Wintershall Dea Deutschland AG
(formerly DEA Deutsche Erdoel AG)

Group Management Report
and
Consolidated Financial Statements

Short Fiscal Year
1 January - 30 April 2019

Group Management Report of the Wintershall Dea Deutschland AG (formerly DEA AG) Group for the short fiscal year from 1 January to 30 April 2019

1. Group and business structure

The Wintershall Dea Deutschland AG (formerly DEA AG) Group (WD Deutschland or WD Deutschland Group) is an international independent oil and gas group with full life-cycle capabilities across exploration, development and production. WD Deutschland's primary mission is the safe, environmentally-conscious and efficient production of oil, natural gas and natural gas liquids. WD Deutschland's core production and development assets are located in Germany, Norway, Denmark, Egypt, Algeria and Mexico.

WD Deutschland is both an operator and an active non-operating partner in international joint ventures. WD Deutschland covers the entire value chain from exploration to development and production of hydrocarbons. In addition to its operations, Wintershall Dea Deutschland AG (formerly DEA Deutsche Erdoel AG) (WD Deutschland AG) oversees the control and financing of the activities of its subsidiaries. For purposes of internal management control within the WD Deutschland Group, production, EBITDAX and liquidity are the key metrics used. Reporting to stakeholders is carried out by the following regions: Germany/Denmark, Norway, North Africa (comprising Egypt and Algeria), Mexico and Other.

WD Deutschland AG, headquartered in Hamburg, is the parent company of the WD Deutschland AG Group, comprising a total of 39 enterprises. Wintershall Dea Deutschland AG is a wholly-owned subsidiary of L1E Acquisitions GmbH, Hamburg, which, via L1 Energy Capital Holdings S.A., Luxembourg, is a wholly-owned subsidiary of LetterOne Holdings S.A., Luxembourg. A domination and profit and loss transfer agreement is in place between DEA Deutsche Erdoel AG and L1E Acquisitions GmbH, which is terminated with effect as of 30 April 2019, 24:00 hrs.

Following a resolution adopted at the Annual General Meeting of 23 April 2019 and the entry in the Commercial Register on 25 April 2019, WD Deutschland AG declared the period from 1 January – 30 April 2019 a short fiscal year. Owing to the short fiscal year of the parent company, consolidated financial statements for WD Deutschland Group have to be prepared as at 30 April 2019. To this end, the subsidiaries prepared interim financial statements in conformity with IFRS. Owing to the short fiscal year of only four months, comparability with the previous year's figures for 12 months is only possible to a limited degree.

As of 27 September 2018, L1E Acquisitions GmbH, the current shareholder of WD Deutschland AG, and BASF had signed a Business Combination Agreement to merge their oil and gas businesses. The merger was closed with effect of the end of 30 April 2019. L1E Acquisitions GmbH contributed all its shares in WD Deutschland AG to Wintershall Dea GmbH (formerly Wintershall Holding GmbH), Celle, against the issuance of new shares of the company. BASF initially holds 67 % and L1E Acquisitions GmbH holds 33 % of the ordinary shares of Wintershall Dea GmbH.

Following a resolution adopted at the Annual General Meeting of 23 April 2019 and the entry in the Commercial Register on 7 May 2019, the company changed its name into Wintershall Dea Deutschland AG. The seat continues to be in Hamburg.

As of 4 December 2018, WD Deutschland AG signed a share purchase agreement for the acquisition of Sierra Oil & Gas, a leading Mexican independent oil and gas company. After having obtained the required official approvals, the agreement became effective as of 19 March 2019. The initial consolidation was carried out as of 31 March 2019. With the deal, which comprises 6 exploration and appraisal blocks in Mexico, WD Deutschland enhances its presence in the Mexican E&P market.

The WD Deutschland Group prepares consolidated financial statements as well as a group management report as at 30 April 2019 and will arrange for these to be disclosed in the German Government Gazette (*Bundesanzeiger*).

2. Strategy

Grow production and execute key projects

WD Deutschland plans to successfully complete development projects such as Dvalin, Njord, Ærfugl, Snorre and Disouq, so as to increase production to over 230 kboed by 2022 by safely and efficiently optimising production from current assets and engaging in near-field exploration programmes. In addition, WD Deutschland intends to undertake acquisitions. For example, WD Deutschland recently closed the share purchase agreement for the acquisition of Sierra Oil & Gas.

The WD Deutschland Group has a diverse portfolio of producing Northwestern European assets located in OECD member countries with AAA credit ratings that are supported by established fiscal and regulatory regimes. WD Deutschland believes its position in Northwestern Europe is underpinned by a long-standing business history in Germany and Norway. The group is committed to maintaining and strengthening its position in this region. WD Deutschland believes that its focus on low-risk regions such as Northwestern Europe reduces its exposure to certain operational and geopolitical risks. Additionally, WD Deutschland believes that, by focusing on this area, it can benefit from significant synergies. WD Deutschland aims to further expand its activities in this region through optimisation of production, future developments and near-field exploration activities supplemented by strategic asset acquisitions. At the same time, WD Deutschland plans to grow its production in North Africa through the development of its West Nile Delta, Disouq and Gulf of Suez projects in Egypt.

Increase value through balanced organic and inorganic resource additions

Regular portfolio management and enhancement are integral aspects of WD Deutschland's exploration, development and production strategy, through which the group seeks to realise value at an appropriate point in the life cycle of an asset. WD Deutschland continually reviews macroeconomic, technical and competitive data with regard to its exploration portfolio. Exploration is important to its operations and supports its plan to increase future production. To complement WD Deutschland's organic growth strategy, the group will also consider selective strategic acquisitions of companies and/or interests in licences in its core and new regions, such as its recent operational expansion into Mexico. As a result, WD Deutschland continues to monitor new opportunities for exploration and production internationally.

Focus on capital efficiency

WD Deutschland aims to maintain a conservative financial profile and strong balance sheet with strong liquidity. WD Deutschland's exploration and development activities are expected to be funded from a combination of production cash flows and proceeds from debt issuances and, potentially, through the proceeds of any portfolio management activities, such as farm-downs or sales of assets. WD Deutschland's financial policy is to maintain what the company considers to be appropriate leverage levels. WD Deutschland's target ratio of net debt to EBITDAX is 2.0x during mid-cycle conditions, with the possibility of temporary increases to up to 2.5x in the event of a major acquisition. WD Deutschland intends to maintain a conservative approach to acquisitions, considering only those potential future acquisitions that satisfy this policy.

Continue to deliver high Quality, Health, Safety and Environment (QHSE) standards and sustainability of operations

WD Deutschland aims to capture the value opportunities available to an E&P company that operates in a sustainable and efficient manner with a high focus on lowering its environmental impact and ensuring safe operations.

WD Deutschland pursues a "zero faults" strategy when setting its HSEQ targets, continually analyses its processes and derives measures for further development from this. WD Deutschland applies the BAT (Best Available Technology) concept to minimise HSE risks.

3. Economic fundamentals and climate

Economic environment

According to current estimates by the International Monetary Fund, global economic output in the first four months of 2019 increased by approx. 3.3 %, which is below the previous year's growth rate of approx. 3.6 %. This is essentially owing to slowing global economic activity due to ongoing trade tensions between the USA and China, decreasing consumer and business confidence as well as a tightening of financial conditions. However, concerns decreased slightly in the last months as the US central bank signalled a more accommodative monetary policy. According to estimates by the European Central Bank, Gross Domestic Product in the Eurozone is currently expected to rise by 1.3 %, compared with 1.8 % in 2018.

Oil prices

Average oil prices increased from USD 60.24 per bbl. in January to USD 71.63 per bbl. in April. Prices increased after the OPEC and several Non-OPEC countries have already signalled to extend their output reduction deal beyond June 2019. In addition to that, supply fears increased following sanctions against Iran and Venezuela as well as intensifying political unrest in Libya. Global crude oil demand is also expected to increase following easing trade tensions between the USA and China.

Our oil sales are primarily priced against the Brent oil benchmark. The average oil price for Brent decreased by 8 % from USD 72 per bbl. in 2018 to USD 66 per bbl. in the short fiscal year ending 30 April 2019.

USD/barrel	Jan. – Apr. 2019	Jan. – Dec. 2018
Average Brent price for the period[1]	65.78	71.69

[1] Source: Bloomberg

Gas prices

The NBP gas price in UK decreased sharply during the first four months in 2019 from USD 7.63 per mscf in January to USD 4.70 per mscf in April. Gas prices were influenced by mild weather conditions during winter season, increasing LNG supply and weakening coal and carbon prices.

Our gas sales are based on the NBP and the Dutch TTF. Average NBP prices decreased by 25 % to USD 5.92 per mscf in the short fiscal year 2019 compared with USD 7.91 per mscf in 2018. The Dutch TTF index, which is the basis for the majority of our German gas sales, fluctuated in a similar manner to the NBP. Average TTF gas prices decreased by 24 % to USD 5.86 per mscf in the first four months of 2019, compared with USD 7.71 per mscf in 2018.

USD/mscf	Jan. – Apr. 2019	Jan. – Dec. 2018
Average UK NBP price for the period	5.92	7.91
Average TTF price for the period	5.86	7.71

Foreign currency translation

The USD gained against the EUR during the short fiscal year 2019. The USD traded at 1.13/€ on average for the short fiscal year ending 30 April 2019 (2018: USD 1.18/€). At the end of April, the EUR was trading at USD 1.12/€ (31 December 2018: USD 1.15/€).

4. Profitability and business performance

Production

Natural gas (million scf/day)	Jan. – Apr. 2019	Jan. – Dec. 2018
Germany/Denmark	115	122
Norway	139	149
North Africa	183	160
Mexico	9	7
	446	**438**

Oil (kbbl OE/day)	Jan. – Apr. 2019	Jan. – Dec. 2018
Germany/Denmark	11	12
Norway	21	27
North Africa	8	8
Mexico	3	2
	43	**49**

Total production (kbbl OE/day)	Jan. – Apr. 2019	Jan. – Dec. 2018
Germany/Denmark	30	32
Norway	44	52
North Africa	38	34
Mexico	4	3
	116	**121**

Production is shown per day and on a working interest basis.
Scf – standard cubic feet

In the period under review, the Group's daily production averaged 116 kboe/day, of which gas was 446 million scf/day and oil 43 thousand bbl of oil per day. In 2018, production amounted to 438 million scf/day of gas and 49 thousand bbl of oil/day, totalling 121 kboe/day. Year-on-year, this represents a decrease of 4 %, due to the natural production decline in our mature fields in Germany and Norway. This was only partially offset by the higher production in North Africa and the Ogarrio field in Mexico.

Natural gas production was 2 % higher compared with last year. In Germany, gas production was 6 % lower compared with the previous year owing to natural decline. Gas production in Norway was 7 % below the previous year. In North Africa, gas production increased by 14 % compared with the previous year, owing to the higher production at the Algerian Reggane Nord field and the increase in the Egyptian West Nile Delta after Giza Fayoum came onstream in the first quarter 2019.

In terms of oil production, we recorded a 12 % decrease in 2019 compared with 2018, mainly owing to lower production in Norway. In Germany/Denmark, the natural decline in our mature fields led to a decrease in production of 8 %. In Norway, production was down by 22 %. In contrast, oil production in the Gulf of Suez in Egypt slightly increased and compensated, together with the higher production from the Ogarrio field in Mexico, partially for the decline.

Results of operations

Consolidated income statement of the WD Deutschland Group

€ m	Jan. – Apr. 2019	Jan. – Dec. 2018
Sales and other operating revenues	458	1,892
Cost of sales	-304	-759
Gross profit	**154**	**1,133**
Exploration costs	12	-111
General and administration expenses	-213	-125
Net impairment of assets	-75	-168
Net impairment of operating receivables	-4	1
Operating Result	**-126**	**730**
Financial income	22	109
Financial expenses	-33	-89
Net impairment of financial receivables	8	9
Result from continuing operations before taxes	**-129**	**759**
Income taxes	-8	-478
Result from continuing operations	**-137**	**281**
Result from discontinued operations	-	53
Net result	**-137**	**334**

	Jan. – Apr. 2019	Jan. – Dec. 2018
Average realised oil price including oil hedge result (in USD/bbl)	57.03	60.97
Average realised oil price excluding oil hedge result (in USD/bbl)	58.64	65.26
Germany/Denmark	59.65	64.60
Norway	57.96	66.11
North Africa	58.31	62.12
Mexico	59.62	64.12
Average realised gas price (in USD/mscf)	4.97	6.00
Germany/Denmark	5.76	5.84
Norway	5.47	7.86
North Africa	3.64	3.80
Mexico	5.02	4.71

Sales and other operating revenues decreased by € 1,434 million or 76 %, to € 458 million in the short fiscal year 2019 compared with € 1,892 million in 2018, mainly owing to the short fiscal year which comprises only four months compared with the 12 months in 2018. In addition, commodity prices are lower compared with the previous year. Moreover, other operating revenues decreased significantly owing to payments under an insurance claim in the previous year.

Oil sales decreased by € 616 million, or 71 %, to € 243 million in the short fiscal year 2019 compared with € 859 million in 2018 due to the timing effect. In addition, oil prices in USD decreased by 6 % including the result from commodity hedges in Germany.

