



wintershall dea

CALL TRANSCRIPT

WINTERSHALL DEA 4TH QUARTER AND FY 2020 RESULTS PRESENTATION

Date:

24.02.2021

Page:

1 of 22

Aleksander Azarnov – SVP Investor Relations

Good morning everyone and welcome to our fourth quarter results presentation. Hope everyone is doing well.

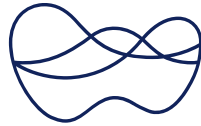
As usual, together with me on the call we have our CEO and Chairman of the Board Mario Mehren and CFO Paul Smith, who will lead you through today's presentation.

Mario will take you through the highlights of the year. Paul will then talk about our financials and what to expect in the coming year.

As always, I'd like to draw your attention to the disclaimer. In today's presentation we will be making forward-looking statements that refer to our estimates, plans and expectations which are all subject to assumptions and risks as stated there.

At the end, we will have plenty of time for questions.

With that, I'm delighted to pass straight over to Mario to start the call.



wintershall dea

CALL TRANSCRIPT

Date:
24.02.2021

Page:
2 of 22

Mario Mehren – Chief Executive Officer

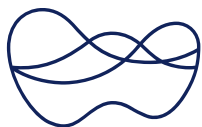
Thank you, Aleks.

Good Morning everyone and thank you for joining us today. I hope that you and your families are well and healthy.

We all know that 2020 was a challenging year not only in business life but also in our private life, with so many people around the world severely impacted by the COVID-19 pandemic. And before we move on to our presentation, I would like to thank all of the people working tirelessly to fight the pandemic and our teams around the world who made sure we had both, a safe and a successful year.

Let's keep our fingers crossed that with the accelerating vaccine rollout we can be cautiously optimistic for better days ahead in 2021.

Let me begin by presenting some of our highlights from last year.



wintershall dea

CALL TRANSCRIPT

Date:
24.02.2021

Page:
3 of 22

PAGE 4 – KEY ACHIEVEMENTS IN 2020

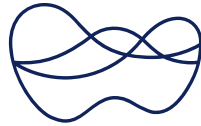
Early in the pandemic, we acted decisively and swiftly to ensure safe operations for our people, but also for our business. We reset our activity sets to reduce capex, make further inroads in to reducing our operating costs, and suspended our common dividend.

Despite the many challenges and obstacles, we faced during the year, we were able to keep the barrels flowing around the globe and deliver record production of 623,000 boe/d, at the top end of our original guidance of 600,000-630,000 boe/d.

Having successfully brought on stream Ærfugl and Snorre in Norway, and with record production from our business in Russia and Northern Europe, we exited the year with strong operating momentum with 4Q production of 654 mboe/d.

In line with our cash prioritization framework, we reset our activity level reducing capex from our original pre-pandemic plans of around €1.5 billion to €1.2 billion, reduced exploration expenditures to €154 million, and suspended the common dividend to protect the balance sheet in a highly uncertain environment.

Our actions have allowed us to end the year in a free cash flow positive position. In addition, we further strengthened the balance sheet through the recent successful €1.5 billion subordinated notes issuance with proceeds used to de-lever the balance sheet, allowing us to bring our pro-forma leverage



wintershall dea

CALL TRANSCRIPT

Date:
24.02.2021

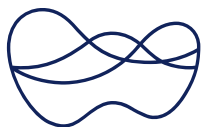
Page:
4 of 22

down to 2.4x net debt to EBITDAX, and will look for opportunities to further reduce our leverage this year.

The integration of the legacy companies was successfully finalized. The majority of the planned staff reductions took place during the year and we continue to generate additional synergies from the merged companies. In 2020 we were able to deliver €180 million of synergies and I'm confident that we will not just meet our original 2022 cash synergies target of €200 million per year but expect we will significantly exceed and accelerate the merger related benefits.

Lastly, in November we communicated our commitment to net zero operations by 2030 for our entire portfolio and we are making good progress on this important topic. I'd like to come back to share more details on this shortly.

