. The clean petrochemicals EBIT increased to EUR 148 mn (vs. EUR 140 mn in 2013) mainly due to substantially higher propylene and benzene margins, which more than compensated for lower ethylene margins as well as lower sales volumes (down by 10% compared to the previous year). The clean marketing result was lower compared to 2013, mainly reflecting the negative effects from the ongoing margin ceiling in Turkey and despite better cost management. Marketing sales volumes were down by 5%.

At a glance

	2014	2013 [1]	Δ
Segment sales in EUR mn	27,830	29,384	(5)%
Earnings Before Interest and Taxes (EBIT) in EUR mn	(290)	658	n.m.
Clean CCS EBIT in EUR mn [2]	503	461	9%
Earnings Before Interest, Taxes and Depreciation (EBITD) in EUR mn	530	1,240	(57)%
Capital expenditure in EUR mn	607	506	20%
Total refined product sales in mn t	31.10	31.48	(1)%
Marketing sales volumes in mn t	20.38	21.36	(5)%

[1] Figures for 2013 were adjusted due to the implementation of IFRS 11 "Joint Arrangements"
[2] CCS figures exclude inventory holding gains/losses (CCS effects) resulting from the fuels refineries and Petrol Ofisi

Annual refining capacities	mn t
Refineries West	
Schwechat	9.6
Burghausen	3.6
Refineries East	
Petrobrazi	4.2
Total	**17.4**

Refining and petrochemicals

The successful completion of the refinery modernization program in Petrobrazi, the further petrochemical integration in the refineries Schwechat and Burghausen as well as the TÜV-safety shutdown in Burghausen are only some of the highlights in 2014. Generally, a clear focus was placed on further strengthening the overall competitiveness of OMV's refineries by continuously increasing cross-site and cross-business integration. This also addresses the challenging market environment by further improving cost and performance management as well as the product portfolio towards high-value products.

To strengthen the petrochemical integration and to meet market requirements, the existing butadiene plant in the Schwechat refinery was successfully expanded in May 2014 by 30% to a total capacity of approximately 60,000 tons per year. Additionally, the progress of the greenfield butadiene plant in Burghausen is well on track and expected start-up as planned in 2015, with a total capacity of approximately 70,000 tons per year. Butadiene is a key feedstock for the chemical industry and is mainly used in the automotive sector.

The Petrobrazi modernization program, started in 2010 to optimize the yield structure and to improve energy efficiency, was successfully completed in 2014. With a total investment of around EUR 600 mn, OMV Petrom is now able to process all domestic equity crude oil production in its refinery. The investment in crude oil distillation, diesel hydrotreating, fluid catalytic cracking, coker unit and related infrastructure, serves to increase middle distillate yield up to approximately 45% and reduces energy consumption by approximately 25% against 2009.

Overall, the refinery utilization rate reached 89% compared to 92% in 2013. The lower utilization rate was mainly driven by the planned turnaround at the refinery Burghausen. In Petrobrazi, the utilization rate was 89% (2013: 90%), despite the planned downtimes due to the finalization of the Petrobrazi modernization program.

Petrobrazi modernization program successfully completed

In June 2014, OMV closed the sale of its 45% share in the German Bayernoil refinery network to Varo Energy B.V. The sale marks the finalization of the planned reduction in OMV's total annual refinery capacity by 4.6 mn t to 17.4 mn t. With the remaining three refineries – Schwechat, Burghausen and Petrobrazi – OMV has reached its target structure in refining and all sites are highly integrated into crude and/or petrochemicals with the associated competitive advantages in OMV's core markets.

Borealis

In 2014, Borealis weathered the overall challenging market environment well and delivered a strong net profit contribution. This was mainly driven by stronger margins in the olefin and polyolefin business, partly offset by a somewhat weaker performance on the fertilizer side due to operational challenges at the newly acquired plants in France. Borouge, Borealis' joint venture with the Abu Dhabi National Oil Company (ADNOC) improved its contribution to Borealis' performance, following the gradual start-up of the Borouge 3 project since the middle of the year. After the successful start-up of the cracker in June, three out of five polyolefin plants started up in the period until year-end. When fully ramped-up, Borouge 3 will increase the annual production capacity of the integrated petrochemical site from 2 mn t to 4.5 mn t, making it the biggest integrated polyolefin complex in the world. Borealis' strategy of growing in the polyolefin business whilst maintaining its competitiveness continued successfully with increasing long-term feedstock flexibility for its petrochemical plant in Stenungsund, Sweden. Borealis signed a long-term agreement to source ethane from the North Sea as well as the US. The US ethane sourcing project involves huge investments for cracker upgrade and to construct an ethane storage tank. In addition, the growth was underpinned by the acquisition of Speciality Polymers Antwerp N.V., located in Zwijndrecht, Belgium.

Stable market share in the retail business

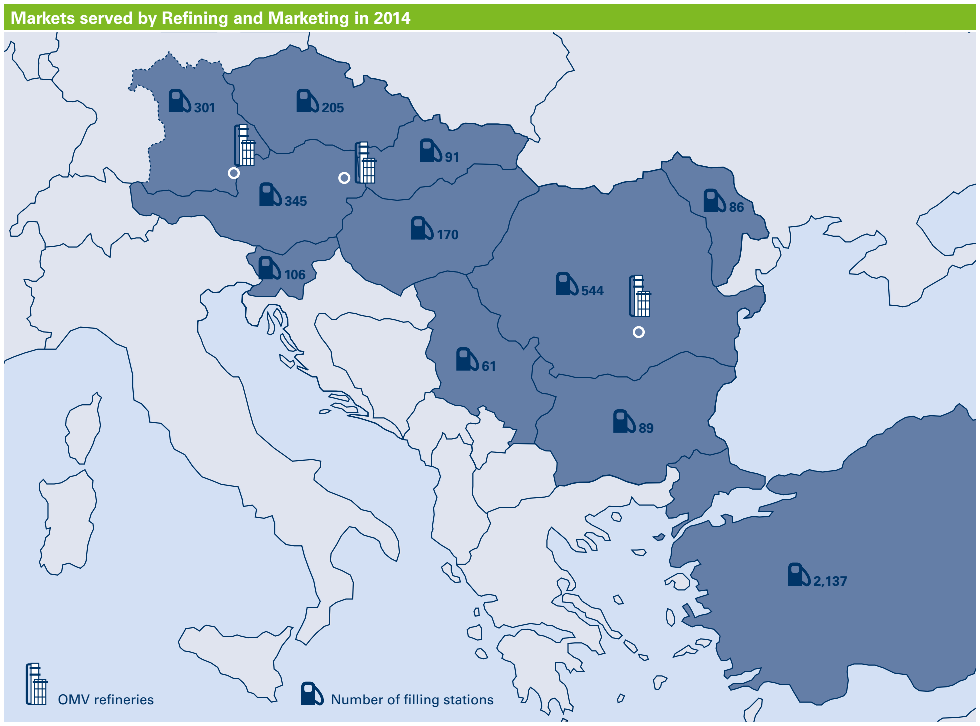
Borealis continued to expand its position in Brazil, South America, by investing in its Itatiba complex near Sao Paulo, thus allowing Borealis to better exploit growth opportunities in pioneering applications in the automotive and appliance industries. 2014 also marked a year of consolidation for Borealis, continuing to work on integrating previous acquisitions, including DEXPlastomers as well as Borealis' fertilizer production in France, formerly GPN S.A.