Gas sales decreased by € 516 million (-71 %) to € 213 million in the short fiscal year 2019 compared with € 729 million in 2018, mainly owing to the timing effect in connection with the short fiscal year in 2019. In addition, average realised gas prices (in USD) decreased by 17 %.

In the period under review, oil sales resulted in 53 % of total revenue (2018: 45 %), whereas gas sales contributed 47 % (2018: 39 %), with the remaining balance in 2018 representing other revenues. Other operating revenues in 2018 mainly comprised payments under an insurance claim.

Cost of sales decreased year-on-year by € 455 million, or 60 %, to € 304 million in the short fiscal year 2019, compared with € 759 million in 2018. Overall, the decrease is owing to the timing effect. In contrast, scheduled depletion/depreciation/amortisation increased on a relative basis owing to the production ramp-up in Mexico and Algeria as well as owing to the application of IFRS 16 and the respective treatment of leases. In addition to that, the expenses for maintenance and environmental protection increased on a relative basis. In the previous year, the gain from the sale of Norwegian Polarled infrastructure assets had a positive impact on the cost of sales.

Exploration costs decreased by € 123 million to an income of € 12 million in the short fiscal year 2019 compared with expense of € 111 million in 2018 owing to lower dry well costs and reversals of provisions. In 2019, exploration costs included no dry well costs, but the expense on the acquisition of seismic data, licence fees and changes in provisions for outstanding work programmes.

Exploration costs (€ m)	Jan. – Apr. 2019	Jan. – Dec. 2018
Germany/Denmark	0	19
Norway	3	65
North Africa	-2	16
Mexico	4	5
Other	-17	6
	-12	**111**

General and administration expenses increased by € 88 million, or 70 %, to € 213 million in the short fiscal year 2019 compared with € 125 million in 2018. The major driver for the increase were the addition to the restructuring provision and fees related to the change-of-control. In 2018, the deconsolidation of a subsidiary after the strike-off of the company from the companies register led to a negative one-off effect.

Net impairment of assets decreased by € 93 million to € 75 million in the short fiscal year 2019, compared with € 168 million in 2018. In 2019, impairments mainly resulted from two producing assets in North Africa. In 2018, impairments resulted mainly from two producing assets in North Africa and one producing asset in Norway. The reversal of an impairment made in previous years relates mainly to a producing field in North Africa.

Net impairment of operating receivables, decreased by € 5 million to € -4 million in the short fiscal year 2019, compared with a reversal of impairments of € 1 million in 2018.

The **operating result** of the WD Deutschland Group amounted to € -126 million. In 2018, the result was € 730 million.

Financial income decreased year-on-year by € 87 million, or 80 %, to € 22 million in the short fiscal year 2019 compared with € 109 million in 2018, owing to the timing effect in the short fiscal year. In addition, interest income from related parties decreased caused by a reduction of the Upstream loan towards L1E Funding GmbH. On a relative basis, net foreign currency exchange gains are lower compared with the previous year.

Financial expenses decreased by € 56 million (-63 %) to € 33 million in the short fiscal year 2019 compared with € 89 million in 2018. The absolute decrease is owing to the timing effect in the short fiscal year. On a relative basis, interest expenses increased due to prepayment fees in connection with the early repayment of the proceeds loan and subsequently the unsecured notes.

Net impairment of financial receivables mainly comprises a reversal of impairments due to a decrease in both the underlying receivables and the impairment rate.

The **result from continuing operations before taxes** amounted to € -129 million in the short fiscal year 2019 and to € 759 million in 2018. In the reporting period, WD Deutschland had total tax expenses of € 8 million. Owing to the fact, that impairments on assets in North Africa and some additions to provisions are not tax-deductible, there are tax expenses despite the negative pre-tax result. The tax rate in the short fiscal year 2019 amounts to -6 %.

The **result from continuing operations** amounted to € -137 million.

The **result from discontinued operations** in 2018 contains the result of the storage business, which was sold with effect from 31 December 2018.

The **net result** came to € -137 million, considerably lower than the value for 2018 due to the timing effect of short fiscal year.

All in all, the WD Deutschland Group continues to operate in an environment of ongoing volatility and pressure on oil and gas prices. To counterbalance this, we are consistently seeking production efficiencies by leveraging our technical expertise and effectively deploying production technology and reservoir management to achieve increased up-time and recovery and to realise cost savings across our operations. The aim of such efforts is to steadily increase operational efficiencies and to reduce our exploration, development and production costs.

EBITDAX

EBITDAX is the factor used for internal management control purposes within the WD Deutschland Group. As a key indicator obtained from the income statement, it is made up of earnings before interest, taxes, depletion/depreciation/amortisation and exploration expenditure; in addition, adjustments are made for realised and unrealised gains/losses arising from derivatives and exchange rate fluctuations as well as non-recurring effects.

In the short fiscal year 2019, EBITDAX amounted to € 254 million, down by € 789 million compared with 2018. This is mainly owing to the timing effect in relation to the short fiscal year in 2019, comparing four months with 12 months in 2018. In addition, revenues from oil and gas sales decreased owing to the lower commodity prices. Production costs in EBITDAX exclude depreciation and amortisation, therefore the changes under IFRS 16 led to a relative improvement of the EBITDAX. EBITDAX relevant production costs increased slightly owing to higher maintenance and costs for environmental protection.

5. Net asset position

Balance sheet of the WD Deutschland Group

Assets (€ m)	30-04-2019	31-12-2018
Intangible assets/property, plant and equipment/ investment property	5,346	4,177
Financial receivables/financial investments	4	1,919
Other receivables and other assets	9	56
Deferred tax assets	121	51
Non-current assets	**5,480**	**6,203**
Inventories	84	83
Financial receivables	1,882	29
Trade accounts receivable	251	264
Other accounts receivable, other assets and income tax assets	175	110
Cash and cash equivalents	171	305
Current assets	**2,563**	**791**
Assets	**8,043**	**6,994**

Equity and liabilities (€ m)	30-04-2019	31-12-2018
Equity	**3,122**	**1,840**
Provisions	706	657
Debt to banks	-	1,441
Financial debt	51	1,041
Other liabilities/income tax liabilities	42	30
Deferred tax liabilities	942	739
Non-current liabilities	**1,741**	**3,908**
Provisions	426	185
Debt to banks	1,893	6
Financial debt	260	396
Trade accounts payable	353	298
Other liabilities/income tax liabilities	248	361
Current liabilities	**3,180**	**1,246**
Equity and liabilities	**8,043**	**6,994**

Liquidity

As of 30 April 2019, our cash and cash equivalents amounted to € 171 million. In addition, undrawn credit lines were available. Our principal sources of liquidity are operating cash flows from our producing assets, debt financing through drawings under external credit facilities, and other external borrowings via related parties and shareholder loans. Our liquidity is used to cover working capital, capital expenditure, debt service requirements and other liquidity requirements that may arise from time to time, including repayments of outstanding debt, acquisitions and other investment opportunities, funding for exploration and development projects and other payments in the ordinary course of business. A firm liquidity risk management programme is in place to ensure that the WD Deutschland Group is in a position to meet its payment obligations at all times.

In October 2016 DEA Finance SA, a related party to WD Deutschland AG, issued Senior unsecured Notes with a principal amount of € 400 million and a term until 2022. WD Deutschland AG and its major subsidiaries became guarantors of the notes. The proceeds were on-lent to DEA Norge AS. In the context of the merger with Wintershall, the Senior unsecured Notes were fully repaid end of April 2019 and the Notes were subsequently redeemed.

Effective as of 2 April 2015, WD Deutschland AG and various subsidiaries became parties to an existing loan agreement for up to USD 2.3 billion between L1E Funding GmbH and a syndicate of banks (reserve-based lending or RBL facility). Under this loan agreement, WD Deutschland AG and the acceding subsidiaries had the option to borrow additional external resources for Group funding purposes as long as the credit facility is collateralised by productive assets. In the context of the merger with Wintershall, the RBL facility was cancelled on 2 May 2019 and replaced with an intra-group financing from the new shareholder Wintershall Dea GmbH.

Additionally, WD Deutschland AG had a working capital facility for intra-month cash management purposes for USD 120 million, that was undrawn at the end of the short fiscal year. In the context of the merger with Wintershall, the working capital facility was cancelled as of 30 April 2019.

Development of net assets

Non-current assets amount to 68 % of total assets, and stand at € 5,480 million, down by € 723 million on 30 April 2019. The significant capital expenditure and additions in relation to the newly acquired Sierra assets were partially offset by depletion/depreciation/amortisation, impairments and asset disposals. The financial receivable to L1E Funding GmbH in connection with the assumption of the RBL facility in 2015 was transferred from L1E Funding GmbH to L1E Acquisition GmbH, transferred into an on-demand loan and partially repaid. The remaining outstanding loan amount was transferred to current assets, leading to the significant decrease of non-current assets.

Current assets increased compared with 31 December 2018 significantly. This resulted mainly from the transfer of the on-demand loan against L1E Acquisitions GmbH. In addition, financial receivables include receivables against the shareholder related to the profit and loss transfer agreement, caused by the negative result in the short fiscal year. Moreover, other receivables and other assets increased owing to higher assets from the valuation of over-/underlift as well as increased prepayments, mainly in connection to the newly acquired assets of Sierra. In contrast, cash and cash equivalents decreased in comparison with year-end 2018.

The **equity capital ratio** of the WD Deutschland Group amounted to 39 % as at the balance sheet date (previous year: 26 %). As at 30 April 2019, equity amounted to € 3,122 million.

The **non-current provisions and liabilities** stand at € 1,741 million as of 30 April 2019, a significant decrease compared with 31 December 2018. The repayment of the proceeds loan and the subsequent repayment of the Senior unsecured notes led to a significant reduction of non-current financial liabilities.

This was financed by additional draw-downs under the RBL as well as an additional current shareholder loan. Since the RBL was intended to be repaid in early May, all debt to banks is shown as current as of the balance sheet date, leading to another significant decrease of non-current liabilities. In addition, all other shareholder loans from L1E Acquisition GmbH were equitised in the short fiscal year. In contrast, the first-time application of IFRS 16 led to an increase of financial liabilities resulting from leasing contracts. In addition, € 706 million is accounted for by pension and decommissioning provisions, as well as other provisions. Provisions for decommissioning increased by € 55 million, owing mainly to lower interest rates year-on-year. The increase in deferred tax liabilities is the result of higher temporary differences between IFRS and tax accounts.

Current provisions and liabilities increased compared with 31 December 2018 by € 1,934 million. Current provisions increased significantly to € 426 million as of 30 April 2019, mainly resulting from additions to provisions for restructuring. In addition, provisions for outstanding work programmes increased owing to the first-time consolidation of Sierra. Other provisions increased owing to potential change of control fees. Current financial liabilities increased significantly; they include debt to banks from the RBL, a bridge-financing from the shareholder to repay the proceeds loan as well as leasing liabilities in accordance with IFRS 16. Trade accounts payable increased, mainly owing to the first-time consolidation of Sierra. The decrease in other liabilities results mainly from the payment of the outstanding portion of the purchase price for Ogarrio in the first quarter 2019, partially offset by higher liabilities from derivatives.

6. Financial position

	Jan. – Apr. 2019	Jan. – Dec. 2018
Cash flow from operating activities	188	1,033
Cash flow from investment activities	-1,137	-772
Cash flow from financing activities	813	-92
Free cash flow	-209	315

Cash flow from operating activities

Cash inflow from operating activities (continuing operations) decreased by € 845 million to € 188 million in the short fiscal year 2019 from € 1,033 million in 2018. The decrease is mainly due to the time difference (four months in the short fiscal year vs. 12 months in 2018). In addition, the prior year included a positive non-recurring one-off effect from an insurance contract.

Cash flow from investment activities

Cash outflow from investment activities (continuing operations) amounted to € 1,137 million in the short fiscal year 2019, compared with € 772 million in 2018. The increase in cash outflow from investment activities was driven by significantly higher acquisitions, including the second tranche for Ogarrio as well as the Sierra acquisition. In addition, in the short fiscal year financial receivables increased, whereas in the previous year we faced substantial repayments of financial receivables.

Investments (€ m)	Jan. – Apr. 2019	Jan. – Dec. 2018
Capital expenditure (net of acquisitions)		
Germany/Denmark	21	50
Norway	223	533
North Africa	96	345
Mexico	1	18
Other	1	2
	342	948
Acquisitions	740	182
Total	1,082	1,130

Our expenditure on tangible and intangible assets (excluding discontinued operations) decreased year-on-year by 64 %. The majority of the capex was spent in Norway, mainly for our ongoing development projects such as Dvalin, Njord, Ærfugl and Nova. In addition, we invested in the project Raven in the Egyptian West Nile Delta. In addition to spending on development projects, key capex investments were made in existing producing fields in Germany, Norway and Egypt. In total, our capital expenditure (excluding acquisitions) reached € 342 million.

Cash flow from financing activities

Cash flow from financing activities (continuing operations) amounted to € +813 million in in the short fiscal year 2019, compared with a cash flow of € -92 million in 2018. Cash flow from financing activities in the reporting period reflects payments by the shareholder into the capital reserves to partially fund the acquisitions, additional drawings under the RBL and a bridge-financing by the shareholder, partially offset by payments to L1E Acquisitions GmbH under the profit and loss transfer agreement and the repayment of the proceeds loan to DEA Finance S.A.