I can confidently say that we have been delivering on our strategy while preserving financial strength.



wintershall dea

CALL TRANSCRIPT

Date:
24.02.2021

Page:
5 of 22

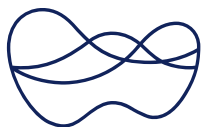
PAGE 5 – OPERATIONAL HIGHLIGHTS

We achieved several milestones in terms of operational highlights. Our Northern European and Russian production reached record levels for the full year of 206mboe/d and 295mboe/d respectively, in particular driven by the very high levels of production in the last quarter of 221mboe/d and 315mboe/d respectively.

In Norway, Ærfugl and Snorre started production during the year on time and on budget. Unfortunately, we have seen Covid-19 implications on the efficiency of completing two of our major projects in Norway - Njord and Nova – and now expect these projects to come on-stream in 1H 2022 and 2H 2022 respectively.

In addition, while we saw first test production from our Dvalin development at the end of the year, unfortunately we experienced higher than anticipated mercury levels in the reservoir, requiring the implementation of a remediation solution which will delay production start to the second half of 2022. With these three remaining major projects in Norway due to come on-stream next year, we expect to see a significant production build in Norway in 2022 and 2023.

In Russia, the production from the Turonian layer of the Yuzhno-Russkoye field came onstream. Also the development of the Achimov 4A/5A projects progressed well despite the pandemic, allowing for a start of the commissioning of Achimov 4A in January this year.



wintershall dea

CALL TRANSCRIPT

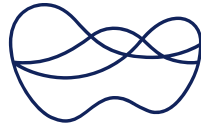
Date:
24.02.2021

Page:
6 of 22

Turning to the MENA region, where most of our attention now is on Raven in Egypt and Ghasha in the UAE. Raven, the last piece of the West Nile Delta development is currently in commissioning phase, and we expect the project to significantly ramp-up production in the months ahead.

In the UAE, together with our partners and the operator ADNOC, we have placed the large Ghasha project in to a recycle mode which has included a retender of major EPC contracts, and we anticipate we will be able to sanction a significantly improved project this year.

Last but not least Latin America. During the year we executed a successful exploration campaign in Mexico, with significant oil discoveries in Polok and Chinwol. The assessment of these discoveries is ongoing, and we are planning follow-up appraisal programme in 2021. In addition, we expect to make progress in the 1st half of this year with the unitisation process of the large-scale Zama discovery, allowing the project to move forward towards FID next year.



wintershall dea

CALL TRANSCRIPT

Date:
24.02.2021

Page:
7 of 22

PAGE 6 – OUR CLIMATE TARGETS AND AMBITIONS

Moving on to sustainability.

High ESG standards are firmly anchored in our strategy. As part of this, in our last earnings call we announced our energy transition pathway with a clear and ambitious set of targets:

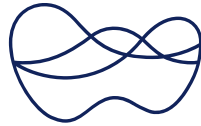
Firstly, we target to achieve Net Zero greenhouse gas emissions by 2030 from our operations. And this not only for our operated activities but also for our non-operated activities, on an equity basis.

Secondly, as a founding member of the Methane Guiding Principles industry initiative, we work towards continually reducing methane emissions. We have committed ourselves to achieving methane emissions intensity of below 0.1% by 2025 and beyond.

Thirdly, we have already committed to the World Bank's "Zero Routine Flaring by 2030" initiative. As you may know, we have already eliminated routine flaring at our operated assets.

Last, but certainly not least, we will work to reduce our net carbon intensity including the emissions of our products towards and after 2030. This reduction of Scope 3 emissions is of course a task not only for Wintershall Dea as a company, but one for the entire society.