Marketing

Despite weak demand and higher pump prices in most markets, OMV maintained market share in the retail business, driven by increasing efficiency as a result of both the integration within downstream activities and asset portfolio optimization.

In 2014, a clear focus of the retail business was on the premium fuel strategy, which led to strengthening MaxxMotion as a leading premium fuel brand. With this effort, the MaxxMotion product (MaxxMotion Super 100, MaxxMotion Diesel) volume share could be increased significantly by more than 10% compared to the previous year. We continue

Markets served by Refining and Marketing in 2014



to pursue our two-brand strategy in Austria which positions OMV retail stations as the premium brand alongside Avanti unmanned retail stations as a discount brand. This successful strategy has led to another year of strong sales performance for the Avanti brand, whilst the OMV brand has remained stable. As a result, additional unmanned sites have been added to the network and the overall market share increased in Austria. A turnaround and optimization initiative regarding approximately 500 sites at the tail end of the filling station network was already started in 2013. The target to improve on previous years' profitability was achieved and contributed considerably to the overall strong retail result. In Hungary, a filling station cooperation with Spar, which was already started at three sites in 2013, was thoroughly analyzed. The decision was taken to further roll-out the concept to additional filling stations. In 2014, OMV Group improved the average throughput per retail station compared to the previous year level, with increases in Austria, Hungary, Slovenia and Turkey. Due to effective cost management, the overall distribution costs per liter were decreased by 5% compared to the previous year. A major contribution to cost savings arose from continued investment into LED technology, reducing energy consumption sustainably.

Within the supply and logistics area, the main activity was the divestment of OMV's 45% stake in the Bayernoil refinery network near Ingolstadt, Germany, which was closed on June 30, 2014. This made it necessary to adapt and re-optimize previous supply patterns, logistics operations and terminal management in alignment with our business partners. The volumes in the commercial business were lower, driven by the sale of Bayernoil. Despite this, through a combination of strong customer focus, active price management and cost discipline a profit contribution similar to previous years was achieved. In Romania, focus was on successful supply chain preparation and management of the 30 day turnaround in June at the Petrobrazi refinery. Securing the constant supply to the entire OMV Petrom network of filling stations, customers and terminals was successfully managed. The modernization of the fuels terminal Bacau, supplying the northeastern part of Romania, was a significant step in completing the terminal network optimization program of OMV Petrom.

Following rapid economic growth in recent years, Turkey experienced a difficult economic environment in 2014 with a more modest growth rate, impacted by elections and high political instabilities in the neighboring countries. In 2014, the Turkish Energy Market Regulatory Authority (EMRA) intervened by introducing a margin ceiling which negatively impacts Petrol Ofisi's profitability. Under these economic circumstances, Petrol Ofisi achieved lower operating results compared to 2013. Nevertheless, Petrol Ofisi has remained the market leader and further increased its market share in white products (gasoline, diesel) as compared to 2013. Growth mainly came from increased retail sales, additional supply contracts for new infrastructure projects (e.g. supply contract for the third Istanbul airport construction) and new commercial customers. The aviation business of Petrol Ofisi significantly increased its financial performance and the lubricants business kept its market leadership in a very competitive market for the fifth consecutive year. Petrol Ofisi continued the efforts to improve its added value services to retail customers through a new cooperation with one of the biggest chains of supermarkets in Turkey (Migros). By the end of 2014, 43 Petrol Ofisi retail sites were running Migros Jet shops. As a result of sustainable volume increases, the average retail site throughput increased by 10%. Leveraging OMV Group supply synergies, Petrol Ofisi optimized its supply program and took advantage of its superior terminal infrastructure.

Sale of the 45% stake in the Bayernoil refinery concluded

Directors' report
(incl. outlook)

Directors' report of OMV Group

Group financials			EUR mn
	2014	2013[1]	Δ
Sales revenue	35,913	42,414	(15)%
Earnings Before Interest and Taxes (EBIT)	1,054	2,602	(59)%
Net income for the year	613	1,729	(65)%
Net income attributable to stockholders of the parent	357	1,162	(69)%
Cash flow from operating activities	3,666	4,124	(11)%
Capital expenditure[2]	3,832	5,239	(27)%
Employees as of December 31	25,501	26,863	(5)%

[1] Figures for 2013 were adjusted due to the implementation of IFRS 11 "Joint Arrangements"
[2] Includes acquisitions as well as equity-accounted investments and other interests; adjusted for capitalized decommissioning costs, exploration wells that have not found proved reserves, borrowing costs and other additions which by definition are not considered as capital expenditure

Stable production in mature core countries

OMV generated an operating result of EUR 1,054 mn in 2014, 59% below last year's level, burdened by a lower R&M result due to the impairment in Petrol Ofisi in Turkey, a lower E&P result mainly driven by lower oil prices and the impairment of Tasbulat assets in Kazakhstan, as well as a lower G&P result due to the impairments of the Brazi power plant in Romania and the goodwill related to the Petrol Ofisi acquisition. Net special items of EUR (822) mn (2013: EUR 31 mn) were mainly related to impairments of Petrol Ofisi, the Brazi power plant (Romania) and E&P assets in Kazakhstan. The net financial result of EUR (177) mn was above that in 2013 (EUR (311) mn) mainly driven by a better foreign exchange result. The Group recognized current taxes on income of EUR (515) mn and deferred taxes of EUR 251 mn in 2014. The effective tax rate was 30% in 2014 (2013: 25%). Net income attributable to stockholders of the parent was EUR 357 mn, below 2013 (EUR 1,162 mn). Non-controlling and hybrid interests amounted to EUR 257 mn (2013: EUR 566 mn).

Return On Average Capital Employed (ROACE) stands at 4%, significantly down from 11% in 2013, mainly due to special items (impairments). Return On Fixed Assets (ROFA) decreased from 14% to 5%, and Return On Equity (ROE) declined from 11% to 4%. For definitions of these ratios, readers are referred to the glossary of abbreviations and definitions, which is an integral part of the Directors' report.

2014 was a challenging year for the business segment **Exploration and Production (E&P)**. Total production in mature core countries (Romania and Austria) was kept at a stable level in line with the strategic target of 200-210 kboe/d. Production in Romania showed a second year of marginal growth. Norway's production ramp-up to 50 kboe/d towards the end of the year is a strong indicator that the North Sea region is becoming a core area for the Group. In contrast, the rest of the international portfolio was impacted by production interruptions in Libya and Yemen due to security issues. From an exploration point of view, 2014 was a less successful year with an overall success rate significantly below previous years. This year's discoveries were made onshore and offshore Romania, while in Norway the Wisting discovery was successfully appraised. In Abu Dhabi, Namibia, Gabon and Bulgaria large license areas were covered by 3D seismic.