Free cash flow

The free cash flow from continuing operations, which comprises the cash flow from operating activities and the cash flow from investment activities but excludes cash outflows for acquisitions, amounted to € -209 million in the short fiscal year 2019, compared with € 315 million in 2018. The free cash flow 2018 was net of cash inflows earmarked for acquisitions that were made as a repayment of financial receivables from related parties. The cash flow in 2018 included a non-recurring one-off payment in relation to an insurance payments and cash inflows from divestments and repayments of financial receivables, leading – together with the time effect - to a significant decrease in the free cash flow.

7. Employees

The average number of employees of the WD Deutschland Group increased by 20, from 967 (average 1 January – 31 December 2018), to 987 (average 1 January – 30 April 2019) full-time equivalents (FTEs). In Germany, Norway and Egypt, the number of employees remained almost stable. With the start of our operations in Mexico and the acquisition of Sierra, we increased the workforce and employed 67 FTE by the end of April 2019.

On 30 April 2019, WD Deutschland AG had 8 apprentices and trainees; as at 31 December 2018 there were 8. As a supplementary strategy, within the scope of a training sponsorship programme WD Deutschland supports 5 trainees employed in small to medium-scale enterprises.

WD Deutschland conducts active international staff rotation programmes. We have 105 employees internationally (10 %) who do not have the nationality of the countries in which they work. This leads to diversity and a better understanding amongst our employees of foreign cultures in general, and of specific aspects pertaining to the different locations in which we operate.

With effect from 1 March 2019, WD Deutschland AG and IG Bergbau, Chemie, Energie (the German trade union for employees in the mining, chemical and energy industries) entered into a new Company Collective Agreement with a minimum term of 14 months. An essential element of the Collective Agreement was an increase in salaries by 3.5 %.

Through our employer-funded company pension scheme, we make a contribution to our employees' retirement provision and support them in the event of invalidity or bereavement. Our company pension scheme provides for a personal pension to be paid to each employee of WD Deutschland AG once a qualifying period has elapsed. The amount of this company pension depends on years of service and remuneration paid. To supplement the employer-funded pension scheme, our employees also have the option of providing for their retirement themselves by means of a remuneration conversion, thus further securing their standard of living after retirement. At WD Deutschland AG, employees have the choice of investing parts of their gross remuneration in pension insurance funds, pension funds, direct life insurance and direct commitments. Our employees also benefit from pension plans in a number of our foreign companies.

Declaration of corporate governance in accordance with § 289f HGB

For the second term of compliance with the [German] Act for equal treatment of women and men in leadership positions in the private sector and the civil service (*Gesetz für die gleichberechtigte Teilhabe von Frauen und Männern an Führungspositionen in der Privatwirtschaft und im öffentlichen Dienst*), i.e. up to 30 June 2022, the Supervisory Board of WD Deutschland AG adopted a resolution to establish a target quota of 33 % for the share of female representation on the Supervisory Board of WD Deutschland AG and a target quota for the share of female representation on the Management Board of WD Deutschland AG of one woman, which corresponded to 25 % of the current number of members of the Management Board at the time of the resolution.

The Board of Management defined a target quota of 10 % for the first managerial level below the Board of Management and a target quota of 20 % for the second managerial level for the second term of compliance up to 30 June 2022.

8. Risk management

Risk management system

WD Deutschland AG has developed an integrated risk management model based on the international principles of Enterprise Risk Management (ERM) and, specifically, the COSO framework (sponsored by the Committee of Sponsoring Organizations of the Treadway Commission). Overall responsibility for the group-wide risk management system sits with the Board of Management of WD Deutschland AG. Our Risk Committee is in charge of monitoring and refining the risk management system. It is composed of the full Board of Management of WD Deutschland AG, the managing directors of the operating subsidiaries and the heads of the following departments of WD Deutschland AG which are accountable for the entire group: Treasury, Controlling, Accounting/Tax, Audit, QHSSE and Commercial Development & Infrastructure. The Treasury Department bears responsibility for the control, steering and coordination of the risk management system. This department regularly reports on the Group's risk situation to both the Risk Committee and the Audit Committee of the Supervisory Board of WD Deutschland AG.

It is our business policy to make optimum use of opportunities and contain risks at the same time. All risks and opportunities are monitored and controlled by means of a risk management system in place throughout the Group. It is supported by a documented risk management system and gives appropriate consideration to the risk aspect in all decisions and business processes at WD Deutschland AG through ongoing early identification and standardised recording, assessment, control and monitoring. We gain an overview of our opportunities and risks at least three times per year by performing a bottom-up analysis. The executive and supervisory bodies are updated on risk exposure through regular reporting. The term "risk" is defined in such a way as to ensure that the long-term strategic objectives are attained and to produce an adequate depiction of the entire risk portfolio. The risks and key indicators for risk measurement are aligned with the control parameters of the WD Deutschland Group. We analyse the material individual risks to the Group using a matrix in which the risks' probability of occurrence and potential net damage are represented. We can deduce from this whether there is any need for action and the scope of such action. Actions in place are as well reported and evaluated in this process as are possible future actions to mitigate the risk. We assess risks on the basis of how they affect our EBITDAX and/or how they impact on our liquidity.

Commodity price risks and opportunities

As an upstream enterprise, we are exposed to the risks but also stand to benefit from the opportunities arising from the level of oil and gas prices on international markets. These are constantly analysed, quantified and reported on a regular basis. As part of our medium-term planning, we have also calculated the sensitivities of commodity prices. A change in the oil price of USD -10/bbl would have an impact of approx. € -79 million on our EBITDAX or approx. € -49 million on our free cash flow in in the period May - December 2019. A change in the gas price of USD -0.5/mscf would result in a change of approx. € -13 million to our EBITDAX in the period May – December 2019 and of approx. € -11 million to our free cash flow. Rising oil and gas prices would lead to corresponding opportunities for the WD Deutschland Group in its EBITDAX and free cash flow.

The Risk Committee meets regularly to discuss the policies to be applied in the face of all risks, especially commodity price risks. These essentially consist of risks arising from operations as well as from financing processes. Commodity-price swaps and fixed price marketing agreements are in place to hedge price risks. The term of such transactions is based on the term of the underlying transaction and is therefore predominantly short to medium-term. All hedging transactions serve the exclusive purpose of covering the risk from operational and financial transactions as well as underlying transactions accounted for or expected with a high degree of probability. The extent of the amounts to be hedged depends on economic exposure and prevailing oil and gas prices. Owing to the current level of oil and gas prices, commodity-price agreements have been concluded for the calendar years 2019 – 2023. For the calendar years 2019 and 2020, approx. 23 % and 20% of oil production, respectively, is hedged by commodity-price swaps. For gas price risks in the calendar year 2019, approx. 14 % of gas production is hedged by fixed price agreements against price fluctuations. This is in line with the target defined in our hedge policy and covers 50 % of economic exposure after taxes. Given the favourable long end of the forward curve, we have continued to hedge all the way into 2022 for oil and 2023 for gas.

Risks and opportunities from exchange rate fluctuations

As a group with international operations, we are also exposed to the risks and stand to benefit from the opportunities arising from movements in exchange rates on international markets, especially changes in USD/EUR, USD/NOK and NOK/GBP. These risks are managed in the WD Deutschland Group by means of systematic risk management procedures and by broadly matching the currency structure of our assets and liabilities, using short-term currency swaps, amongst other solutions. According to our current medium-term planning, an appreciation of the USD/€ exchange rate of USD 0.15/€ would lead to a decrease of approx. € 27 million in EBITDAX and of approx. € 20 million in free cash flow in the period May – December 2019. Conversely, decreasing exchange rate ratios would lead to opportunities in EBITDAX and free cash flow for the WD Deutschland Group.

Risks specific to the E&P industry

As we are an E&P group operating internationally, our operations are subject to all risks common in our industry (e.g. blow outs, oil spills). To protect our core business against losses and liabilities to third parties, we maintain insurance that we believe is consistent with customary industry practice in the jurisdictions in which we do business.

WD Deutschland also faces risks that involve above all possible inaccurate assessments of geological structures and the resultant dry wells drilled. We contain such risks through state-of-the-art technology and systematic quality assurance.

Reserve estimates may undergo positive or negative changes in the course of time and exert an influence on current depreciation and amortisation, as well as the value of the company's assets. In general, estimates of economically recoverable oil and gas reserves are based on a number of factors and assumptions made as of the date on which the reserve estimates are determined, such as geological and engineering estimates, historical production from the fields, the assumed effects of regulation by governmental agencies and estimates of future commodity prices and operating costs, all of which may vary considerably from actual results. Our policy regarding internal controls over the recording of reserves is structured to objectively and accurately estimate our oil and gas reserve quantities and values in compliance with the 2007 SPE/AAPG/WPC/SPEE PRMS. Our Petroleum Reservoir Simulation Department maintains oversight and compliance responsibility for our internal reserve estimate process and provides appropriate data to our independent reserves auditors for the annual estimation of our year-end reserves.

The timely execution of our large development projects within the planned cost budget receives high attention in the Risk Committee to enable possible countermeasures to be taken.

Financial risks

The WD Deutschland Group is subject to restrictive debt covenants. In the reporting period, WD Deutschland was in compliance with its obligations under all financing arrangements.

We closely monitor liquidity risk through cash flow forecasts and sensitivity analyses. We manage our credit risk by assessing the creditworthiness of potential counterparties before entering into transactions and through ongoing creditworthiness evaluations with regard to ongoing transactions.

Political risks

In the course of its foreign operations, WD Deutschland is exposed to the political risks prevailing in the relevant countries. Our investments in North Africa are secured by German federal government guarantees. In addition, our risk management activities also include monitoring very closely the security situation in the countries in which we ourselves or our subsidiaries are engaged. The prevailing security situation in Libya still prevents any operational activities in that country. We will continue to monitor developments very closely and will react at short notice and take preventive measures to protect our employees and their families.

The WD Deutschland's Group's risk assessment

Our assessment of the general situation in the risk environment is the result of a consolidated analysis of all material individual risks. The focus was primarily on the significant market risks stemming from fluctuations in commodity prices. From today's perspective, there are no risks threatening the continued existence of the WD Deutschland's Group as a going concern.

9. Environmental protection and safety

Quality, health, safety and environmental excellence are imperative to our business. We actively manage the safety of all personnel working across our operations, by means including the application of health and safety standards, the implementation of security measures at our facilities and internal and external audits of health and safety standards. Among the performance measures we track are the recognised industry metrics, lost time injury (LTI) and lost time injury frequency (LTIF). We monitor our injury rates and currently benchmark them on a regional basis against the varying lost time injury criteria across the countries in which we operate. Overall, both our LTI and LTIF (related to the last 12 months) were unchanged zero in the short fiscal year 2019.

In addition, we introduced in 2017 a new key performance indicator for DEA's corporate process safety. The Loss of primary containment (LOPC) will be monitored for four different categories of possible consequences. In the period January – April 2019, we had zero process safety events where the thresholds for major consequences of a LOPC were crossed.

We carefully manage our impact on the environment and strive to uphold the highest international environmental, health and safety standards. We undertake a wide range of construction-related and operational measures for the conservation of soil and water resources. These include the shielding of local environments by means of special catchment tanks and monitoring facilities. Additionally, one of the critical objects of our environmental policy is the avoidance of water pollution. To achieve this objective, we define a number of water pollution control measures during the planning phase, prior to the undertaking of any development activity.

We operate in jurisdictions with stringent regulatory regimes, including Germany and Norway. To ensure compliance with relevant legislation and regulations, we routinely monitor our activities and constantly adapt our operations to incorporate new innovations and safety measures.

We spent € 9 million on environmental protection in the period under review, and our investments in environmental protection amounted to € 22 million.

10. Research and development

Our Company's activities in the exploration and development of hydrocarbon reservoirs are typical for our industry. To support these activities, we have our own laboratories in our Reservoir Management Department for production engineering and geosciences, for example. The focus of our research activities quite naturally is on the ongoing improvement of our methods for the exploration, development and production of hydrocarbon deposits.

The personnel of the Special Projects and Research Department comprises 3 employees. For execution and efficient handling of R&D projects, we continue to rely on the proactive support of project officers from the relevant functional departments. Our expenditure on development in the short fiscal year 2019 came to a total of € 1 million. We succeeded in maintaining our participation in key R&D projects and programmes. This was achieved both through in-kind services, i.e. the performance of cost-equivalent in-house services, and through increased use of shared research, such as in *Deutsche Wissenschaftliche Gesellschaft für Erdöl, Erdgas und Kohle (DGMK)* [German Society for Petroleum and Coal Science and Technology] or joint industry projects (JIP).

The focus in the period under review was on our participation in application-oriented development projects together with the DGMK. By ensuring timely implementation, these projects lead to improved and more efficient production processes and to minimised exploration risks. Via the research fund of our industry association BVEG, we also support projects to do with basic research.

11. Comparison with previous outlook and guidance

In the previous management report, we gave guidance for the calendar year 2019, based on the medium-term planning from the 4th quarter of 2018 including the respective update from January 2019. According to the requirements of DRS 20, the actuals have to be compared with the original guidance for 2019. Since the short fiscal year 2019 comprises four months only, the comparability with the previous outlook, comprising 12 months, is only possible to a very limited degree.

