

wintershall dea

MEDIA VIDEO CALL - MARIO MEHREN STATEMENT

**WINTERSHALL DEA Q1 2022 MEDIA VIDEO CALL
MARIO MEHREN STATEMENT**

Date:
28.04.2022

Page:
1 of 9

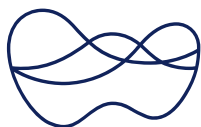
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Good morning everyone and thank you for joining us.

Nine weeks ago, as Russian tanks rolled into Ukraine, I said I was shocked and appalled by the Russian government's war of aggression. Since then, my horror has only grown. In the last nine weeks we have witnessed unimaginable brutality. Atrocities - **war crimes** - committed against civilians. Millions of Ukrainians have been forced to flee. All the result of an **unjustifiable** war of aggression.

Wintershall Dea has been active in Russia for over 30 years. But even long-standing economic partnerships have **red lines**. Russia has **crossed a red line** with this war of aggression. Indeed, the war marks a **fundamental turning point**:

- a turning point for European and global geopolitics.
- and a **fundamental turning point** for Wintershall Dea.



wintershall dea

MARIO MEHREN STATEMENT

Date:
28.04.2022

Page:
2 of 9

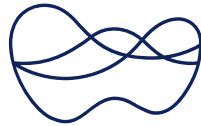
The international community has reacted to the war of aggression with tough sanctions. The right decision. **We** have **reacted, too**. Just days after the start of the war:

- We announced the impairment of our Nord Stream 2 financing.
- We **stopped payments** into Russia.
- We **said a clear 'no' to new projects in Russia**. And to new projects with Russian partners outside Russia.

The financial consequences of these decisions:

- We have taken an impairment of 1.5 billion euros on our Russia-related assets.
- This leads to a net result of minus 1 billion euros in the first quarter of this year.

For Germany and Russia, this war means: an era has ended. An era of long and intensive economic cooperation. **We – Wintershall Dea – believed in this cooperation**. For that, we were sometimes criticised. We believed that we could continue to build on our past experience. That what had been a **prime example** of **good economic partnership** would and could continue. **Today** we know **that this is not the case**. **There can be no "business as usual"** with Russia **now**. There **will** not be. There is **no doubt** about that.



wintershall dea

MARIO MEHREN STATEMENT

Date:
28.04.2022

Page:
3 of 9

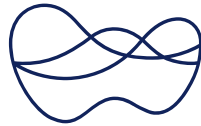
At the same time, there are **underlying realities** we cannot ignore. Germany and Europe need a secure, affordable energy supply. This need will remain. Germany is a **large industrial nation**. It is absolutely dependent on **energy imports**. It will remain dependent.

Even in the age of renewables, Germany will need more energy than it can produce. For Germany's prosperity, economy, and society: energy has to be imported. From Norway, from North Africa and from Russia. That was the **broad consensus** for many years. Until now.

In the past, the energy we needed - coal, oil and natural gas - was available in Russia. In sufficient quantities, usable by all and cheap. This was one foundation for Germany's and Europe's competitiveness and prosperity: affordable natural gas from Russia, in sufficient quantities, fast, safe and within easy reach of pipelines.

This principle has **worked for many decades**. Decisions that we have made as a company to date have been based on clear, sensible, economic and social reasoning.

Let me address **one** question head on. There are **demands for a complete, immediate stop** to all existing projects and activities in Russia. And, for an immediate stop to all **energy imports** from Russia. For **coal** this has been



wintershall dea

MARIO MEHREN STATEMENT

Date:
28.04.2022

Page:
4 of 9

decided already by the EU. For oil, this is currently under discussion. This would have an impact:

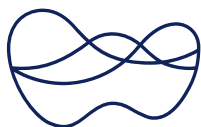
- Oil export revenues account for 35 per cent of the Russian state budget.
- This is significantly more than the seven per cent from natural gas exports.

Coal and oil suppliers are also **easier to change globally**, as transport is mainly by ships and tankers. **Gas imports** from Russia might also be substituted. But not quickly. The German government has repeatedly pointed this out.

I can well understand calls for an immediate import ban on Russian gas. But I also understand the **complex dilemma** the German government faces. It bears great responsibility for Germany, for its competitiveness, prosperity and social stability. Wintershall Dea as a company also bears responsibility:

- Responsibility for the **people who work for us**.
- Responsibility to **contribute to the energy supply that Europe depends on**. That industry, jobs, livelihoods depend on.

After intensive discussion in the Management Board, we have therefore decided to **maintain our participation in our existing projects in Russia**. In the event of a withdrawal, **billions in assets** would fall to the Russian state.



wintershall dea

MARIO MEHREN STATEMENT

Date:
28.04.2022

Page:
5 of 9

Let us look at the future. The energy sector still faces **change**, with a **lot of uncertainty** ahead. However, **two strategic themes** are clear to us as the Management Board. They represent a **fundamental change at Wintershall Dea**.

Firstly, **portfolio strengthening outside Russia**.

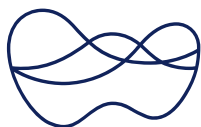
- To diversify **European energy supply** sources.
- And to improve the **resilience** of our **business even further**.