For **Gas and Power (G&P)**, the overall market environment remained challenging, nevertheless, key decisions were taken in 2014 to increase profitability. The supply, marketing and trading business renegotiated the long-term gas supply contract with Gazprom and

agreed on a structural solution which reflects changing market conditions. In turn, the same business unit started marketing Norwegian equity gas volumes. The gas logistics business successfully finalized the consolidation of the gas transportation business in Austria.

The business segment **Refining and Marketing including petrochemicals (R&M)** refines, supplies and trades oil products and petrochemicals with a geographical focus on Central and Southeastern Europe as well as Turkey. R&M operates refineries in Schwechat (Austria) and Burghausen (Southern Germany), both with integrated petrochemical complexes, as well as the Petrobrazi (Romania) refinery, and holds a 36% stake in the petrochemical company Borealis. At the end of 2014, OMV had an annual crude oil processing capacity of 17.4 mn t (360,000 bbl/d). The retail network consists of approximately 4,100 filling stations in 11 countries, with a strong brand portfolio: "OMV", operating in all countries except Turkey and Moldova, "Petrom" in Romania and Moldova, "Petrol Ofisi" in Turkey and "Avanti" in Austria. With a high-quality integrated asset portfolio, strong brands, industry-leading availability and utilization rates, OMV has an advantageous position in its markets.

Earnings Before Interest and Taxes (EBIT)

E&P EBIT decreased by 26% to EUR 1,466 mn, in spite of the production from Norway (production included since November 2013), which was more than offset by higher depreciation, increased production costs and lower oil prices. Total OMV daily production of oil, NGL and gas of 309 kboe/d was 8% above the level of 2013, as Norway's contribution was fully reflected in 2014 and more than offset the lower production volumes in Libya, due to security issues in the country. Total OMV daily oil and NGL production rose by 5%, mainly reflecting the contribution from Norway, which more than offset the lower volumes from Libya. Total OMV daily gas production increased by 10% vs. 2013, mainly supported by the contribution from Norway and the increase in volumes in Pakistan and Romania.

Driven mainly by the liftings in Norway, the total sales volumes increased by 12%. Net special items of EUR (203) mn in 2014 were mainly related to the impairment of the Tasbulat assets in Kazakhstan.

G&P EBIT decreased from EUR 1 mn in 2013 to EUR (162) mn, due to net special items of EUR (263) mn, mainly related to the impairment of the gas-fired power plant Brazi in Romania and the impairment of goodwill related to the Petrol Ofisi acquisition.

High-quality integrated asset portfolio in R&M

Earnings Before Interest and Taxes (EBIT)			EUR mn
	2014	2013 [1]	Δ
Exploration and Production (E&P) [2]	1,466	1,990	(26)%
Gas and Power (G&P)	(162)	1	n.m.
Refining and Marketing incl. petrochemicals (R&M)	(290)	658	n.m.
Corporate and Other (Co&O)	(63)	(53)	19%
Consolidation: Elimination of inter-segmental profits	104	7	n.m.
OMV Group	**1,054**	**2,602**	**(59)%**

[1] Figures for 2013 were adjusted due to the implementation of IFRS 11 "Joint Arrangements"
[2] Excluding inter-segmental profit elimination

The result of the business unit **supply, marketing and trading** decreased mainly due to lower results in Romania and in Turkey. The weak gas market environment and warm weather conditions led to a decrease of gas sales volumes in EconGas as well as in Romania. Increased competition resulted in an overall lower level of gas sales margins. The result contribution of EconGas was at last year's level, supported by the adjusted long-term gas supply contracts but weighed down by the cost of the unutilized regasification capacity in the Gate LNG terminal. In Romania, gas sales volumes decreased by 9% to 47.70 TWh (2013: 52.70 TWh) in the context of the overall gas market decline of 4%, impacted also by less off-take by power plants. The gas sales margin in Romania was negatively impacted by additional storage and transportation costs. In Turkey, OMV sold 14.70 TWh of natural gas and LNG in 2014 vs. 11.96 TWh in 2013. Due to the unfavorable USD-TRY FX-rate development in 2014, the gas business in Turkey was burdened as the supply volumes were purchased in USD, whereas the sales price for wholesalers and local consumers were in TRY and heavily influenced by the local market leader.

The business unit **gas logistics** recorded a slightly lower result vs. 2013. The gas transportation business result came in below last year's level mainly due to the restructuring of the TAG pipeline operations.

The **power** business recorded a net electrical output of 5.81 TWh vs. 4.34 TWh in 2013, mainly from the increased output of the gas-fired power plant Samsun (Turkey), which started operations in June 2013. The output of the gas-fired power plant Brazi (Romania) decreased significantly. The result of the power business was burdened by unfavorable market conditions in Romania.

R&M EBIT came in at EUR (290) mn, significantly lower than the EUR 658 mn in 2013, based on net special items of EUR (342) mn, mainly as a result of the impairment of goodwill related to the Petrol Ofisi acquisition, and the falling crude prices. In addition, 2013 included the result from the sale of LMG Lagermanagement GmbH (EUR 440 mn).

The **refining** result decreased substantially compared to 2013 mainly due to the sharp decline in prices at year end, in addition to higher costs in relation to the planned turnaround in Burghausen and the shutdown of Petrobrazi for the finalization of the modernization program. These effects could not be compensated by the increase in the OMV indicator refining margin as a result of the Petrobrazi modernization program that led to an optimization of the yield structure. The OMV indicator refining margin of USD 3.28/bbl increased by 69% compared to the level of 2013, which was USD 1.94/bbl.

Increased petrochemicals result

The **petrochemicals** result increased mainly due to substantially higher propylene and benzene margins, which more than compensated for lower ethylene margins as well as lower sales volumes. The **marketing** result was lower compared to 2013, mainly reflecting the negative effects from the ongoing margin ceiling in Turkey and despite better cost management in both the retail and the commercial business. The marketing sales volumes were 5% lower than 2013, mainly due to the missing volumes after the sale of the 45% stake in the Bayernoil refinery network and the sale of the marketing businesses in Croatia and Bosnia-Herzegovina.

EBIT in the **Corporate and Other (Co&O)** segment decreased by 19% to EUR (63) mn in 2014.

Notes to the income statement

OMV is an integrated, international oil and gas company. As oil produced by the E&P business segment is either processed at Group refineries or – in large part – marketed by R&M (OMV Supply & Trading AG), the R&M business segment represents the largest share of the Group's consolidated sales. The volatility in the main factors affecting profitability – crude oil prices and USD exchange rates – may cause considerable swings in sales and cost of sales, and the impact on earnings is therefore difficult to predict.

Compared to 2013, **consolidated sales revenues** decreased by 15% to EUR 35,913 mn, mainly driven by lower sales in G&P. Sales of the **E&P** business segment increased by 7% to EUR 5,773 mn. After the elimination of intra-group transactions of EUR 4,284 mn, the contribution of E&P to consolidated sales revenues was EUR 1,489 mn or about 4% of the Group's total sales revenues (2013: EUR 1,043 mn or 2%). **G&P** sales decreased to EUR 6,799 mn (2013: EUR 12,236 mn). After elimination of intra-group sales to refineries, G&P's contribution in 2014 was 18% of total sales or EUR 6,632 mn (2013: EUR 12,035 mn or 28%). Consolidated sales in **R&M** amounted to EUR 27,787 mn or 77% of total sales (2013: EUR 29,330 mn or 69%).