In May 2019, the new Wintershall Dea Group, which was created as a result of the merger between DEA and Wintershall, prepared their first forecast for the remaining calendar year 2019. No mid-term plan was prepared yet. WD Deutschland Group will be a part of the new Wintershall Dea Group, not any longer a stand-alone group. The outlook for the remaining calendar year 2019 can be indicative only, since no stand-alone forecast or mid-term plan was prepared for WD Deutschland Group.
The following reference criteria are used:

- “slight” represents a change of 1 – 10 %
- “considerable” applies to changes of 11 % or higher.

Underlying assumptions
On average during the short fiscal year 2019, Brent oil was slightly above the underlying assumptions of the guidance issued in the previous year, whereas European NBP and TTF gas prices were considerably below the underlying assumptions of our guidance issued in the previous year. Regarding the exchange rate between the US dollar and the EUR, the USD was slightly stronger in the short fiscal year 2019 on average compared with the underlying assumptions in the guidance.

Our guidance for the remaining part of 2019 is based on forwards for commodity prices and the exchange rate as follows:

- Brent prices and NBP gas prices slightly higher than in the short fiscal year 2019
- the USD/EUR exchange rate on the same level as in the short fiscal year 2019.

Production guidance is based on our latest production profiles for each of the fields.

Production

Our production for the short fiscal year was slightly below the midpoint of the previous year's guidance. The underperformance is owing to lower production rates in the producing gas fields in North Africa compared with what we originally expected. In addition, production in Mexico was below the plans as well.

For the remaining part of 2019, we expect our production (in kboe/d) to be slightly lower than in the short fiscal year 2019.

EBITDAX

In the short fiscal year 2019, EBITDAX was considerably lower than the mid-point of the original guidance, mainly caused by the different comparison periods (four months vs. 12 months).

For the remaining part of 2019, we expect our EBITDAX to considerably higher than the result of the short fiscal year 2019.

Capex

Our investment expenditure during the short fiscal year were considerably below the mid-point of the original guidance, mainly caused by the different comparison periods (four months vs. 12 months).

For the remaining part of 2019, we expect investment expenditure (excluding acquisitions) to be considerably higher compared with the short fiscal year 2019.

Liquidity

Our capex for the remaining part of 2019 will be funded largely by operating cash flow as well as intercompany financing from the new shareholder. We believe we are adequately funded to conduct our operations.

Hamburg, 18 June 2019

The Board of Management

Warzecha

Rohlfs

Wintershall Dea Deutschland AG
(formerly DEA Deutsche Erdoel AG)
Consolidated Financial Statements
Short Fiscal Year
1 January - 30 April 2019

Wintershall Dea Deutschland AG - Consolidated Income Statement

€m	(Notes)	Jan. - Apr. 2019	Jan. - Dec. 2018
Sales and other operating revenues	(2)	458	1,892
Cost of sales	(3)	-304	-759
Gross profit		154	1,133
Exploration costs	(4)	12	-111
General and administration expenses		-213	-125
Net impairment of assets	(9)	-75	-168
Net impairment of operating receivables	(18)	-4	1
Operating result		-126	730
Financial income	(6)	22	109
Financial expenses	(6)	-33	-89
Net impairment of financial receivables	(18)	8	9
Result from continuing operations before taxes	(7)	-129	759
Income taxes	(8)	-8	-478
Result from continuing operations		-137	281
Result from discontinued operations	(1)	-	53
Net result		-137	334
Thereof attributable to:			
Shareholders of the parent company		-137	330
Non-controlling interests		-	4

Wintershall Dea Deutschland AG - Consolidated Statement of Comprehensive Income

€m	Jan. - Apr. 2019	Jan. - Dec. 2018
Net result	-137	334
Items that may be reclassified to profit or loss		
Currency translation adjustments	19	6
Fair valuation of financial instruments in hedge relationship	-68	66
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plans	2	-22
Other comprehensive income (after taxes)	**-47**	**50**
Total comprehensive income	**-184**	**384**
Thereof attributable to:		
Shareholders of the parent company	-184	380
Non-controlling interests	-	4

Wintershall Dea Deutschland AG - Consolidated Balance Sheet

Assets (€m)	(Notes)	30-04-2019	31-12-2018
Non-current assets			
Intangible assets	(9)	1,728	855
Property, plant and equipment	(9)	3,616	3,320
Investment property		2	2
Financial investments		3	3
Financial receivables	(10)	1	1,916
Other receivables and other assets	(11)	9	56
Deferred tax assets	(8)	121	51
		5,480	6,203
Current assets			
Inventories	(12)	84	83
Financial receivables	(10)	1,882	29
Trade accounts receivable	(11)	251	264
Other receivables and other assets	(11)	175	110
Income tax assets	(8)	0	0
Cash and cash equivalents	(13)	171	305
		2,563	791
		8,043	6,994

Equity and Liabilities (€m)	(Notes)	30-04-2019	31-12-2018
Equity	(14)		
Shareholder's equity		3,122	1,840
Non-current liabilities			
Provisions	(15)	706	657
Debt to banks	(16)	-	1,441
Financial debt	(16)	51	1,041
Income tax liabilities	(8)	26	26
Other liabilities	(17)	16	4
Deferred tax liabilities	(8)	942	739
		1,741	3,908
Current liabilities			
Provisions	(15)	426	185
Debt to banks	(16)	1,893	6
Financial debt	(16)	260	396
Trade accounts payable	(17)	353	298
Income tax liabilities	(8)	120	124
Other liabilities	(17)	128	237
		3,180	1,246
		8,043	6,994

Wintershall Dea Deutschland AG - Consolidated Cash Flow Statement

€m (16)	Jan. - Apr. 2019	Jan. - Dec. 2018
Result from continuing operations	-137	281
Depreciation/impairment losses/reversal of impairment losses	212	486
Changes in provisions	145	-2
Changes in deferred taxes	-5	287
Gain/losses from disposal of assets	2	-30
Other non-cash income/expenses	7	28
Changes in working capital	19	23
Changes in other balance sheet items	-55	-40
Cash flow from operation activities - continuing operations	**188**	**1,033**
Cash flow from operating activities - discontinued operations	-	31
Cash flow from operating activities	**188**	**1,064**
Cash outflows for additions to intangible assets, property, plant and equipment and investment property	-342	-948
Cash inflows from disposal of fixed assets	0	76
Cash outflows for acquisitions	-740	-182
Cash inflows from (cash outflows for) divestures	-	63
Cash inflows from (cash outflows for) financial assets	-55	219
Cash flow from investment activities - continuing operations	**-1,137**	**-772**
Cash flow from investment activities - discontinued operations	-	-9
Cash flow from investment activities	**-1,137**	**-781**
Payment into capital reserve	941	-
Profit transfer to parent company	-390	-130
Repayments of debt to banks	-1,598	-325
Proceeds from debt to banks	2,023	363
Repayments of other financial debt	-400	-
Proceeds from other financial debt	243	-
Repayments of lease liabilities	-6	-
Cash flow from financing activities - continuing operations	**813**	**-92**
Cash flow from financing activities - discontinued operations	-	-3
Cash flow from financing activities	**813**	**-95**
Net change in cash and cash equivalents	**-136**	**188**
Effects of foreign exchange rates changes and other changes in value	2	1
Cash and cash equivalents at beginning of reporting period	305	116
Cash and cash equivalents at end of reporting period	**171**	**305**
Less: Cash and cash equivalents of discontinued operations at end of reporting period	-	-
Cash and cash equivalents of continuing operations at end of reporting period	**171**	**305**
Supplementary information on cash flows from operating activities - continuing operations		
Income tax paid (less refunds)	11	8
Interest paid	67	98
Interest received	2	53
Dividends received	-	0

Wintershall Dea Deutschland AG - Consolidated Statement of Changes in Equity

€m	Subscribed capital	Capital reserve	Retained earnings	Currency translation adjustments	Fair valuation of financial instruments	Shareholder's equity	Non-controlling interests	Total
As at 01-01-2018	344	980	606	-90	-27	1,813	5	1,818
Adjustments on adoption of IFRS 9 (net of tax)			-3			-3		-3
As at 01-01-2018 (restated)	344	980	603	-90	-27	1,810	5	1,815
Fair value of derivative financial instruments with no impact on profit or loss					66	66		66
Currency translation adjustments			0	6		6		6
Remeasurement of defined benefit plans			-22			-22		-22
Other comprehensive income			-22	6	66	50		50
Net result			330			330	4	334
Total comprehensive income			308	6	66	380	4	384
Profit and loss transfer/ distribution			-350			-350		-350
Other changes			0	0		0	-9	-9
As at 31-12-2018	344	980	561	-84	39	1,840	-	1,840
As at 01-01-2019	344	980	561	-84	39	1,840	-	1,840
Fair value of derivative financial instruments with no impact on profit or loss					-68	-68		-68
Currency translation adjustments			0	19		19		19
Remeasurement of defined benefit plans			2			2		2
Other comprehensive income			2	19	-68	-47		-47
Net result			-137			-137		-137
Total comprehensive income			-135	19	-68	-184		-184
Profit and loss transfer/ distribution			191			1,91		191
Capital increase		1,275				1,275		1,275
Other changes								
As at 30-04-2019	344	2,255	617	-65	-29	3,122	-	3,122

About this report

Wintershall Dea Deutschland AG (formerly DEA Deutsche Erdoel AG) is a German limited company and is headquartered at Überseering 40 in 22297 Hamburg, Germany. It is registered at the Hamburg local court under HRB 6882. The nature of the operations and principal activities of Wintershall Dea Deutschland AG (WD Deutschland AG) are described in the management report. The presented consolidated financial statements as at 30 April 2019 were approved for publication by the Board of Management of WD Deutschland AG on 18 June 2019. In accordance with the resolution adopted at the annual general meeting, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft audited the consolidated financial statements and the consolidated management report of WD Deutschland AG and issued its unqualified audit opinion. The consolidated financial statements are available from Wintershall Dea Deutschland AG, Überseering 40, 22297 Hamburg. The consolidated financial statements are filed electronically with the operator of the German Government Gazette and promulgated therein after their filing.

With effect as of 30 April 2019, 24:00 hrs, the parent company of WD Deutschland AG has changed (see note 25 "events after the balance sheet date"). In the future, the company will be controlled by Wintershall Dea GmbH (formerly Wintershall Holding GmbH). As at balance sheet date 30 April 2019, the parent company is still L1E Acquisitions GmbH.

Following the resolution adopted at the Annual General Meeting of 23 April 2019 and the entry in the Commercial Register on 25 April 2019, WD Deutschland AG declared the period from 1 January until 30 April 2019 a short fiscal year. Since the short fiscal year only comprises a 4 months period, a year-on-year comparison with the 12 months period in 2018 is of limited value.

The Annual General Meeting has further decided to change the name of the company in Wintershall Dea Deutschland AG. The change of the name was entered in the Commercial Register on 7 May 2019. The seat continues to be Hamburg.

Basis of preparation

The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) applicable in the EU, as well as in accordance with the supplementary accounting regulations applicable pursuant to Section 315e, Para. 1 of the German Commercial Code (HGB). All figures for the previous year were determined in conformity with the same principles unless new accounting methods have been used prospectively for the reporting period.

The financial statements are prepared in euros (€). The amounts, including figures for previous years, are generally reported in millions of euros (€m). If necessary, amounts are disclosed in thousands of euros (€k). This rounding effect does not produce any loss of information. The income statement is prepared in accordance with the cost-of-sales method. Various items of the Income Statement and the Balance Sheet are combined to improve the transparency of presentation. These items are shown and explained separately in the Notes.

The financial statements have been prepared under the historical cost convention, except for derivative financial instruments and certain other financial assets and financial liabilities, which have been measured at fair value.

Summary of significant accounting policies

Scope of consolidation

The consolidated financial statements include the accounts of WD Deutschland AG and its subsidiaries over which the company has control. WD Deutschland AG controls an investee if it has power over the investee. In addition, WD Deutschland AG is exposed to, or has rights to, variable returns from its involvement with the investee and WD Deutschland AG has the ability to use its power over the investee to affect the amount of WD Deutschland AG's return. A subsidiary is de-consolidated from the date that control ceases. There are 36 consolidated companies (2018: 16), 16 of them abroad (2018: 6). Participation in 3 foreign subsidiaries (2018: 2) of minor importance to the WD Deutschland AG Group are reported as financial investments measured at fair value in accordance with IFRS 9. In total, these subsidiaries account for less than 1 % of the consolidated revenue and income as well as of consolidated debt. In the reporting period, 20 foreign subsidiaries were consolidated for the first time (see note 1).

Consolidation principles

The financial statements of the domestic and foreign companies included in the Consolidated Financial Statements of WD Deutschland AG are drawn up in conformity with uniform accounting and valuation methods. Expenses and earnings as well as accounts receivable and payable between the consolidated subsidiaries are eliminated. Intercompany gains or losses are eliminated, unless they are negligible. Capital consolidation is performed by offsetting the carrying amounts of subsidiaries against their underlying equity. Depreciation charged in the companies' individual statements on shares in, and loans to, consolidated subsidiaries is reversed.