Let me expand on this topic and share with you more on what we have been doing and what we plan on doing in the coming years.



wintershall dea

CALL TRANSCRIPT

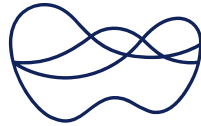
Date:
24.02.2021

Page:
8 of 22

PAGE 7 – OUR FOUR PILLAR CLIMATE APPROACH

In order to achieve our goals, we are implementing a four-pillar approach:

To begin, we continuously review our portfolio, focussing on carbon-efficient assets and activities. We then further implement strict emissions management in operations. Emissions that cannot be avoided at a reasonable cost through portfolio and emissions management will be compensated through investments in nature-based solutions, such as afforestation or conservation projects and the development and the use of CCS and related hydrogen activities.



wintershall dea

CALL TRANSCRIPT

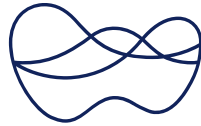
Date:
24.02.2021

Page:
9 of 22

PAGE 8 – PORTFOLIO AND CARBON MANAGEMENT

The first pillar is all about portfolio construction. We start from a very good basis with 70% of our reserves and production being natural gas and we expect natural gas to be the prevailing part of our portfolio. To steer our portfolio further towards lower emissions, we consider Greenhouse Gas emissions as a key metric, including carbon pricing when making investment decisions.

The second pillar is emissions management and energy efficiency in operations: At around 11kg CO₂e/boe, our Greenhouse Gas intensity is already low compared to the IOGP average. We are working constantly on implementing energy efficiency and emissions reduction measures in our activities. For example, we started to supply our Mittelplate installation with 100% renewable electricity. Other measures include reducing methane emissions and minimizing process venting or non-routine flaring.



wintershall dea

CALL TRANSCRIPT

Date:
24.02.2021

Page:
10 of 22

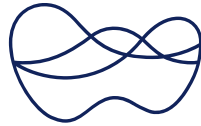
PAGE 9 – OFFSETTING AND TECHNOLOGY

The path to significantly lower our Scope 1 and 2 emissions is clear and our first priority is to avoid Greenhouse Gas emission wherever possible. However, for those emissions that cannot be avoided at reasonable cost, we intend to compensate by investing in nature-based solutions, which is the third pillar of our approach.

Nature based solutions provide a high degree of CO2 abatement, are cost efficient, benefit from economies of scale, create jobs, improve biodiversity and living quality for the social communities. Our goal for the next years is to develop, together with selected partners, own projects and to constantly build and commercially manage an offsetting portfolio in core regions.

The last of our four-pillar climate approach is the technology development to facilitate the energy transition.

We will continue to focus on technology and innovation, with natural gas playing a crucial role in reducing carbon footprint of the energy sector. We are investing in technologies like carbon capture and storage and hydrogen, which are key for decarbonising the economy, as well as drawing on our core competencies. By working on and investing in CCS and hydrogen projects, we are delivering on our goal to reduce the net carbon intensity from initial production to the final consumption of energy, and with that to the reduction of Scope 1, 2 and 3 emissions. Our new organisational set up with a separate division for CCS and hydrogen enables us to identify pilot projects.



wintershall dea

CALL TRANSCRIPT

Date:
24.02.2021

Page:
11 of 22

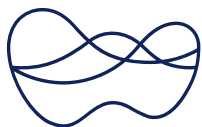
And we already started our first projects:

For example, Project Greensand offshore Denmark, where together with our partners we are currently developing one of our depleted oil fields to be re-used as a long-term storage for CO₂ emissions. The first project phase is underway and has already received the independent certification of DNV GL, proving the suitability of the reservoir for CO₂ injection.

A **second** project is our H2Move at our Mittelplate field in Germany where we plan to convert the production of associated gas into hydrogen for initial use to propel the supply vessels that supplies the Mittelplate facilities in a climate friendly way.

A **third** project kicked-off last year is a CCS project in the Netherlands, where we aim to take advantage of our operational expertise in the country with a large number of mature, operated gas fields to become a prototype for accelerating our CCS vision. The depleted fields held by our Joint Venture Wintershall Noordzee have significant CO₂ storage potential and are in proximity to large CO₂ producers onshore.