Sales to external customers are split up by geographical areas on the basis of where the delivery of goods or services is effective. Austria retained its position as the Group's most important **geographical market** with sales of EUR 9,005 mn or 25% of the Group's total (2013: EUR 14,064 mn or 33%). Sales revenues in Germany decreased from EUR 8,241 mn in 2013 to EUR 6,260 mn in 2014, representing a revenue contribution of 17% (2013: 19%), mainly as a result of the Bayernoil divestment. In Romania, sales revenues of EUR 3,809 mn or 11% of total sales revenues, were close to last year's level in terms of proportion (2013: EUR 4,170 mn or 10%). Turkey enlarged its supply business and managed to raise its contribution to 23%, or EUR 8,235 mn, to OMV Group's total sales in 2014 (2013: EUR 6,699 mn or 16%). Sales in the rest of CEE were EUR 3,779 mn or 11% of Group sales revenues (2013: EUR 3,993 mn or 9%). Rest of Europe accounted for EUR 1,957 mn or 5% (2013: EUR 2,625 mn or 6%). Sales revenues in the Rest of the World increased slightly to EUR 2,867 mn, representing 8% of total sales revenues (2013: EUR 2,622 mn or 6%).

Sales in Turkey rose

Direct selling expenses, mainly consisting of third-party freight-out expenses, remained stable at EUR (342) mn (2013: EUR (343) mn). **Cost of sales**, which include variable and fixed

Summarized income statement			EUR mn
	2014	2013 [1]	Δ
Sales revenues	35,913	42,414	(15)%
Direct selling expenses	(342)	(343)	0%
Cost of sales	(32,504)	(37,699)	(14)%
Other operating income	314	705	(55)%
Selling and administrative expenses	(1,366)	(1,407)	(3)%
Exploration, research and development expenses	(485)	(530)	(9)%
Other operating expenses	(476)	(537)	(11)%
Earnings Before Interest and Taxes (EBIT)	**1,054**	**2,602**	**(59)%**
Net financial result	(177)	(311)	(43)%
Taxes on income	(264)	(562)	(53)%
Net income for the year	**613**	**1,729**	**(65)%**
Thereof attributable to hybrid capital owners	38	38	0%
Thereof attributable to non-controlling interests	219	528	(59)%
Net income attributable to stockholders of the parent	**357**	**1,162**	**(69)%**

[1] Figures for 2013 were adjusted due to the implementation of IFRS 11 "Joint Arrangements"

Improved net financial result

production costs as well as costs of goods and materials employed, decreased by 14% to EUR (32,504) mn. **Other operating income** declined to EUR 314 mn (2013: EUR 705 mn). The decrease compared to 2013 is mainly related to the sale of LMG Lagermanagement GmbH in the amount of EUR 440 mn, which was reflected in the previous year figure.

Selling and administrative expenses amounting in total to EUR (1,366) mn decreased by 3% compared to last year, mainly related to divestment activities in R&M (2013: EUR (1,407) mn).

Exploration expenses amounting to EUR (460) mn decreased by 10% compared to last year, mainly driven by write-offs of exploration licenses in the Kurdistan Region of Iraq and higher write-offs of exploration wells in Norway in 2013. **Research and development (R&D) expenses** increased by 48% to EUR (25) mn.

Other operating expenses decreased by 11% compared to 2013, amounting to EUR (476) mn. The 2013 figure included an impairment loss of the German Bayernoil refinery network and the related business following the reclassification to held for sale.

The **net financial result** amounted to EUR (177) mn (2013: EUR (311) mn). The improvement compared to last year was mainly related to an improved foreign exchange result. **Income from equity-accounted investments** in total amounted to EUR 180 mn (2013: EUR 170 mn) and reflected mainly the share of the pro rata result of Borealis group amounting to EUR 205 mn (2013: EUR 152 mn). **Dividend income** amounted to EUR 16 mn (2013: EUR 11 mn). The **net interest result** showed an expense balance of EUR (330) mn (2013: EUR (237) mn), mainly reflecting late payment interest charges following a tax review of the years 2009 and 2010 of OMV Petrom SA, partly compensated by lower interest expenses due to the improved financing structure.

Taxes on income were EUR (264) mn (2013: EUR (562) mn). Current income tax expenses amounted to EUR (515) mn (2013: EUR (693) mn) and deferred tax income amounted to EUR 251 mn (2013: EUR 131 mn). The Group's effective tax rate increased to 30% (2013: 25%).

Capital expenditure [1]			**EUR mn**
	2014	2013 [2]	Δ
Exploration and Production	2,951	4,431	(33)%
Gas and Power	243	270	(10)%
Refining and Marketing incl. petrochemicals	607	506	20%
Corporate and Other	31	32	(2)%
Total capital expenditure	**3,832**	**5,239**	**(27)%**
+/– Changes in the consolidated Group and other adjustments	670	1,156	(42)%
– Investments in financial assets	(76)	(183)	(58)%
Additions according to statement of non-current assets (intangible and tangible assets)	**4,426**	**6,211**	**(29)%**
+/– Non-cash changes	(592)	(1,443)	(59)%
Cash outflow due to investments in intangible and tangible assets	**3,834**	**4,768**	**(20)%**
+ Cash outflow due to investments in securities, loans and other financial assets	76	48	58%
Investments as shown in the cash flow statement	**3,910**	**4,816**	**(19)%**

[1] Includes acquisitions as well as equity-accounted investments and other interests; adjusted for capitalized decommissioning costs, exploration wells that have not found proved reserves, borrowing costs and other additions which by definition are not considered as capital expenditure
[2] Figures for 2013 were adjusted due to the implementation of IFRS 11 "Joint Arrangements"

Capital expenditure (CAPEX)

CAPEX decreased to EUR 3,832 mn (2013: EUR 5,239 mn).

E&P invested EUR 2,951 mn (2013: EUR 4,431 mn) mainly in field redevelopments, drilling and workover activities in Romania, and field developments in Norway and the UK. CAPEX in the **G&P** business segment of EUR 243 mn (2013: EUR 270 mn) was mainly related to the gas storage Etzel in Germany. CAPEX in the **R&M** segment amounted to EUR 607 mn (2013: EUR 506 mn), mainly comprising investments in the construction of the butadiene plant in Burghausen (Germany) and the modernization of the Petrobrazi refinery (Romania). CAPEX in the **Co&O** segment was EUR 31 mn (2013: EUR 32 mn).

The reconciliation of total capital expenditure to additions according to the statement of non-current assets (intangible and tangible) mainly relates to changes in the group of consolidated companies and additions, which by definition are not considered to be capital expenditure, as well as investments in financial assets. The difference between the additions shown in the statement of non-current assets and the investments reported in the cash flow statement partly arise from investments in intangible and tangible assets that did not affect cash flows during the period (including liabilities arising from investments, new finance leases, decommissioning and capitalized borrowing costs). In addition, cash outflows due to investments in financial assets are included in the overall investments shown in the cash flow statement.