Business combinations

Cost of an acquisition is measured at the fair value of the assets given and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities assumed in a business combination (including contingent liabilities) are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. Non-controlling interest in a subsidiary represents the portion of the subsidiary not owned by WD Deutschland AG. The results of the subsidiaries acquired or disposed of during the year are included in the consolidated statement of income from the date of acquisition or until their disposal, respectively.

Joint arrangements

Joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. There are joint arrangements at WD Deutschland AG Group in the course of development and production activities. They are classified as joint operations since the arrangements transfer the rights and obligations relating to the assets and liabilities to the investors. The Group's shares in joint operations are accounted for by recognising its respective share in assets and liabilities as well as its income and expenses.

Currency translation

In the companies' individual statements, foreign currencies transactions are translated at exchange rates prevailing at the date of the transaction. Monetary foreign currency items are measured at the current exchange rate at each balance sheet date. Exchange gains or losses incurred by the balance sheet date are recognised in the income statement.

The financial statements of Group companies with functional currencies different from the Group's presentation currency (Euro) are translated using the current rate method. All balance sheet items are translated at the current exchange rates prevailing at the balance sheet date. Differences from previous-year translation are recognised in other comprehensive income without impact on profit or loss. Income statement items are translated generally at annual average rates. The use of average rates for the income statement creates additional differences compared with the application of current exchange rates for balance sheet items which are also recognised in other comprehensive income.

The following exchange rates were applied in translating foreign currencies to euros:

1 € =	**Rate on balance sheet date**		**Average rate**	
	30-04-2019	31-12-2018	Jan. - Apr. 2019	Jan. - Dec. 2018
1 Pound sterling	1.16	1.12	1.15	1.13
100 Norwegian kroner	10.34	10.05	10.30	10.42
100 Polish zloty	23.33	23.25	23.27	23.48
1 Mexican peso	0.047	0.044	0.046	0.044
1 United States Dollar	0.89	-	0.88	-

Realisation of income

Revenues are recognised when a performance obligation has been satisfied by transferring a promised good or service to a customer. The transfer criteria is fulfilled when the customer obtains control. They are measured at the transaction price that is allocated to the respective performance obligation.

At WD Deutschland AG Group revenues primarily consist of oil and gas sales. Oil and gas revenues are recognised at the time of delivery to the contractual delivery point. This is generally the case, if oil passes the vessel's rail or, in case of oil and gas supply via pipeline, when passing agreed delivery points. Revenues derived from services are of minor significance for the WD Deutschland AG Group.

Income taxes

Tax positions under respective local tax laws and tax authorities' views can be complex and subject to different interpretations by tax payers and local tax authorities. Different interpretations of tax laws may result in additional tax payments for previous years and are included in management considerations. In the WD Deutschland AG Group, despite the existence of a fiscal unit, actual and deferred taxes are recognised on the basis of a tax allocation contract.

Under the liability method, deferred tax assets and liabilities are recognised for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets are recognised if sufficient future taxable profit is available, including knowledge about income from forecast operating earnings, the reversal of existing taxable temporary differences and established tax planning opportunities. As of each period-end, the WD Deutschland AG Group evaluates the recoverability of deferred tax assets on the basis of projected future taxable profits. According to the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, the WD Deutschland AG Group believes it is probable the company will realise the benefits of these deductible differences. As future developments are uncertain, assumptions are necessary to estimate future taxable profits as well as the period in which deferred tax assets will recover. Estimates are revised in the period in which there is sufficient evidence to revise the assumption.

Intangible assets

Intangible assets include capitalised exploration expenditure, other intangible assets such as cost recovery rights, licence rights in the production phase, commercial and technical software and goodwills. They are reported at amortised costs.

The exploration phase comprises the period from the receipt of exploration rights until their expiry or until technical feasibility of a field development and economic viability have been demonstrated. The exploration expenditure capitalised during this phase includes, for example, concession acquisition costs, licences and exploration rights and exploration wells. Exploration wells are accounted for at their historic cost of acquisition or production according to the successful efforts method; i.e. expenses incurred on exploration wells are generally capitalised only if they were successful, in the sense that they led in particular to the discovery of oil and gas deposits. Once the reserves are proved and commercial viability is established and the development is highly probable, the exploration wells are reclassified into property, plant and equipment and intangible exploration rights are reclassified into other intangible assets. During the exploration phase, the exploration expenditure capitalised is not subject to scheduled amortisation/depreciation. With the start of production, it is amortised/depreciated according to the unit-of-production method.

Other intangible assets have a finite useful life and are therefore subject to systematic linear or production-related depreciation. The useful life of concessions and other licence rights corresponds to the contractual term or comprises the period until the end of economic production. Software for commercial or technical applications is depreciated under the straight-line method over three years. The useful economic life and amortisation methods are subject to annual review.

Goodwill is not subject to systematic amortisation. It is subject to an impairment test on an annual basis or whenever there are indications of a diminution in value (impairment test). Goodwill is part of cash-generating units. The goodwill impairment test is performed at the level of a cash-generating unit or a group of cash-generating units. This is the lowest level at which goodwill is monitored for internal management purposes.

Property, plant and equipment

Property, plant and equipment comprise land and buildings, oil and gas assets, other plant, machinery and equipment as well as fixtures and fittings and office equipment. They are valued at amortised acquisition or production cost. Borrowing costs that can be directly allocated to the acquisition or production of an asset are capitalised as part of acquisition or production costs if a considerable period is necessary to convert the asset into its intended state for use or sale ("qualified asset"). The cost of property, plant and equipment includes the estimated cost of de-installation or demolition and removal and of the reconditioning of the site under public or private law obligations, to the extent related provisions are set up. Maintenance and repair costs are stated as expenses.

Oil and gas assets are generally depreciated using the unit-of-production method. Basically, in the case of capitalised wells the depreciation is based on the current production of the period in relation to proved developed producing reserves and in the case of acquisition costs and production facilities/support equipment the current production of the period is set in relation to total proved reserves.

Other property, plant and equipment, with the exception of land and similar rights, is depreciated using the straight-line method. The typical useful lives of the WD Deutschland AG Group's non-production-related property, plant and equipment are as follows:

	Years
Buildings	24 - 50
Technical plant and machinery	5 - 15
Factory and office equipment	3 - 20

Impairment test

An impairment loss is recognised for intangible assets as well as for property, plant and equipment and investment properties if the recoverable amount of the asset is less than its carrying amount. Exploration assets are required to be tested for impairment as soon as the technical feasibility and profitability of a resource can be proven. The presence of facts and circumstances indicating an impairment also gives rise to an impairment test. If the asset is part of a cash-generating unit (the smallest identifiable group of assets generating cash flows, which are largely independent of the cash inflows of other assets or other groups of assets), then an impairment is derived on the basis of the recoverable amount of the cash-generating unit. In the event that the carrying amount of a cash-generating unit to which a goodwill was allocated exceeds the recoverable amount, a resulting impairment loss is initially applied to the allocated goodwill. Any further impairment loss required will be taken into account through a pro-rata reduction in the remaining carrying amounts of the cash-generating unit. A reversal of an impairment loss up to the value of amortised cost is made if the reasons for an earlier impairment no longer exist. In this case, the increased book value resulting from a reversal must not exceed the amortised cost of acquisition or production. Impairment losses are reported net of reversals of impairment losses. Impairment losses on goodwill are not reversed.

Within the scope of the impairment test, the recoverable amount of the cash-generating unit is determined. The recoverable amount is defined as the higher of fair value less cost of disposal or value in use. The fair value represents the best possible estimate for the amount for which an independent third party would acquire the cash-generating unit on the balance sheet date; the cost of disposal is deducted. Value in use reflects the present value of the future cash flows which are expected to be generated with the cash-generating unit. If either of these amounts exceeds the carrying amount, it is not always necessary to determine both amounts. These values are generally determined on the basis of discounted cash flow calculations which, in turn, are generally based on current corporate planning. The cash flow forecasts pertain to the life-of-field-period for the individual concession/licence or groups of concessions/licences. The calculations are based on historical experience as well as expectations of future market trends. The principal assumptions underlying the determination by management of the recoverable amount are the forecasts for market prices of oil and natural gas, the estimated reserves, the production forecast as well as the discount rates. The discount rates applied are based on weighted average capital costs taking into consideration specific country risks. The calculation was not related to the actual capital structure of the company but was derived by peer group.

Financial assets

Financial assets are classified in the following measurement categories:

- Financial assets to be measured at fair value through profit or loss (FVPL)
- Financial assets to be measured at amortised costs

Financial assets are classified as at amortised costs only if the asset is held within a business model whose objective is to collect the contractual cash flows and if the contractual term give rise to cash flows that are solely payments of principal and interest.

Financial assets are recognised in the balance sheet if a company is a party to a contract for the asset in question. Market-conform purchases or sales of financial assets are recognised or derecognised on the day of trading. Financial assets are derecognised when the contractual rights to cash flows from the asset expire or the entity transfers the financial asset. The latter applies when all the essential risks and rewards of ownership of the asset are transferred, or the entity no longer has control of the asset.

Except for trade accounts receivables from sales revenues, at initial recognition, financial assets are measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction cost that are directly attributable to the acquisition of the financial asset. Trade accounts receivable from sales revenues are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components.

After initial recognition, financial assets are measured depending on their classification either at amortised cost using the effective interest method or at fair value through profit or loss.

For financial assets measured at amortised costs expected credit losses are recognised. The assessment of credit losses is carried out on a forward looking basis. Impairment losses are presented in separate line items in the income statement either as impairment losses on operating receivables or as impairment losses on financial receivables. Reversals of impairment losses are credited against the same line item.

Inventories

Inventories are carried at cost of acquisition or production or at the lower net realisable value. Production costs reflect the full costs directly related to production and are determined on the basis of the normal capacity. To the extent that the net realisable value of previously impaired inventories has increased, the resulting reversal is recognised in the same expense item in which the original impairment was recorded.

Provisions

Provisions are set up for all legal or factual obligations to third parties as at the balance sheet date which are based on past events and will probably lead to an outflow of resources in the future and the extent of which can be reliably estimated. Possible obligations to third parties or existing obligations where an outflow of resources is improbable or the extent thereof cannot be reliably determined, are not to be recognised as provisions. They have to be disclosed as contingent liabilities in the notes unless the possibility of an outflow of resources with economic benefits is remote.

Provisions are carried at their foreseeable settlement amount and not netted against any recovery claims. The settlement amount comprises cost increases to be taken into account as of the balance sheet date. In the case of non-current provisions, the amounts are discounted to the present value, applying the country-specific or currency-specific market interest rate applicable as of the respective balance sheet date. Provisions based on a large number of similar events are reported at their expected value. Releases of provisions are written back against the expense item against which the provision was originally set up.

Decommissioning provisions cover the updated commitments for the plugging of wells, the de-installation of onshore and offshore production facilities and the reconditioning of operations and drilling sites. Their extent is based on the anticipated full costs, taking into account the empirical data and the cost benchmarks determined by the Association of German Crude Oil and Natural Gas Producers, with comparable assumptions available for foreign activities. Should any changes in interest rates or estimates in terms of the time or the level of payouts lead to changes in this provision, then the carrying amount of the associated asset will be adjusted accordingly. If the reduction is higher than the book value, the excess amount must be recorded with direct impact on income.

Provisions for pensions are recognised for defined benefit plans. This relates to commitments by the company to cover vested entitlements of employees in active service and current benefits to active and former employees or their dependents. These commitments relate in particular to old-age pension payments. The specific commitments are based on benefits that vary throughout the industry; however, as a rule they are measured according to employees' length of service and remuneration.

The company pension plan consists both of defined-benefit and contribution-based benefit plans. Provisions for defined-benefit plans are based on the actuarial projected benefit obligation, measured using the projected unit credit method. This benefit/years of service method takes into account not only the pension benefits and benefit entitlements known as of the balance sheet date, but also anticipated future increases in salaries and pension benefits. The calculation is based on actuarial reports, taking into account appropriate biometric parameters (for Germany, in particular the “Richttafeln 2018G" by Klaus Heubeck; for Norway, the mortality table “K2013”). The provision is reduced by the fair value of the plan assets set up to cover the pension commitments. The service cost, i.e. the increase in the obligation resulting from the work performed by employees in the period under review, is disclosed in operating result and the interest expenses/income are reported in financial expenses.

Results of the remeasurement of defined-benefit plans are fully recognised in the fiscal year in which they occur. They are reported outside profit or loss in the consolidated statement of comprehensive income and immediately assigned to retained earnings. Therefore, they remain outside profit or loss in subsequent periods as well.

In the case of contribution-based benefit plans, the company does not incur any further obligations beyond making contribution payments to special-purpose funds. The contribution payments are recorded as expenses.

Financial liabilities

Financial liabilities are classified in the following measurement categories:

- Financial liabilities to be measured at fair value through profit or loss (FVPL)
- Financial liabilities to be measured at amortised costs

Financial liabilities are measured at its fair value plus, in the case of a financial liability not at fair value through profit or loss, transaction cost that are directly attributable to the acquisition of the financial liabilities.

After initial recognition, financial liabilities are measured depending on their classification either at amortised cost using the effective interest method or at fair value through profit and loss.

Lease agreements

A lease is a contract in which the right to control the use of an identified asset is conveyed for an agreed-upon period in return for compensation.