Wintershall Dea is **Europe's leading independent gas and oil company**. We have a **responsibility**. To deliver the energy supplies that our economy and societies need.

To keep delivering that responsibility, we will build on what we've already done in recent years to strengthen our portfolio.

That means looking at **all options for additional gas volumes and additional energy supply**.

For example, in **Norway**. Norway is the **second largest exporter** of gas to Europe. We are a long-term partner in Norway. Since our 2019 merger we have invested a large part of our cash flow in Norway to develop our projects. **2.8 billion euro, 75 per cent** of our CAPEX and EXPEX in this period of time. And we are currently involved in **three major projects** there, **Nova, Njord** and



wintershall dea

MARIO MEHREN STATEMENT

Date:
28.04.2022

Page:
6 of 9

Dvalin, strengthening our portfolio further. Our **stated goal**: we want to **start production** as early as **the end of this year**.

Algeria is the **third largest exporter** of gas to Europe. We are also active in Algeria and are extensively negotiating opportunities for growth there.

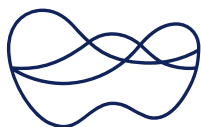
And in our home country, **Germany**, we are currently considering and ranking options to keep our domestic production stable.

So we have a **strong foundation** for future diversification. Not just with opportunities in Norway, Algeria, and Germany - that could be so important for European energy supply. But also across our whole portfolio. We will keep delivering, and keep looking at opportunities, around the globe. In countries where we are already active, and potential **new** country entries.

Growing our portfolio outside Russia will be **one** crucial element of **our future**. **The second** is our ambition to contribute to **energy transition**.

We have long been clear that we will evolve our business by investing in **Carbon Management and Hydrogen solutions**. We see **enormous market potential** for these solutions. By 2040:

- up to **20 billion** euros per year for **CCS**
- and up to **40 billion** euros for low-carbon **hydrogen**.



wintershall dea

MARIO MEHREN STATEMENT

Date:
28.04.2022

Page:
7 of 9

Wintershall Dea is **ideally positioned** to be successful in these markets: With the right **engineering expertise**, and the **right assets**, such as depleted reservoirs for CO₂ storage.

Since we formed our Carbon Management and Hydrogen team in 2020, we have made good progress. Developing capabilities and a portfolio of strong projects. Such as **Project Greensand** in Denmark, where we plan to deliver a **pilot offshore CO₂ injection this year**.

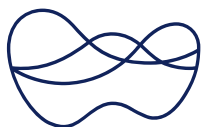
We will **strengthen** our efforts in this field, by setting a **clear roadmap** for our carbon management and hydrogen business. Politicians do need to set a framework:

- that is technology neutral
- that can secure investment and planning certainty.

We as Wintershall Dea will play our part.

Today I can say:

- We are working towards a carbon management and hydrogen business that can abate up to **20 to 30 million tonnes of CO₂ per year, by 2040**.



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MARIO MEHREN STATEMENT

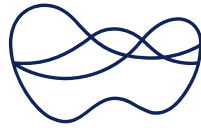
Date:
28.04.2022

Page:
8 of 9

That is **significant**. It puts us on a path towards a business that **actively supports the European 2050 Net Zero goal**. It puts us on the **right path** towards a sustainable future – for the **environment** and for our **business**.

A few more frank words. If we want to avoid **massive losses** in jobs and prosperity – society will have to make **unpleasant decisions**. Uncomfortable compromises. We will have to abandon our comfort zones.

- We must **continue to produce fossil-fuel energy** in Germany itself and in Europe.
- We need new **supplier countries** that may not have the same political standards as we do, but deliver energy at competitive prices.
- We should urgently connect the **North-West-European gas grid** with the Spanish one.
- We need an LNG infrastructure and **floating LNG terminals** off Germany's coasts to start with. So that we can also import more expensive liquefied gas.
- We need a **massive expansion of renewable energy**. We need **wind turbines - even in Bavaria**.
- We need to **promote all forms of climate-friendly hydrogen**, if we want to decarbonise our economy.
- And **we need CCS** if we want to protect industry and the climate at the same time, also here in Germany.



wintershall dea

MARIO MEHREN STATEMENT

Date:
28.04.2022

Page:
9 of 9

At Wintershall Dea: I can say, **we will play our part. To do all this: we need courageous politics. And determined citizens.**

The situation for the energy industry is constantly changing. Uncertainties will continue to shape our business. Yes, there is a lot of **uncertainty** at present. Geopolitical uncertainty. That creates uncertainty for the energy sector. About market, policy, and price development. But: **many underlying fundamentals remain unchanged:**

- The need for affordable energy supplies to Germany and Europe.
- The need for natural gas – to support European industry and the economy. And to achieve global climate goals.
- The need for carbon management. And with it, a need for CCS, and for low-carbon hydrogen.

These needs have not gone away.

Wintershall Dea will evolve. We will **strengthen our portfolio**, we will **invest in carbon management and hydrogen**. So that we can **continue to deliver what our societies and economies need**: secure, affordable and increasingly clean energy supplies.

And now, let me hand-over to our CFO Paul Smith who will present the Q1 results.