CAPEX at EUR 3.8 bn in 2014

Summarized statement of financial position				EUR mn
	2014	%	2013 [1]	%
Assets				
Non-current assets	25,548	75	23,641	74
Intangible assets and property, plant and equipment	22,028	65	20,648	65
Equity-accounted investments	2,131	6	1,853	6
Other non-current assets	933	3	748	2
Deferred tax assets	456	1	392	1
Current assets	8,298	24	7,564	24
Inventories	2,231	7	2,456	8
Trade receivables	3,042	9	3,270	10
Other current assets	3,026	9	1,838	6
Assets held for sale	93	0	643	2
Equity and liabilities				
Equity	14,602	43	14,545	46
Non-current liabilities	10,445	31	8,894	28
Pensions and similar obligations	1,115	3	1,022	3
Bonds and other interest-bearing debts	4,642	14	3,899	12
Decommissioning and restoration obligations	3,148	9	2,765	9
Other provisions and liabilities	972	3	536	2
Deferred tax liabilities	568	2	673	2
Current liabilities	8,863	26	8,257	26
Trade payables	4,330	13	4,914	15
Bonds and other interest-bearing debts	598	2	996	3
Provisions and other liabilities	3,935	12	2,348	7
Liabilities associated with assets held for sale	29	0	151	0
Total assets/equity and liabilities	**33,938**	**100**	**31,848**	**100**

[1] Figures for 2013 were adjusted due to the implementation of IFRS 11 "Joint Arrangements"

Statement of financial position

Total assets increased by EUR 2,090 mn to EUR 33,938 mn. The increase in **non-current assets** amounting to EUR 1,907 mn was to a large extent related to investment activities in intangible assets and property, plant and equipment, which mainly included E&P investments in OMV Petrom, field developments in Norway and the UK and investments in the refineries in Germany and Romania, partly compensated by the impairments recognized during the year and the regular depreciation, depletion and amortization.

Equity-accounted investments increased by EUR 278 mn. Changes of equity-accounted investments included the result contribution of Borealis as well as the proportional results from other equity-accounted investments, translation of foreign operations and other changes. **Other non-current assets**, which primarily comprise non-current receivables, loans and securities, increased by EUR 185 mn to EUR 933 mn.

Deferred tax assets increased to EUR 456 mn.

Current assets increased by EUR 735 mn and amounted to EUR 8,298 mn as at December 31, 2014. The volatility of the oil price led to higher level of derivatives being the main reason for the EUR 1,188 mn increase in other current assets. On the other hand, **inventories** decreased by EUR 225 mn and **trade receivables** by EUR 229 mn mainly triggered by reduced business activities as a consequence of the Bayernoil divestment.

Sale of the 45% stake in the Bayernoil refinery network

Current assets held for sale decreased by EUR 551 mn, mainly due to the sale of the 45% stake in the German Bayernoil refinery network and the related business, partially compensated by the reclassification of certain assets in the Kurdistan Region of Iraq.

Equity (including non-controlling interest) remained stable, whereas the equity ratio decreased slightly to 43% (2013: 46%).

Pensions and similar obligations increased by EUR 94 mn. **Non-current decommissioning and restoration obligations** rose by EUR 384 mn, mainly due to reassessment of the provisions, primarily resulting from decreased interest rates.

Current and non-current bonds and other interest-bearing debts increased by EUR 345 mn, mainly due to the issuance of a new EUR 750 mn Eurobond and the increase in short-term financing, partly compensated by repayments made during the period.

Trade payables decreased by EUR 584 mn, mainly due to the divestment of the Bayernoil refinery and due to lower oil prices. **Current and non-current other provisions and other liabilities** increased by EUR 2,023 mn. The increase was driven to a large extent by the EUR 1,469 mn increase in **other financial liabilities** mainly due to a higher balance of derivatives primarily caused by the decline in oil prices. Other effects came from higher provisions for alleged late payment interest charges following a tax review of the years 2009 and 2010 of OMV Petrom SA, and higher finance lease liabilities.

Deferred tax liabilities decreased to EUR 568 mn.

Gearing ratio

As of December 31, 2014, short- and long-term borrowings, bonds and financial leases amounted to EUR 5,551 mn (2013: EUR 5,076 mn), while cash and cash equivalents decreased to EUR 649 mn (2013: EUR 705 mn) in total. On November 10, 2014, OMV issued a EUR 750 mn Eurobond with a coupon of 0.6% and a maturity date of November 19, 2018. **Net debt** increased by EUR 531 mn to EUR 4,902 mn (2013: EUR 4,371 mn). At December 31, 2014, the **gearing ratio**, defined as net debt divided by equity, was 34% (2013: 30%). This reflects the increase of short-term financing and finance leases.

Cash flow

The Group's cash flow statement is prepared using the indirect method, whereby adjustments are made for changes in the group of consolidated companies, foreign exchange differences and other non-cash transactions.

Cash flow from operating activities decreased by EUR 457 mn or 11% from EUR 4,124 mn to EUR 3,666 mn. The reconciliation of net income for the year to the cash flow from operating activities (before changes in working capital components) resulted in a net upward adjustment of EUR 2,648 mn for 2014 (2013: EUR 1,748 mn). The adjustment for depreciation, amortization and impairments was EUR 3,058 mn (2013: EUR 2,296 mn) and EUR (251) mn (2013: EUR (131) mn) for deferred taxes. The current tax expense less net tax payments resulted in a decrease of EUR 54 mn (2013: EUR 3 mn). The share of equity-accounted investments' result and other dividend income less the dividend payments received contributed to a decrease of EUR 153 mn (2013: EUR 147 mn). The net interest expenses related to loans and other liabilities less interest paid resulted in a decrease of EUR 46 mn (2013: EUR 26 mn). The net decrease in long-term provisions (including employee benefits and decommissioning and restoration obligations) resulted in a negative cash flow adjustment of EUR 14 mn (2013: EUR 38 mn). The total of write-ups of fixed assets and other non-cash items resulted in an increase of EUR 102 mn (2013: decrease of EUR 209 mn). Other non-cash items included among others the write-down of inventories related to the significant decline in prices at year end. In 2013, this position also reflected the gain from the sale of LMG Lagermanagement GmbH.

In 2014, there was a cash inflow from working capital components of EUR 405 mn (2013: EUR 647 mn). Receivables and inventories decreased by EUR 455 mn (2013: EUR 116 mn), the positive effect was mainly related to lower crude quantities in OMV Germany as a result of the Bayernoil divestment. Liabilities decreased by EUR 135 mn (2013: increase of EUR 536 mn). Short-term provisions increased by EUR 85 mn (2013: decrease of EUR 5 mn). The higher contribution from working capital components in 2013 is mainly a result of one-off effects from working capital improvement measures initially implemented in 2013. These measures were continued in 2014 but with a lower impact.

Cash outflows for investments in non-current assets of EUR 3,910 mn (2013: EUR 4,816 mn) were partly offset by proceeds from the sale of non-current assets, subsidiaries and businesses, net of cash disposed, amounting to EUR 516 mn (2013: EUR 835 mn), mainly related to the sale of the 45% stake in the Bayernoil refinery network and to other divestments. In 2013, LMG Lagermanagement GmbH, a company which holds and manages a major part of R&M's Austrian emergency stocks was sold. **Net cash outflow from investment activities** totaled EUR 3,394 mn (2013: EUR 3,981 mn).