As from 1 January 2019, the present value for future lease payments is generally recognised as a financial liability at the commencement date for all lease agreements where the Group acts as the lessee. Lease payments are split into principal and interest portions using the effective interest method. Correspondingly, the right of use asset is recognised at the present value of the liability, adding any directly attributable costs. Payments made before the commencement date and incentives received from the lessor are also included in the carrying amount of the right of use asset.

The right of use asset is generally depreciated on a straight-line basis over the lease term. Right of use assets, that are allocated to the asset category "oil and gas assets", are depreciated on a straight-line basis or according to the unit-of-production-method. The provisions of IAS 36 concerning the determination and recognition of impairments of assets also apply to right of use assets.

If the expected lease payments change as a result of index-linked consideration, for example, or on the basis of new assessments of contractual options, the liability is remeasured. The adjustment to the new carrying amount is generally carried out without impact on profit or loss trough corresponding adjustment to the right of use asset.

For leases of low-value assets and short-term leases with a maximum term of 12 months the Group exercises the optional application exemptions. The lease payments under these contracts are generally recognised on a straight-line basis over the lease term as expense in the income statement.

The accounting rules for lease agreements are not applied on lease agreements for other intangible assets.

Until 31 December 2018, lease transactions were accounted for in accordance with IAS 17.

Derivative financial instruments

Derivative financial instruments are reported as other assets or other liabilities. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured to their fair values at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivate is designated as a hedging instrument, and if so, the nature of the item being hedged.

At inception of the hedge relationship, the group documents its risk management objective and strategy for undertaking its hedge transactions as well as the economic relationship between hedging instrument and hedged items including whether changes in the cash flows of the hedging instrument are expected to offset changes in the cash flow of hedged items.

The group has designated derivatives as hedging instruments within the scope of cash flow hedges. Cash flow hedges are used to hedge the risk of variability in cash flows related to highly probable forecast transactions. The effective portion of changes in the fair value of derivates that are designated as cash flow hedges is recognised as other comprehensive income within equity. The gains or losses relating to the ineffective portion are recognised immediately in profit or loss.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss. When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gains or losses in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gains or losses are immediately reclassified to profit or loss.

Changes in the fair values of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss.

Agreements concluded for the purpose of receiving or supplying non-financial items in accordance with the company's expected buying, selling or utilisation demand and held for this purpose (own-use contracts) are accounted for not as financial derivatives but as pending transactions. If the agreements contain embedded derivatives, then the derivatives will be accounted for separately from the underlying agreement if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the underlying agreement.

Discontinued operations and assets held for sale

Discontinued operations are reported when a component of an entity that either has been disposed of, or is classified as "held for sale" represents a separate major line of business or geographical area of operations. In the consolidated income statement, the result from discontinued operations is reported separately from the result from continuing operations. In the consolidated cash flow statement, the cash flows from discontinued operations are presented separately from cash flows of continuing operations. Previous periods are, in each case, presented on a comparable basis. The disclosures in the notes, except for note (1), that refer to the consolidated income statement and the consolidated cash flow statement relate to continuing operations. In order to present the financial effects of discontinued operations, income and expenses as well as receivables and liabilities arising from intragroup transactions are eliminated. Non-current assets classified as "held for sale" are measured at the lower of their carrying amount and fair value less costs to sell, unless these assets are not part of the measurement scope as defined in IFRS 5. Depreciation and amortisation ceases from the date of classification as "held for sale".

Important estimates and assumptions

Preparation of the consolidated financial statements on the basis of IFRS requires management to make estimates and assumptions that affect the amounts reported for assets, liabilities, income and expenses as well as disclosed contingent liabilities and fair values. The assumptions and estimates mainly concern the following areas:

Oil and gas reserves

Oil and natural gas reserves are applied to determine the recoverable amount in the framework of the impairment test as well as for the production-related depreciation and amortisation using the unit-of-production method. Reserves are estimated by the Group's own qualified engineers and geoscientists applying standardised valuation methods, and are classified in line with international industry standards. This process is subject to defined principles. Furthermore, the estimates are audited by an independent consultant (RPS Group) on an annual basis.

Impairment tests

Key assumptions within impairment tests for intangible assets and property, plant and equipment relate to estimated reserves, forecasts for market prices of crude oil and natural gas, production forecasts and discount rates.

Impairment on financial assets

The loss allowances for financial assets are based on assumptions about probability of default and expected credit losses. The inputs to the impairment calculation are based on the group's past history, existing market conditions as well as forward looking estimates.

Derivative financial instruments

In accounting for derivative financial instruments, assumptions have to be made as to whether the principles of hedge accounting apply. In addition, for certain contracts a decision is required as to whether they are to be recognised as derivatives or treated as pending transactions like what are known as own-use contracts.

Provisions

Decommissioning provisions mainly require estimates and assumptions with regard to terms, exchange rates, costs to be considered and discount rates. Future actual cash outflows can differ, owing to changes in relation to these items.

With regard to pension provisions, the discount rate is one of the very important estimators. The discount factor for pension obligations is determined on the basis of yields on high quality, fixed-rate corporate bonds on the financial markets as of the balance sheet date.

Lease agreements

When determining right of use assets and corresponding lease liabilities, especially assumptions regarding the exercise of extension or termination options as well as discount rates are to be made.

All assumptions and estimates are based on conditions and evaluations made as at the balance sheet date. In addition, with regard to expected future business trends, the future development (considered realistic at the current time) of the economic environment in the industries and the regions in which the WD Deutschland AG Group operates is taken into account. If the actual trend deviates from the assumed development of conditions, then the assumptions and, if necessary, the carrying amounts of the assets and liabilities concerned will be adjusted accordingly. As of the date of preparation of the consolidated financial statements, it is not expected that there will be a material change in the assumptions and estimates.

Changes in accounting policies

The International Accounting Standards Board (IASB) and the IFRS IC have adopted a new International Financial Reporting Standard (IFRS), an Interpretation and amendments to existing Standards, which became effective for the WD Deutschland AG Group as of 1 January 2019.

IFRS 16 (2016) "Leases" replaces the previous regulations of IAS 17, IFRIC 4, SIC 15 and SIC 27. In the context of the transition to IFRS 16, €72m were capitalised as right of use assets and lease liabilities were recognised in the same amount as of 1 January 2019. The Group transitioned in accordance with the modified retrospective approach. The prior-year figures were not adjusted. The Group has made use of the optional application exemptions provided for short-term leases with a maximum term of 12 months and leases for low-value assets and generally expenses the payments in the income statement according to the straight-line method.

Reconciliation of lease liabilities according to IFRS 16	€m
Minimum lease payments under operating lease agreements as of 31 December 2018	97
less short-term leases	-1
less leases of low value assets	0
less lease agreements with commencement date after 1 January 2019	-16
less others	3
Gross lease liabilities as of 1 January 2019	**83**
Effect from discounting	-11
Lease liabilities as of 1 January 2019	**72**

The weighted-average incremental borrowing rate for lease liabilities initially recognised as of 1 January 2019 was 4.7 %.

Further changes in accounting standards

The following interpretation and amendments to existing standards have no material impact on the WD Deutschland AG consolidated financial statements:

- IFRS Interpretation 23 (2017) "Uncertainty over Income Tax Treatments"
- Amendments to IFRS 9 (2017) "Prepayments Features with Negative Compensation"
- Amendments to IAS 28 (2017) "Long-term Interests in Associates and Joint Ventures"
- Annual Improvements to IFRS Standards 2015 - 2017 (2017)
- Amendments to IAS 19 (2018) "Plan Amendment, Curtailment or Settlement"

New accounting policies

The IASB has adopted a further standard and amendments to existing standards, which are not yet mandatory in the European Union (EU) for fiscal years which begin on 1 January 2019. EU endorsement is still pending in some cases.

The following changes in standards are not expected to have any material effect on the WD Deutschland AG Group's consolidated financial statements:

Standards	IASB Effective Date
Amendments to Reference to the Conceptional Framework in IFRS Standards (2018)	1 January 2020
Amendments to IFRS 3 (2018) "Business Combinations"	1 January 2020
Amendments to IAS 1 and IAS 8 (2018) "Definition of Material"	1 January 2020
IFRS 17 (2017) "Insurance Contracts"	1 January 2021

Selected key financial data by region (voluntary disclosure)

The WD Deutschland AG Group operates within several geographical areas. The following representation at country level is in accordance with internal management reporting and does not represent segment information as defined by IFRS 8.

	January - April 2019					
€m/kboed	Germany/ Denmark	Norway	North Africa [1]	Mexico	Other [2]	Total
Production (kboed) [3]	30	44	38	4	-	116
Revenues	139	215	83	21	-	458
Depletion, depreciation, amortisation	-16	-33	-80	-7	-1	-137
Net impairment of assets	-	-1	-73	-	-1	-75
EBITDAX	71	147	56	9	-29	254
Exploration cost	0	-3	2	-4	17	12
Capital expenditure (without acquisitions)	21	223	96	1	1	342

1) Comprising Egypt and Algeria
2) Incl. rest of the world, central functions and investment property
3) On working interest basis

	January - December 2018					
€m/kboed	Germany/ Denmark	Norway	North Africa [1]	Mexico	Other [2]	Total
Production (kboed) [3]	32	52	34	3	-	121
Revenues	402	928	220	53	-	1,603
Depletion, depreciation, amortisation	-47	-130	-114	-24	-3	-318
Net impairment of assets	-	-9	-159	-	-	-168
EBITDAX	231	697	157	18	-60	1,043
Exploration cost	-19	-65	-16	-5	-6	-111
Capital expenditure (without acquisitions)	50	533	345	18	2	948

1) Comprising Egypt and Algeria
2) Incl. rest of the world, central functions and investment property
3) On working interest basis

(1) Acquisitions, disposals and discontinued operations

Acquisitions

With purchase contract dated 4 December 2018, the WD Deutschland AG Group have acquired 100 % of the shares of Sierra Oil & Gas, a leading Mexican independent oil and gas company. The transaction comprises 22 companies including acquired holding companies. After having obtained required official approval, the agreement became effective as of 19 March 2019. The initial consolidation was carried out as of 31 March 2019. With the deal, which comprises 6 exploration and appraisal blocks in Mexico, WD Deutschland AG enhances its presence in the Mexican E&P market.

The transaction was accounted for as a business combination. The following table comprises the fair values of assets acquired and liabilities assumed at the date of acquisition. The amounts are determined on a preliminary basis. The final evaluation has not yet been completed.

€m	
Purchase price	568
Identifiable assets acquired and liabilities assumed	
Intangible assets and property, plant and equipment	615
Receivables and other assets	45
Cash and cash equivalents	20
Provisions	-98
Liabilities	-100
Deferred tax	-146
	336
Goodwill	232
Net assets acquired	568

The acquired goodwill is mainly resulting from the recognition of deferred taxes and a change in macroeconomic parameters as of the date of initial consolidation. The goodwill is not deductible for tax purpose.

€567m of the purchase price have already been paid in cash. The net cash outflow for the acquisition is shown within cash flow from investing activities. The contract also comprises an earn-out clause, which provides a further payment depending on the exploration success. The acquisition-date fair value of this contingent consideration amounts to zero.

Acquisition related cost of €3m were recognized as administration expenses.

The net result of the acquired companies since the date of the initial consolidation amounts to €-37m. The companies do not show any revenues. If the acquisition had been completed as of 1 January 2019, the net result of the Group would have been €-174m.

Discontinued operations

In the previous year, the result from discontinued operations comprised the disposed storage business. The sale of the storage business took place with effect as of 31 December 2018.

€m	Jan. - Dec. 2018
Sales and other operating revenues	35
Cost of sales	-12
Financial result	3
Result before taxes	26
Income taxes	
from ordinary activities	-8
on proceeds from disposal	-23
Result after taxes [1)]	**-5**
Gain on deconsolidation (after deduction of disposal costs)	58
Total result from discontinued operations	**53**

1) Thereof attributable to non-controlling interests €4m.

In connection with the sale, a purchase price of €106m was paid to WD Deutschland AG in 2018. After deduction of disposal costs and disposed cash the net inflow from divestures amounted to €63m and was shown within cashflow from investing activities.

(2) Sales and other operating revenues

€m	Jan. - Apr. 2019	Jan. - Dec. 2018
Oil		
Germany/Denmark	70	187
Norway	125	554
North Africa	33	78
Mexico	15	40
	243	859
Gas		
Germany/Denmark	69	215
Norway	88	364
North Africa	50	138
Mexico	6	12
	213	729
Others		
Germany/Denmark	0	0
Norway	2	10
North Africa	-	4
Mexico	-	1
	2	15
Sales revenues	458	1,603
Other operating revenues	0	289
	458	1,892

The oil revenues comprise losses from commodity derivatives amounting to €8m (2018: losses of €50m).

(3) Cost of sales

€m	Jan. - Apr. 2019	Jan. - Dec. 2018
Cost of operations		
Production costs	101	265
Royalties	31	99
Change in over-/underlift position	-1	8
Tariffs, transport and lease expenses	31	97
Depletion, depreciation, amortisation	134	314
Other	0	-38
	296	745
Development costs	8	14
	304	759

Other cost of operations for the reporting period include net gains from the disposal of fixed assets of €0m (2018: net gains of 38m).

(4) Exploration

Exploration costs in the income statement comprise, among other things, expenses related to seismology, geology, geophysics, unsuccessful exploration wells, additions and reversals of provisions and allocable administrative expenses. Impairment losses and reversals are not included in the exploration costs.