Or last but certainly not least is our cooperation with the Karlsruhe Institute of Technology (KIT), a project to further develop the turquoise hydrogen technology to provide the foundation for a pilot plant generating hydrogen via methane pyrolysis.



wintershall dea

CALL TRANSCRIPT

Date:
24.02.2021

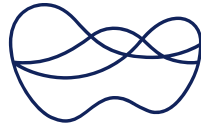
Page:
12 of 22

PAGE 10 – OUR SOCIAL AND GOVERNANCE GOALS

Although the environmental impact of our business is of great importance, we must not forget about the other two topics on ESG: the 'S and the G', our social and governance goals.

I cannot stress enough that health and safety are core values and are firmly embedded in our strategy and our daily business. We have the mindset, systems and processes in place to further improve our performance and to learn from incidents if they occur. We strive to lead by good example on every aspect of health and safety and our aim is to meet the highest possible standards and continue driving our goal of 'zero harm'.

Not only do we focus on keeping our employees and partners safe, but we care for them and we care to have a close representation of our society amongst our team. Traditionally, the oil and gas industry has been a sector with a male-dominated workforce, but we want that to change. Today, the proportion of women employed at Wintershall Dea is about 30 %, higher, than the industry average. And we will continuously increase the proportion of women in our team. In terms of leadership, we aim to increase the proportion of women in the executive positions to over 30 % by 2025. In 2020 we already increased the share of female executives from 22% in 2019 to 24% by the end of 2020. So, we are not there yet, but well on track.



wintershall dea

CALL TRANSCRIPT

Date:
24.02.2021

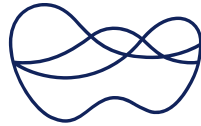
Page:
13 of 22

At Wintershall Dea, we are convinced that diversity contributes to business success. We promote an inclusive company culture, with over 60 nationalities represented in our workforce. We aim for this diversity to also be reflected in our leadership team: our goal is to maintain a high proportion of executives with varied nationalities in our executive positions of over 35 %.

Finally, we as an organization are committed to the levels of transparency and the implementation of leading reporting and governance systems. We are convinced, that transparency fosters trust, and trust is a fundamental value for us.

Therefore, we are proud that we achieved a top ESG risk rating by Sustainalytics in November 2020. Wintershall Dea belongs to the top 5% Oil & Gas Producers and our management of sustainability has been evaluated as strong.

And with that I will hand over to Paul.



wintershall dea

CALL TRANSCRIPT

Date:
24.02.2021

Page:
14 of 22

Paul Smith – Chief Financial Officer

Thanks Mario and good morning everybody.

PAGE 12 – MACROECONOMIC BACKDROP

Turning first to the market environment, where last year we witnessed unprecedented commodity prices. At the beginning of the year, gas prices were under significant pressure from lower demand in Asia and high volumes of LNG supply coming from the US. As the pandemic unfolded and global economies stalled, we witnessed demand destruction of close to 10 million barrels a day, and were it not for the co-ordinated and disciplined OPEC plus intervention, we would have seen even greater pressure on oil prices. In the end we saw Brent prices average \$43 per barrel – some 35% lower than in 2019, with gas prices averaging \$3.1 mcf – some 40% lower than the previous year.

With oil markets showing signs of rebalancing, and strong gas demand on the back of a cold-snap pointing to coming out of winter with low storage levels in Europe, we are cautiously optimistic on commodity prices looking forward.



wintershall dea

CALL TRANSCRIPT

Date:
24.02.2021

Page:
15 of 22

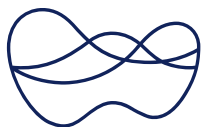
PAGE 13 – LIVING WITHIN OUR CAPITAL ALLOCATION FRAMEWORK

Throughout the year, we have demonstrated our commitment to our well-defined cash prioritisation framework, anchored on our investment grade rating and protecting the balance sheet.

Our **first** call on cash has been, and will remain to be, our committed expenditures focused primarily on completing the major projects that are in various stages of maturity. A number of these projects have come onstream throughout 2019, and we will continue to see strong growth from our major projects coming on-stream in 2021 and 2022.