Cash inflows from the net increase of short-term and long-term borrowings amounted to EUR 331 mn (2013: EUR 120 mn). In 2014, there were EUR 750 mn cash inflows from the issuance of a new Eurobond, compensated by the EUR 702 mn repayment of a Eurobond in April. In 2013, the Group issued a new Eurobond with a nominal value of EUR 500 mn, which was compensated by the EUR 138 mn partial repayment of a US Capital Market bond. In 2014, the Group acquired additional stake of 1.8% in OMV Petrol Ofisi A.Ş. and the remaining non-controlling interest in Adria-Wien Pipeline GmbH. In 2013, the Group acquired the non-controlling stake of 49% in Baumgarten-Oberkappel Gasleitungsgesellschaft m.b.H. and exercised the put options held by Oberösterreichische Ferngas Aktiengesellschaft that led to an increase of OMV's indirect stake in EconGas GmbH, partly compensated by the decrease in the stake held in Austrian Gas Grid Management AG. Cash outflows for dividend payments amounted to EUR 650 mn (2013: EUR 627 mn), of which EUR 408 mn (2013: EUR 391 mn) were paid

New Eurobond issued

to OMV shareholders, EUR 191 mn (2013: EUR 185 mn) to shareholders of non-controlling interests and EUR 51 mn (2013: EUR 51 mn) to hybrid capital owners. **Net cash outflow from financing activities** amounted to EUR 342 mn (2013: EUR 641 mn).

Risk management

OMV is an integrated, international oil and gas company. Its operations extend from hydrocarbon exploration and production and processing through to trading and marketing of mineral products and gas. Furthermore, OMV is operating two gas-fired power plants, in Romania and in Turkey. In common with the entire oil and gas industry, OMV is exposed to a variety of risks – including market, operational, strategic, regulatory, financial and political as well as hazard risks. It is OMV's view that the Group's overall risk is significantly reduced due to its substantial diversification and the related, partially offsetting effects of different risks. The balancing effects of offsetting industry risks, however, often lag or can weaken. Therefore, OMV's risk management activities focus on the group-wide net risk exposure of the existing and future portfolio. The areas of risk management and insurance are centrally coordinated within the Corporate Finance department, which ensures that well-defined and consistent risk management processes, tools and techniques are applied across the entire organization.

Risk policy objective is to safeguard the cash flows required by the Group

The overall objective of the risk policy is to safeguard the cash flows required by the Group and to maintain a strong investment grade credit rating in line with the Group's risk appetite. New business strategies and the associated risks are also monitored with respect to rating implications. Financial risks (e.g. market prices, currencies) are reviewed quarterly by the Financial Risk Committee. A cross functional committee with senior management members of OMV Group – the Risk Committee – ensures that an Enterprise Wide Risk Management (EWRM) program is in place to effectively manage the integrated risks across the OMV Group.

EWRM is continuously enhanced. The main purpose is to deliver value through risk-based management decision making. Thorough assessment of financial, operational and strategic risks should support the exploitation of business opportunities in a systematic manner in order to ensure sustainable growth in OMV's value. Since 2003, the EWRM system has helped to enhance risk awareness and risk management skills across the entire organization, including subsidiaries in more than 20 countries.

The risk culture is supported by an IT application facilitating the risk management processes established within OMV Group: risk identification, risk analysis, risk evaluation, risk treatment, reporting and risk reviewing through continuous surveillance of changes to the risk profile. Overall risk resulting from the bottom-up risk management process is computed with the aid of Monte Carlo simulations and compared against planning data. This is further combined with a senior management view from a top-down approach to capture the strategic risks. Reports on the findings of the EWRM process, together with risk reports from material associated companies, are submitted to the Executive Board and to the Audit Committee twice a year. In compliance with the Austrian Code of Corporate Governance, the effectiveness of the EWRM system is evaluated by the external auditor on an annual basis. The key non-financial and financial risks identified in respect of OMV's medium-term plan are market price risks, political risks, regulatory and compliance risks, business process risks, foreign exchange risks (particularly relating to the USD, RON, NOK and TRY), project risks, personnel risks as well as hazard risks.

Although OMV has extensive experience in the political environment in CEE and SEE and in its core oil and gas production areas, political developments in all markets where OMV operates are kept under constant observation. Furthermore, country-specific risks are assessed before entering new countries. Risks related to the EU Emission Trading Scheme (EU ETS) are separately recorded, aggregated for the Group as a whole, and monitored by a group-wide committee (Carbon Steering Committee) on an ongoing basis. In particular, the impact of the revised allocation rules in the EU ETS from 2013 onwards is being analyzed in detail. Furthermore, OMV is monitoring emerging regulations related to climate change in all operating countries. Through systematic staff succession and development planning, Corporate Human Resources plans for suitable managerial staff to meet future growth requirements in order to mitigate personnel risks.

Control and mitigation of identified and assessed risks takes place at all organizational levels using clearly defined risk policies and responsibilities. The key Group risks are governed centrally to ensure the ability to meet the strategic objectives, through the essence of corporate directives, including those relating to health, safety, security and environment, legal matters and compliance, human resources and corporate social responsibility, with special emphasis on human rights and market price risks.

Analysis and management of financial risks arising from foreign currencies, interest rates, commodity prices, counterparties, CO_2 emissions, liquidity as well as insurable risks are undertaken in a consolidated way within Corporate Finance.

Market price risk is monitored and analyzed centrally as to the potential cash flow impact using a specific risk analysis model that considers portfolio effects. Results of the risk analysis are discussed by the Financial Risk Committee comprising senior management of the business segments and corporate functions. Proposals for hedging strategies are submitted to the Executive Board for approval.

The primary foreign currency risks are related to RON, USD, TRY and NOK currency exposure. The Group has a net USD long position, mainly resulting from sales of oil and gas production.

The effects on cash flows and/or the statement of financial position (translation risk) as well as the correlation with the oil price are regularly monitored. Translation exposure also arises from consolidation of assets in Romania, Turkey, Norway and USD functional affiliates.

To balance the Group's interest rate portfolio, loans can be converted from fixed to floating rates and vice versa, according to predefined rules. The main counterparty credit risks are assessed, monitored and controlled at Group and segment level, using predetermined credit limits for all counterparties, banks and security providers. The procedures are governed by guidelines at OMV, OMV Petrom and Petrol Ofisi level.

Sustainability & HSSE (Health, Safety, Security, Environment)

At OMV, we have a long tradition of responsibility towards society and the environment. In 2014, we embedded sustainability further in our operations. The OMV sustainability strategy, "Resourcefulness", focuses on achieving profitable growth in a sustainable and responsible way. Being in the natural resources business, we see it as our responsibility to secure energy supply for the present and for the future.

Our Resourcefulness strategy is managed and overseen by two governance bodies: the Resourcefulness Executive Team comprises representatives of each Resourcefulness topic and business segment and is responsible for further developing the Resourcefulness strategy and implementing it into operations; the Resourcefulness Advisory Board comprises high-ranking external experts who advise us on how we can best develop the strategy, as well as providing feedback on current programs.