Provisions comprise commitments from exploration (mainly working programmes) amounting to €172m (2018: €101m).

The cash flow from operating activities attributable to exploration amounts to €-15m (2018: €16m). In addition, the cash flow from investment activities by the exploration division amounts to €-5m (2018: €-48m).

(5) Staff costs

Total staff costs are included in the following items in the income statement:

€m	Jan. - Apr. 2019	Jan. - Dec. 2018
Cost of sales	29	83
Exploration costs	8	21
General and administration expenses	16	50
	53	154

€m	Jan. - Apr. 2019	Jan. - Dec. 2018
Wages and salaries	44	124
Social security and other benefits	5	15
Expenses relating to post-employment benefits	4	15
	53	154

In the fiscal year, the average size of the WD Deutschland AG Group's workforce (excluding discontinued operations) converted to employee equivalents was 987 (2018: 967), of whom 810 (2018: 808) were in Germany. Full-time employees are included in the employee equivalents at 100 %. Part-time employees or employees with agreements subject to time limits are recorded only to the extent of their part-time quota or their employment time in relation to the annual time worked. In addition, the number of apprentices employed as at 30 April 2019 (headcount) was 8 (31 December 2018: 8).

(6) Financial income and financial expenses

€m	Jan. - Apr. 2019	Jan. - Dec. 2018
Interest income from third parties	2	2
Interest income from affiliated companies	18	94
Foreign currency exchange gains, net	2	13
Income from financial derivatives, net	0	-
Income from investments	-	0
Other financial income	-	0
Financial income	**22**	**109**
Interest expenses to third parties	26	77
Interest expenses to affiliated companies	38	50
Less capitalised borrowing costs	-39	-76
Losses from financial derivatives, net	-	0
Other financial expenses	3	10
	28	61
Interest from additions to		
Provisions for pensions and similar obligations less plan assets (net pension obligations)	-3	3
Abandonment provisions	8	24
Other provisions	0	1
	5	28
Financial expenses	**33**	**89**

(7) EBITDAX

EBITDAX is used for the purpose of internal management control and is derived from the result from continuing operations before taxes adjusted by the following items:

a) Interest income and expenses shown as financial income and expenses in the income statement, but adjusted for interest effects regarding pension provisions and pension plan assets which are shown separately in the line "pension items".

b) Income and expenses attributable to exploration, but excluding depletion/depreciation/ amortisation and impairment losses and reversal of impairment losses, interest income and expenses, currency effects and pension items for exploration, since these are adjusted in separate line items.

c) Depletion, depreciation, amortisation and impairment losses less reversal of impairment losses of assets as shown in the income statement.

d) Acquisition, disposal and restructuring costs and further extraordinary items. This represents all fees, costs and expenses, stamp duty, registration and other taxes incurred by the company in connection with an acquisition or a disposal and material items of an unusual or non-recurring nature (e.g. resulting from restructuring activities).

e) Realised and unrealised foreign exchange gains and losses (including hedging results).

f) Gains over book value or losses on book value arising from the disposal of any fixed assets (other than the sale of trading stock).

g) Income from pension plan assets, interest expenses, service costs or other charges attributable to a post-employment benefit scheme.

€m	Jan. - Apr. 2019	Jan. - Dec. 2018
Result from continuing operations before taxes	-129	759
a) Interest and other financing costs	16	-10
b) Exploration costs	-13	111
c) Depletion, depreciation, amortisation and net impairment losses of assets	212	486
d) Acquisition, disposal and restructuring costs and extraordinary items as well as income from investments	169	-269
e) Realised and unrealised gains/losses from foreign currency valuation and financial derivatives	-3	-12
f) (Gain)/loss attributable to the disposal of fixed assets	2	-39
g) Pension items	0	17
EBITDAX	254	1,043

(8) Income taxes

€m	Jan. - Apr. 2019	Jan. - Dec. 2018
Current income taxes		
Germany/Denmark	16	45
Norway	-3	142
North Africa	-	4
Mexico	0	0
Other	0	0
	13	191
Deferred taxes		
arising from deductible temporary differences	-4	255
resulting from taxable loss carry-forwards	-1	32
	-5	287
	8	478

Current income taxes relating to income from other periods, amount to €3m (previous year: expenses from other periods of €2m).

The average consolidated income tax rate on earnings generated by companies liable to German taxation generally amounts to 30.56 % (2018: 30.56 %). It results from the applicable corporation tax rate of 15.0 % and the solidarity surcharge of 5.5 % as well as the average trade income tax rate of the WD Deutschland AG Group. By way of derogation from this, for German companies that have activities in countries with which no double taxation agreement exists, a tax rate of 15.83 % (without trade income tax) is applied. Current taxes of foreign subsidiaries are based on local tax laws and applicable tax rates in the individual foreign countries. Deferred tax assets and liabilities in Germany and abroad are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

Taxes on income are derived from the expected tax expenses as follows:

€m	Jan. - Apr. 2019	Jan. - Dec. 2018
Result from continuing operations before taxes	-129	759
Expected tax expenses 30.56 % (previous year: 30.56 %)	-39	232
Changes in expected tax expenses due to:		
Tax rates differences	22	239
Taxes relating to a different accounting period	-3	2
Tax effects on		
other tax-free earnings and earnings from foreign operations	-3	-5
expenses not deductible for tax purposes	0	1
different trade income tax assessment bases and tax rates	1	-38
changes in tax loss carry-forwards	2	8
tax provision	4	12
Other	24	27
Changes in deferred taxes due to tax rate changes	0	0
Effective tax expenses	8	478
Effective tax rate in %	-6	63

Income tax assets and liabilities:

	30-04-2019		31-12-2018	
€m	Assets	Liabilities	Assets	Liabilities
Germany/Denmark	-	29	-	23
Norway	-	109	-	120
North Africa	-	2	-	2
Mexico	0	0	0	0
Other	0	6	0	5
	0	146	0	150
Non-current	-	26	-	26
Current	0	120	0	124

Income tax liabilities consist primarily of income taxes for the respective current year and prior-year periods that have not been definitively audited by the tax authorities.

The deferred tax assets and liabilities (gross) are allocable to the following balance sheet items:

€m	30-04-2019		31-12-2018	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Non-current assets	12	1,262	24	946
Current assets	1	18	1	16
Tax-related special items	-	6	-	7
Non-current liabilities				
Pension provisions	51	-	52	-
Other non-current provisions/ liabilities	243	-	196	18
Other current provisions/liabilities	108	0	15	0
	415	1,286	288	987
Loss carry-forwards	50	-	11	-
Gross	465	1,286	299	987
Netting	-344	-344	-248	-248
Net amount	121	942	51	739

Deferred tax assets and liabilities for each company are netted. Deferred taxes on loss carry-forwards are netted against deferred tax liabilities.

Deferred tax assets as a rule comprise capitalised tax credit claims resulting from the expected utilisation of loss carry-forwards in subsequent years. The realisation of these loss carry-forwards is ensured to an adequate level of certainty. The amount of loss-carry-forwards not covered by deferred tax claims totals €173m (2018: €106m).

In the reporting period, deferred taxes of €31m (2018: €-16m) were netted against equity with no effect on profit or loss. They result from the valuation of derivative financial instruments with no effect on profit or loss, amounting to €30m (2018: €-29m), from the remeasurement of defined benefit plans amounting to €1m (2018: €8m). In the previous year, €5m resulting from IFRS 9 restatement were netted against equity with no impact on profit or loss.

Effects resulting from currency translation of deferred tax items in foreign financial statements amounting to €-21m (2018: €14m) were recognised with no impact on profit or loss.

The initial consolidation of the Sierra Oil & Gas Group led to a change in deferred taxes with no impact on profit or loss in the amount of €-146m.

Of the total amount of deferred tax assets and deferred tax liabilities, €107m (2018: €16m) and €18m (2018: €16m) are expected to be realised within twelve months.

(9) Intangible assets and property, plant and equipment

Intangible assets

€m	Exploration	Other intangible assets	Goodwill	Total
At cost of acquisition and production				
1 January 2019	643	642	112	1,397
Changes in scope of consolidation	612	1	232	845
Additions	5	3	-	8
Transfers	-	-	-	-
Currency translation adjustments	12	21	4	37
Disposals	-	-3	-	-3
30 April 2019	1,272	664	348	2,284
Accumulated amortisation and impairment losses				
1 January 2019	-380	-162	-	-542
Changes in scope of consolidation	-	-	-	-
Amortisation	-	-10	-	-10
Transfers	-	-	-	-
Currency translation adjustments	-5	-2	-	-7
Disposals	-	3	-	3
Impairment losses	-	-	-	-
Reversal of impairment losses	-	-	-	-
30 April 2019	-385	-171	-	-556
Carrying amount 30 April 2019	887	493	348	1,728
At cost of acquisition and production				
1 January 2018	697	310	113	1,120
Additions	30	300	-	330
Transfers	-74	43	-	-31
Currency translation adjustments	-3	-1	-1	-5
Disposals	-7	-10	-	-17
31 December 2018	643	642	112	1,397
Accumulated amortisation and impairment losses				
1 January 2018	-387	-145	-	-532
Amortisation	-	-27	-	-27
Transfers	4	-	-	4
Currency translation adjustments	2	0	-	2
Disposals	1	10	-	11
Impairment losses	-	-	-	-
Reversal of impairment losses	-	-	-	-
31 December 2018	-380	-162	-	-542
Carrying amount 31 December 2018	263	480	112	855

Property, plant and equipment

€m	Land and buildings	Oil and gas assets	Other plant, machinery and equipment	Fixtures and fittings and office equipment	Total
At cost of acquisition and production					
1 January 2019	90	9,136	1	54	9,281
Changes in scope of consolidation	1	-	0	1	2
Adjustment according to IFRS 16	11	61	0	0	72
Additions	0	372	0	1	373
Transfers	0	0	0	0	0
Currency translation adjustments	0	165	0	1	166
Disposals	0	-4	-	0	-4
30 April 2019	102	9,730	1	57	9,890
Accumulated depreciation and impairment losses					
1 January 2019	-64	-5,853	-1	-43	-5,961
Changes in scope of consolidation	-	-	-	-	-
Depreciation	-2	-124	0	-1	-127
Transfers	-	-	-	-	-
Currency translation adjustments	0	-112	0	0	-112
Disposals	0	1	-	0	1
Impairment losses	-1	-87	-	-	-88
Reversal of impairment losses	-	13	-	-	13
30 April 2019	-67	-6,162	-1	-44	-6,274
Carrying amount 30 April 2019	35	3,568	0	13	3,616
At cost of acquisition and production					
1 January 2018	102	8,439	93	55	8,689
Changes in scope of consolidation	-13	-4	-100	-1	-118
Additions	0	963	9	3	975
Transfers	1	30	0	0	31
Currency translation adjustments	0	-68	-	0	-68
Disposals	0	-224	-1	-3	-228
31 December 2018	90	9,136	1	54	9,281
Accumulated depreciation and impairment losses					
1 January 2018	-72	-5,542	-80	-43	-5,737
Changes in scope of consolidation	11	3	79	1	94
Depreciation	-3	-284	0	-4	-291
Transfers	0	-4	-	0	-4
Currency translation adjustments	0	43	-	0	43
Disposals	0	99	0	3	102
Impairment losses	-	-178	-	-	-178
Reversal of impairment losses	-	10	-	-	10
31 December 2018	-64	-5,853	-1	-43	-5,961
Carrying amount 31 December 2018	26	3,283	0	11	3,320

Capitalised borrowing costs

In connection with the acquisition and production of qualified assets, in the reporting period borrowing costs amounting to €39m (2018: €76m) were capitalised as part of acquisition and production costs. In the reporting period the financing cost rate applied in this context was between 3.6 % and 4.6 % (2018: between 3.7 % and 4.3 %) as well as between 7.6 % and 7.8 % (2018: between 6.7 % and 7.3 %) for qualified assets of DEA Norge AS.

Impairment losses and reversal of impairment losses

For the impairment tests conducted, the recoverable amount was determined on the basis of the fair value less costs of disposal. The assumptions regarding oil and gas prices are based on forward prices for the first 3 years. From the 4th year a transition to a consensus price is applied. The consensus price is inflated by 2 % p. a. for the following years. The interest rates used for discounting future cash flows after tax range between 7.5 % and 10.5 % (2018: 7.0 - 9.5 %).

The net impairment of assets in the reporting period relates primarily to cash generating units in the following countries:

€m	Impairment	Reversal of impairment	Recoverable amount
Cash generating units in Germany	1	-	-
Cash generating units in Egypt	79	13	1,108
Cash generating units in Algeria	7	-	272
Cash generating units in Norway	1	-	-
	88	13	

The impairments had to be carried out because of lower profitability of assets. The reversals of impairment losses mainly arose from higher profitability.

The goodwill is allocated to the producing licences in Norway (€115m) and to exploration licences in Mexico (€233m). The goodwill in Mexico occurred in the scope of the initial consolidation of Sierra Oil & Gas as of 31 March 2019. For the impairment test of the goodwill in Norway an interest rate of 7.5 % (2018: 7.0 %) was applied. As in the previous year, there was no need for impairment.