The **second** call on cash is our balance sheet. We took swift and decisive action early in the pandemic to protect the balance sheet. We reset our development activities, deferring some and cancelling all together others, allowing us to reduce our development capex by 20% relative to our original plans for 2020. Similarly, we optimised our exploration spend for the year, reducing spend to €154 million, 60% down on 2019.

In this challenging year, we took the difficult decision to suspend our dividend, allowing the company to protect the balance sheet in a highly uncertain environment. Having weathered the storm well, we intend to recommence our dividend this year and build out capacity to pay a competitive, sustainable, dividend going forward.



wintershall dea

CALL TRANSCRIPT

Date:
24.02.2021

Page:
16 of 22

PAGE 14 – 2020 PERFORMANCE

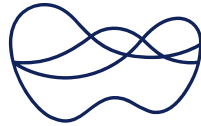
Turning now to our full year performance with five key messages.....

Firstly, our health and safety performance was not where we wanted to be last year. While we have continued to make good progress in building our HSE foundations, allowing us to reduce our total recordable rate by over 20%, we unfortunately saw an increase in our lost time incidents. We continue to put the health and safety of all who work with us first and expect to see significant further progress as we strengthen our foundations.

Secondly, our average daily production for the year came in at 623,000 barrels of oil equivalent - representing the higher end of our initial, pre-pandemic, guidance range of 600,000-630,000 barrels of oil equivalent. We exited the year with strong operating momentum averaging 654,000 boe/d in the 4th quarter, including record production of 315,000 boe/d from our business in Russia.

Thirdly, we continued to make progress on driving further efficiencies into the cost structures of our operating businesses, delivering underlying production costs of €3.5/boe, and further underpinning our peer leading cost structure and resulting resiliency of our business.

Fourthly, our total capex of €1.2 billion is about 20% lower than 2019 and in line with our guidance for the year.



wintershall dea

CALL TRANSCRIPT

Date:
24.02.2021

Page:
17 of 22

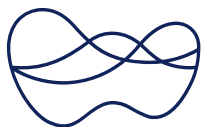
And finally, on financials where our results were of course greatly impacted by the lower commodity price environment, with EBITDAX down to €1.6 billion, and our adjusted net income down to €195 million for the year. However, despite the most challenging of years I'm pleased to be able to report that we were able to deliver a positive free cash flow of €159 million for the year.

PAGE 15 – COST PERFORMANCE

Moving on to costs.

As mentioned already in earlier remarks, we remain focused on delivering further improvements in the cost efficiency of our operations, and of course 2020 was no exception. Our underlying production costs of €3.5/boe were another 8% improvement on 2019 and has resulted in a 30% reduction in unit production costs since 2017.

As we look forward, we expect our production costs to remain below €4/boe, and over the next few years trend to less than €3.5/boe as we continue to build out volumes.



wintershall dea

CALL TRANSCRIPT

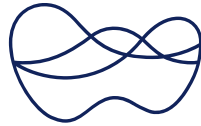
Date:
24.02.2021

Page:
18 of 22

PAGE 16 – PROFITABILITY

Our full year EBITDAX of €1.64 billion was around 40% lower compared to 2019 impacted not only by lower commodity prices but also by the deconsolidation of our midstream business at the end of 2019. On the back of higher realisations in the 4th quarter, in particular for gas, we were able to increase EBITDAX from €399 million in the 3rd quarter to €500 million in the 4th quarter.

We posted a net loss of €839 million for the year which included around €1.2 billion of impairments on the back of a lowering of our long-term commodity price assumptions. Adjusted net income, backing out one-off special items like impairments, resulted in an underlying adjusted net income for the year of €195 million.



wintershall dea

CALL TRANSCRIPT

Date:
24.02.2021

Page:
19 of 22

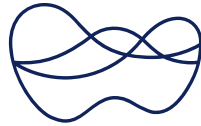
PAGE 17 – LIQUIDITY AND NET DEBT

Moving on to page 17 and our liquidity and net debt.

With close to €300 million of free cash flow in Q4, we ended the year with €159 million of free cash flow, and have further strengthened our balance sheet with over €800 million of cash at year-end.