Improved Carbon Disclosure Project score

In 2014, we continued to make progress in sustainability. Detailed information on our performance can be found in the OMV Sustainability Report. We submit information to leading sustainability rating agencies such as oekom, Vigeo, MSCI and Ethibel, and report according to the Carbon Disclosure Project (CDP). In 2014, we significantly improved our CDP score from 81B to 99B and have been included in the DACH Carbon Disclosure Leadership Index (CDLI) as a top performer in the oil and gas sector.

Health, Safety, Security and Environment (HSSE) are a key value of our business. The physical and mental well-being and safety of our people, as well as the integrity of our operating facilities, are of crucial importance to us. Loss prevention and proactive risk management are essential to maintaining OMV's license to operate. Sadly, in 2014 there were three work-related fatalities. We are committed to working hard in order to create an incident-free environment wherever we operate following our Vision "ZERO harm – NO Losses".

We very closely monitored the security situation and performed orderly evacuations in Libya as well as in the Kurdistan Region of Iraq and we managed to ensure security of our employees and business continuity. With regards to our operations in high-risk countries, we maintain a close working relationship with our security intelligence providers, this enables proactive decisions regarding security protection (e.g. in Tunisia we detected an increased threat facing our operations in the southern dessert and we were quickly able to make appropriate enhancements to our protective measures).

Key actions in 2014 included:

- Roll-out of computer-based training initiatives on process safety
- Completion of a Hazardous Substance Project to assess hazardous substances and develop training materials for employees and emergency response staff
- Further increase in participation by top management in high potential incident investigations
- Implementation of flaring and venting reduction projects
- Launch of employee health promotion campaign, to improve health and build awareness of the importance of personal care

In 2014, OMV provided 281,952 HSSE training hours for its employees.

OMV's goal is to optimize our processes in order to use natural resources as efficiently as possible, and to reduce emissions and discharges. Spill risk management is a key focus across our operations.

In 2014, there were seven major hydrocarbon spills (L3-L5 according to OMV definitions), totaling 69,924 liters of hydrocarbons spilled. These were caused by corrosion and, in two instances, the cause was third-party activities.

OMV carries out a broad range of incremental energy efficiency improvements. The key is to reduce greenhouse gas (GHG) emissions and save energy costs. We have programs in place to drive down energy consumption across all our operations.

Eco-Innovation

We use our core expertise and technology to develop alternative energy sources, thereby creating new business opportunities.

For example, we are investing in second-generation biofuels and in hydrogen, with a plan in place together with partners to open up to 400 hydrogen filling stations in Germany by 2023. In Austria, we have commenced the wind2hydrogen project, under which we convert electricity produced by wind into hydrogen. Furthermore, we started to convert biomass into diesel in the Schwechat refinery. In 2014, all tests were finished and the economics are still under evaluation. The technology works; still further efforts need to be made to develop a robust business case.

Information required by section 243a Unternehmensgesetzbuch (Austrian Commercial Code)

The following information is disclosed according to section 243a Austrian Commercial Code:

1. The capital stock amounts to EUR 327,272,727 and is divided into 327,272,727 bearer shares of no par value. There is only one class of shares.

2. There is a consortium agreement between the two core shareholders, Österreichische Industrieholding Aktiengesellschaft (ÖIAG) and International Petroleum Investment Company (IPIC), which provides for coordinated behavior and certain limitations to transfers of stockholdings.

3. ÖIAG holds 31.5% and IPIC holds 24.9% of the capital stock.

4. All shares have the same control rights.

5. Employees who are shareholders directly exercise their voting right at the Annual General Meeting.

6. The Company's Executive Board must consist of two to six members. The Company's Supervisory Board must consist of at least six members elected by the Annual General Meeting and of the members nominated under section 110 (1) Arbeitsverfassungsgesetz (Austrian Labor Constitution Act). To approve capital increases pursuant to section 149 Aktiengesetz (Austrian Stock Corporation Act) and alterations of the Articles of Association (except those concerning the Company's objects), simple majorities of the votes and capital represented in adopting the resolution is sufficient.

7. a) The Executive Board has been authorized by resolution of the Annual General Meeting held on May 13, 2009, to increase, subject to the consent of the Supervisory Board, the capital stock of the Company by May 13, 2014, in one or more tranches, by an aggregate amount not exceeding EUR 77,900,000 by issuance of up to 77,900,000 new common shares in bearer form against cash or contributions in kind, also to the exclusion of shareholders' rights of subscription in the event of contributions in kind and, subject to the consent of the Supervisory Board, to set the issue price and conditions of issuance (authorized capital). By partly exercising the said authorization, the Executive Board, based on its resolutions dated May 16, 2011 and June 6, 2011 and upon approval by the Supervisory Board, increased the capital stock from EUR 300,000,000 by EUR 27,272,727 to EUR 327,272,727 by issuing 27,272,727 new shares (capital increase in cash from authorized capital). As a result of the mentioned capital increase, the Executive Board was authorized to increase, subject

Focus on second-generation biofuels and hydrogen

to the consent of the Supervisory Board, the capital stock of the Company by May 13, 2014, in one or more tranches, by an aggregate amount not exceeding EUR 50,627,273 by issuance of up to 50,627,273 new common shares in bearer form against cash or contributions in kind, also to the exclusion of shareholders' rights of subscription in the event of contributions in kind and, subject to the consent of the Supervisory Board, to set the issue price and conditions of issuance (authorized capital).

b) With regard to the expiration on May 13, 2014 of the authorized capital decided upon by the Annual General Meeting on May 13, 2009, the Annual General Meeting has authorized the Executive Board on May 14, 2014, subject to the approval of the Supervisory Board, to increase by May 14, 2019, once or in several tranches, also 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, against cash contributions, the share capital by not more than EUR 32,727,272 by issuing up to 32,727,272 new no-par value common voting shares in bearer form. Subject to the approval of the Supervisory Board, the Executive Board has been authorized to exclude in this connection the subscription right of the shareholders (i) to adjust fractional amounts or (ii) to 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 and subject to the approval of the Supervisory Board, to set the issue price and conditions of issuance (authorized capital). The Supervisory Board has been authorized to adopt amendments to the Articles of Association resulting from the issuance of shares according to the authorized capital.

c) On May 17, 2011, the Annual General Meeting authorized the Executive Board to repurchase treasury shares of up to 10% of the capital stock during a period of 30 months from the day of the resolution in question. Treasury shares could be repurchased via the stock exchange, by way of public tender or in any other legally permitted way and to any legally permitted purpose until November 16, 2013. The Executive Board had also been authorized to rescind treasury shares upon repurchase as well as treasury shares currently owned by the Company without any further resolution by the Annual General Meeting until the same date.

d) The Executive Board has also been authorized until May 16, 2016, upon approval by the Supervisory Board but without any further resolution by the Annual General Meeting, to sell or use treasury shares upon repurchase as well as treasury shares currently owned by the Company via the stock exchange, by way of public tender, or in any other way. In particular, treasury shares can be utilized (i) to satisfy stock option and Long Term Incentive Plans for employees, executive staff and members of the Executive Board or the management of the Company or affiliated subsidiaries as well as other employees' bonus schemes, (ii) for convertible bonds, if issued, (iii) as a compensation for the acquisition of enterprises, participations or other assets and (iv) to any other legally permitted purpose. The general shareholders' subscription rights can be excluded and this authorization can be exercised wholly or partly.

8. In addition to the capital increase, a hybrid bond with a size of EUR 750 mn was placed on the market on May 25, 2011. As the repayment of principal and the payments of interest are solely at the discretion of OMV, according to IFRS, the proceeds of the hybrid bond (less costs of issuance) were fully treated as equity. The hybrid bears a fixed interest rate of 6.75% until April 26, 2018, thereafter a reset fixed rate (to be determined) until April 26, 2023, and thereafter a floating interest rate with a 100 basis points step up. The hybrid bond has no scheduled maturity date and may be redeemed at the option of OMV under certain circumstances. OMV has in particular the right to repay the hybrid bond at certain dates. In the case of a change of control, OMV may call the hybrid bond for redemption or else the applicable interest rate will be subject to an increase according to the terms and conditions of the hybrid bond.

9. At December 31, 2014, no other material agreements to which OMV is a party are in place which in case of change of control due to a takeover offer would come into effect, be amended or terminated.

10. There are no agreements between the Company and members of the Executive Board and Supervisory Board or employees regarding the payment of compensation in the event of a public takeover bid.

11. The most important elements of the internal control and risk management system regarding the accounting process are the following: Standards for the internal control system are defined by internal Corporate Guidelines. Corporate Internal Audit controls the compliance with these standards through regular audits, based on the annual audit plan approved by the audit committee, or through ad-hoc audits. The results of those audits are presented to the audit committee. The establishment of group-wide standards for the preparation of annual and interim financial statements by means of the corporate IFRS Accounting Manual is also regulated by an internal Corporate Guideline. The Group uses a comprehensive risk management system. The essential processes of the financial reporting system have been identified and analyzed. For the main "End-to-end" processes (e.g. Purchase-to-Pay, Order-to-Cash) group-wide standards are defined. Based on a rolling time plan, the implementation and the effectiveness are being monitored. In addition, the effectiveness of the risk management system is regularly evaluated by external auditors. The results of the evaluation are reported to the audit committee.

Subsequent events

Please refer to Note 37 in the Consolidated Financial Statements.

Outlook

Mid-term guidance

In order to reflect the significant decline of the oil price together with the unpredictability of our Libyan production, we have scaled back our investment program. The guidance for the average Group CAPEX for the period 2015-2017 is at approximately EUR 2.5 to 3.0 bn p.a. (the lower end of the range represents an oil price assumption of approximately USD 50/bbl going forward for the next three years) with roughly 80% being directed to Upstream. While we remain committed to the major projects expected to contribute to our previously stated 2016 production target of ~400 kboe/d, the changes to the investment program will inevitably lead to a delay in reaching this production level. Our target remains to achieve a broadly neutral free cash flow after dividends over the medium term. The revisions to the investment program support us in this objective. ROACE performance in the mid-term will be adversely affected by capital invested in field development projects as well as by the low oil price. We continue to stay

Average Group CAPEX of approx. EUR 2.5 to 3.0 bn p.a. for 2015-2017

committed to our long-term gearing ratio target up to 30% and to our dividend policy (long-term payout ratio target of 30%).

Market environment

For the year 2015, OMV expects the Brent oil price to average between USD 50 to 60/bbl. The Brent-Urals spread is anticipated to stay relatively tight. The gas market environment is expected to remain highly challenging. In 2015, refining margins are expected to come down from the recent highs, due to still persisting overcapacity on European markets. In the petrochemical business, margins are anticipated to remain at similar levels to 2014. Due to the decreased oil price, lower product prices are expected to support the demand in the marketing business. The marketing business in Turkey will continue to be negatively affected by regulatory intervention.

Exploration and appraisal expenditure of around EUR 0.5 bn in 2015

CAPEX for 2015 is expected to be in the range of EUR 2.5 to 2.8 bn. OMV has started a program to ensure the company's fitness for a potentially prolonged low oil price environment by implementing cost cutting measures and focusing on capital efficiency.

Upstream

Production interruptions in Libya and to a lesser extent in Yemen, have impacted our overall production since political disturbances began in 2011. Uninterrupted full capacity from these countries could provide ~43 kboe/d in 2015. Excluding these two countries, we expect total production for 2015 to average approximately 300 kboe/d. In Romania and Austria, production is expected to come in at the lower end of the targeted production range of 200-210 kboe/d. In Norway, the combined production from Gudrun and Gullfaks fields stood at ~35 kboe/d in 2014 and will further increase as additional wells at the Gudrun field are expected to come on stream this year. Following "first oil" at the Maari Growth project, production in New Zealand is expected to continue to ramp up as additional wells are planned to be drilled at Maari by mid-2015. Upstream capital expenditure for 2015 is expected to be roughly 80% of total Group CAPEX and includes the following major investment projects: Gullfaks, Aasta Hansteen, Edvard Grieg and Gudrun in Norway, field redevelopments in Romania, Nawara in Tunisia and Schiehallion in the UK. In the Neptun block (Romanian Black Sea), drilling at the Domino-2 well was completed in Q4/14 and data from the well is currently being evaluated. The Ocean Endeavor semisubmersible drilling rig has since been moved and is currently drilling the Pelican South-1 exploration well. Further exploration drilling is planned in 2015. The results from the Domino-2 and the Pelican South-1 wells, together with data from additional exploration wells, will be used for the evaluation of the consolidated block potential. Exploration and appraisal expenditure will be around EUR 0.5 bn in 2015. High impact wells planned for 2015 are expected to be drilled in Romania (Black Sea), Norway (Barents Sea and the Norwegian Sea) and West of Shetland.

Downstream

The review of the gas and power asset portfolio (including divestment options) will be finalized in the first half of the year 2015. As announced in October 2014, a combined business segment Downstream, integrating the Gas and Power and Refining and Marketing business segments, is effective as of January 1, 2015. Detailed analysis and planning of the integration of the R&M and G&P businesses into a combined Downstream segment is being performed with the necessary restructuring to commence in the second half of 2015.

The optimized asset structure including the finalized modernization of the Petrobrazi refinery and the sale of the Bayernoil stake further enhanced the stable profit and cash contribution from the refining business, which will be reflected in the 2015 performance. No major refinery shutdowns are planned in 2015. The ongoing regulatory intervention in Turkey (margin ceiling) together with the volatile economic development will further negatively influence Petrol Ofisi's profitability. Following agreements with major gas suppliers, the long-term gas supply contracts now reflect the prevailing market conditions, however, the gas sales margins are expected to remain under pressure. In gas logistics, the gas transportation business is expected to stabilize at lower levels, due to the business restructuring implemented in 2014. Spark spreads in Romania are expected to remain weak, impacting the contribution from the Brazi power plant. Despite the ongoing volatile economic development in Turkey, the power plant Samsun is expected to deliver a positive contribution in 2015.

Vienna, March 18, 2015

The Executive Board

Gerhard Roiss

David C. Davies

Jaap Huijskes

Manfred Leitner