In addition, while we successfully built our liquidity position to €2.2 billion to be able to absorb the shocks to the system, we fortunately have not had to access any of the established defences and remain undrawn on all of our lines.

Finally, we further strengthened the balance sheet last month by successfully executing a €1.5 billion placement of subordinated notes, taking advantage of strong debt capital markets which demonstrated strong support for the offering with a significantly oversubscribed order book allowing us to upsize our offering from €1 to €1.5bn, and print a competitive coupon. Having used all proceeds to retire most of the term debt, we have been able to reduce our LTM leverage from 3.4x net debt to EBITDAX, to 2.4x and expect to continue to make progress this year to bring leverage back down within our mid-term target range of less than 2x. In addition, we have been able to push out our debt maturity profile, with our first tranche of debt now not due until 2023



wintershall dea

CALL TRANSCRIPT

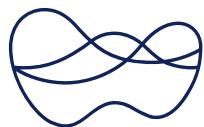
Date:
24.02.2021

Page:
20 of 22

PAGE 19 – DEVELOPMENT PROJECT STATUS

With 3 of our major projects – Aerfugl and Snorre in Norway and the Turonian layer in Yuzhno-Russkoye - successfully brought on-stream late last year, we exited the year with strong operating momentum and 4th quarter production of over 650 mboe/d. The next two major projects due to come on-stream – Raven in Egypt and Achimov 4A/5A in Russia – are both going through final commissioning before we expect to see these projects come on-stream in 1Q and 2Q respectively.

While we have been able to mitigate many of the impacts of the pandemic in 2020, unfortunately it has had an impact on the progress of some of our major projects in Norway. Personnel restrictions in both the construction yards and on offshore facilities have adversely impacted the progress in 2020 of both the Njord and Nova developments, and we now expect these major projects to come on-stream in 1H 2022 and 2H 2022 respectively. In addition, as already mentioned the higher than anticipated mercury level experienced during the start-up of our Dvalin development is going to require the build out of mercury recovery systems, and will result in the delay of commercial production on Dvalin to the second half of 2022.



wintershall dea

CALL TRANSCRIPT

Date:
24.02.2021

Page:
21 of 22

PAGE 20 – GUIDANCE AND OUTLOOK

While the delays in some of our major projects have deferred some of our anticipated production build out from 2021, we still anticipate a healthy year of production growth and expect to see full year production of 620,000-640,000 boe/d.

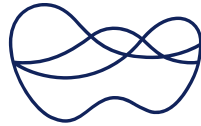
As we have always said even prior to the pandemic, we expect to see our capital investment programmes moderate from 2021 onwards as we invest consistent with our long-term strategy. As such, we expect to invest 2021 development capex within a range of €1-1.1 billion.

In terms of exploration spend, we expect to invest at a similar level to 2020 with a focused exploration programme of €200-250 million this year.

When we combine the anticipated production growth in 2021 with a reduced capital investment programme, we will continue to make progress in further lowering our all-in FCF B/E, and hence improving the resiliency of our portfolio. For illustrative purposes, assuming a common dividend of €600 million, our all-in FCF break-even for 2021 is at around \$25/bbl Brent, assuming a TTF gas price of \$5/mcf.

in 2022 and 2023 from the aforementioned major projects coming on-stream, we expect to continue to make meaningful progress in further driving down our all in FCF Break-even costs over the coming years.

And with that I will now hand it back to Mario.



wintershall dea

CALL TRANSCRIPT

Date:
24.02.2021

Page:
22 of 22

Mario Mehren

Thank you Paul.

2020 was undoubtedly a difficult year for everybody and I'm proud of the way that the Wintershall Dea team responded to the challenge. We took early and decisive actions at the beginning of the pandemic to keep our colleagues safe and to ensure continuity of operations which have allowed the company to end an extremely challenging year in a strong position.

Looking ahead... 2021 will certainly be a year with continued high levels of uncertainty as well as volatility, and while we remain cautious, we look forward to an exciting year.

With that – operator, over to you.