(10) Financial receivables

€m	30-04-2019 non-current	30-04-2019 current	31-12-2018 Non-current	31-12-2018 current
Loans to related companies and participations	1	1,882	1,916	29
Other loans	0	-	0	-
	1	1,882	1,916	29

As of 31 December 2018, the non-current loans to related companies and participations mainly comprised a loan which had been granted in 2015 by WD Deutschland AG to L1E Funding GmbH in return for a debt assumption. In the reporting period, the loan was transferred from L1E Funding GmbH to L1E Acquisitions GmbH and subsequently replaced by a short-term on-demand loan. The on-demand loan amount to €1,700m as of 30 April 2019 and carries a fixed interest rate of 3 % p. a.

(11) Trade accounts receivable/other receivables and other assets

€m	30-04-2019 non-current	30-04-2019 current	31-12-2018 non-current	31-12-2018 current
Trade accounts receivable				
Trade accounts receivable from sales revenues	-	227	-	218
Other trade accounts receivable	-	24	-	46
	-	251	-	264
Other receivables and other assets				
Derivatives	7	-	46	10
Receivables from other taxes	-	43	-	31
Prepayments	-	71	-	27
Prepaid expense	2	23	2	12
Receivables from working interest reductions	-	9	8	12
Receivables from production underlift	-	12	-	6
Miscellaneous other assets	-	17	-	12
	9	175	56	110
	9	426	56	374

The carrying amounts of the financial assets largely correspond to their fair values.

(12) Inventories

€m	30-04-2019	31-12-2018
Raw materials, supplies and merchandise	83	82
Finished goods	1	1
	84	83

In the reporting period, net impairment losses amounting to €0m (2018: €0m) had to been taken into account.

(13) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank deposits with original maturities of up to three months.

(14) Equity

The subscribed capital and capital reserves relate to WD Deutschland AG. The subscribed capital is divided up into 13,440,000 shares with full voting rights. The shares in the company are completely held by L1E Acquisitions GmbH. A domination and profit and loss transfer agreement exists with L1E Acquisitions GmbH as controlling enterprise, that was terminated with effect as of 30 April 2019 24:00 hrs.

In the reporting period, capital increases in the amount of €1,275m took place. They were carried out as cash payments (€334m) and through capitalisation of shareholder loans (€941m).

(15) Provisions

The following discount rates are applied to determine the present value of non-current provisions:

	30-04-2019	31-12-2018
Decommissioning provisions	3.00 - 6.50 %	3.25 - 7.25 %
Provisions for anniversaries	1.00 %	1.39 %
Provisions for early retirement benefits/ severance payments/performance plan	0 % and 1.00 %	0.22/0.25 % and1.00 %
Other provisions		
with terms of 5 – 10 years	2.75 %	3.25 %
with terms of 1 – 4 years	1.75 and 3.25 %	2.25 and 3.50 %

€m	Decommissioning provisions	Other provisions	Pension Provisions	Total
As at 01-01-2019	474	182	186	842
Changes in the scope of consolidation	-	98	-	98
Addition	40	184	5	229
Release	-1	-30	-	-31
Interest component	8	0	-3	5
Other changes	8	1	-1	8
Amounts used	0	-17	-2	-19
As at 30-04-2019	529	418	185	1.132
Non-current	502	19	185	706
Current	27	399	-	426
	529	418	185	1.132

€m	Decommissioning provisions	Other provisions	Pension Provisions	Total
As at 01-01-2018	571	208	157	936
Changes in the scope of consolidation	-44	-1	-11	-56
Addition	14	30	15	59
Release	-84	-8	-	-92
Interest component	26	1	3	30
Other changes	-2	0	31	29
Amounts used	-7	-48	-9	-64
As at 31-12-2018	474	182	186	842
Non-current	446	25	186	657
Current	28	157	-	185
	474	182	186	842

Decommissioning provisions

The addition was essentially owing to lower discount rates year-on-year (€39m, in the previous year reversal of €-53m). The expected settlement date of the provision depends on the ratio of produced reserves to expected reserves and varies within a range of less than one year up to approx. 30 years.

Pension provisions

The company pension plan consists of defined-benefit and defined-contribution schemes. Defined-benefit schemes exist in Germany and Norway.

WD Deutschland AG has transferred assets to WillisTowers Watson Treuhand e. V. within the framework of Contractual Trust Arrangements (CTA) and to Willis Towers Watson Pensionsfonds AG for insolvency insurance of parts of the company pension plan. Willis Towers Watson Pensionsfonds AG falls under the scope of the Act on Supervision of Insurance Undertakings and Oversight by the Federal Financial Supervisory Agency (BaFin). Insofar as a regulatory deficit occurs in the pension fund, supplementary payment shall be requested from the employer. Independently of the aforementioned rules, the liability of the employer shall remain in place. The bodies of Willis Towers Watson Treuhand e. V. and Willis Towers Watson Pensionsfonds AG are responsible for ensuring that the funds under management are used in compliance with the contract and thus fulfil the requirements for recognition as plan assets.

Within the scope of the Contractual Trust Arrangement (CTA), €2m (2018: €8m) were transferred to Willis Towers Watson Treuhand e. V. in the reporting period.

The amount of the provision for defined-benefit pension schemes was determined by actuarial methods on the basis of the following underlying assumptions.

	30-04-2019		31-12-2018	
	Germany	Norway	Germany	Norway
Discount rate	1.55 %	2.50 %	1.75 %	2.80 %
Salary growth rate	2.35 %	2.75 %	2.35 %	2.75 %
Pension growth	1.00 and 1.60 %	0 - 2.50 %	1.00 and 1.60 %	0 - 2.50 %

Composition of plan assets (fair value)	30-04-2019				31-12-2018			
€m	Germany	thereof active market	Norway	thereof active market	Germany	thereof active market	Norway	thereof active market
Equity instruments	130	130	-	-	119	119	-	-
Interest-bearing instruments	265	265	-	-	262	262	-	-
Assets held by insurance company	-	-	18	-	-	-	17	-
Other	12	12	-	-	2	2	-	-
	407	407	18	-	383	383	17	-

Pension assets are continuously monitored and managed from a risk and return perspective. The allocation of funds to different asset-classes is based on detailed analysis of the plan assets and pension obligations as well as their interactions. In 2018, a comprehensive Asset-Liability-Management-Study (ALM-Study) was conducted. As target values, several key asset indicators are considered relative to the amount of pension obligations in various scenarios. Thereby, particularly sensitivities of the obligation and pension assets to changes in market interest rates are taken into account. By comparing different asset allocations, those portfolios are identified that achieve the best target value within a given risk budget. On the basis of these efficient portfolios, the strategic asset allocation is derived. Based on the results of the ALM-Study, the asset allocation was further refined by the addition of several new asset classes. The new strategic asset allocation was implemented in Q4/2018.

The focus of the strategic investment policy continues to be on European government and corporate bonds with strong creditworthiness (investment grade ratings). The portfolio also includes higher yielding asset classes such as high-yield corporate bonds and emerging-market bonds. Compared to bonds, global equities have a lower portfolio weight. The investment in equities is intended to earn a risk premium in excess of bonds over the long term.

€m	Present value of defined benefit obligations	Fair value of plan assets	Total
As at 01-01-2019	**586**	**-400**	**186**
Current service cost	5	-	5
Interest expense/(income)	4	-7	3
	9	**-7**	**2**
Remeasurements			
Return on plan assets, excluding amounts already recognised in interest income	-	-25	-25
Gains/losses from changes in financial assumptions	21	-	21
Experience gains/losses	3	-	3
	24	**-25**	**-1**
Effect of exchange rate differences	1	-1	0
Contribution to the funded plans:			
Employer	-	-2	-2
Employee	0	0	0
Benefit payments	-10	10	0
As at 30-04-2019	**610**	**-425**	**185**
As at 01-01-2018	**592**	**-435**	**157**
Current service cost	15	-	15
Interest expense/(income)	10	-7	3
	25	**-7**	**18**
Remeasurements			
Return on plan assets, excluding amounts already recognised in interest income	-	20	20
Gains/losses from changes in financial assumptions	-2	-	-2
Gains/losses from changes in demographical assumptions	6	-	6
Experience gains/losses	7	-	7
	7	**20**	**27**
Effect of exchange rate differences	0	0	0
Contribution to the funded plans:			
Employer	-	-8	-8
Employee	0	0	0
Benefit payments	-30	29	-1
Changes in the scope of consolidation	-12	1	-11
As at 31-12-2018	**586**	**-400**	**186**

The present value of the defined benefit obligations less plan assets measured at fair value results in the net defined benefit obligation arising from funded and unfunded plans and is recognised as provisions for pensions and similar obligations in the balance sheet. Of the present value of defined benefit obligations €578m (2018: €558m) refer to benefit obligations in Germany and €32m (2018: €28m) to benefit obligations in Norway.

Domestic company pensions are subject to an obligation to review for adjustment every three years pursuant to the Act on the Improvement of Company Pensions (Sec 16 of the German Company Pension Act (BetrAVG)). Additionally, some commitments grant annual adjustments of pensions, which may exceed the legally mandated adjustment obligation.

The weighted average duration of the pension obligations is 16 years in Germany (2018: 16 years) and 14 or 28 years in Norway (2018: 15 or 27 years).

An increase or decrease in the discount rate and in salary and pension growth would have the following impact on the defined benefit obligations:

	Change in actuarial assumptions	Impact on defined benefit obligations 30-04-2019		31-12-2018	
€m		in Germany	in Norway	in Germany	in Norway
Discount rate	Increase by 0.5 percentage points	-44	-4	-41	-4
	Reduction by 0.5 percentage points	50	5	48	4
Salary growth	Increase by 0.5 percentage points	4	2	5	1
	Reduction by 0.5 percentage points	-4	-2	-5	-1
Pension growth	Increase by 0.5 percentage points	28	3	27	2
	Reduction by 0.5 percentage points	-26	-3	-25	-2
Life expectancy	Increase by 1 year	29	1	28	1

The sensitivity analyses are based on a change in one assumption, with all other assumptions remaining unchanged. Actual developments will probably be different from this. The methods for calculating the aforementioned sensitivities and for calculating the pension provisions are in agreement.

The dependence of pension provisions on market interest rates is limited by an opposite effect. The background to this is that the commitments stemming from company pension plans are primarily covered by funds, and plan assets mostly exhibit a negative correlation with the market yields of fixed-interest securities. Consequently, declines in market interest rates are typically reflected in an increase in plan assets, and vice-versa.

For defined-contribution plans, expenses of €1m (2018: €0m) were incurred in the reporting period.

In the year 2019 contributions into the CTA will be processed in a magnitude that achieve a constant funding level. The amount to be contributed will depend on i.a. plan-asset performance and interest rate developments.

(16) Debt to banks and financial debt

€m	30-04-2019		31-12-2018	
	non-current	current	non-current	current
Debt to banks	-	1,893	1,441	6
Financial debt to related companies	-	242	1,041	396
Other financial debt	51	18	-	-
	51	2,153	2,482	402

Debt to banks

With effect from 2 April 2015, WD Deutschland AG assumed the rights and obligations of a senior secured reserve-based lending facility (RBL facility), which had been concluded between L1E Funding GmbH and a banking syndicate as of 30 December 2014. The RBL is a revolving USD2,300m credit facility with a term ending in December 2021.

In the reporting period, WD Deutschland AG completely repaid the existing USD loan (USD1,500m) and an EUR loan in the amount of €1,625m was drawn. At DEA Norge AS, the existing USD loan was increased by USD150m. As of 30 April 2019, a total loan amount of €1,892m was utilised by WD Deutschland AG Group. The floating interest rate was LIBOR plus a margin of 2.75 % during the reporting period.

The RBL facility is secured by a pledge over the shares of certain group companies and by a charge over some of the bank accounts of the pledged companies and over all existing hedging transactions within the WD Deutschland AG Group. Regarding the unrealised market values of our derivatives we refer to note 19. The pledged amount of the shares is represented by the accounting value of net assets of the respective group companies.

Following the merger with Wintershall Dea GmbH (see note 25), the utilised RBL loans were completely repaid on 2 May 2019 and are therefore shown as short-term liabilities at the balance sheet date.

Financial debt to related parties

	30-04-2019				31-12-2018			
	Carrying amount €m	Currency	Term	Interest rate	Carrying amount €m	Currency	Term	Interest rate
Shareholder loan from 25 February 2015	-	-	-	-	472	EUR	2024	LIBOR plus margin
Revolving shareholder loan	-	-	-	-	175	USD	2024	LIBOR plus margin
Total shareholder loans	-	-			647			
On-demand loan from L1E Finance GmbH & Co. KG	242	USD	repayable at any time[1)]	8.50 %	-	-	-	-
Loan from DEA Finance SA	-	-	-	-	400	EUR	2022	7.55 %
Liability from net profit transfer	-	-	-	-	390	EUR	-	-

1) Maximum term until 31 May 2019

In the run-up to the merger with Wintershall Dea GmbH, the loan granted by DEA Finance SA was completely repaid by DEA Norge AS. The repayment was financed, inter alia, by a short-term loan from L1E Finance GmbH & Co. KG which has also been repaid on 2 May 2019.

Moreover, after partial settlement with financial receivables, both shareholder loans were capitalised into the capital reserves of WD Deutschland AG.

The carrying amounts are close to their fair values.

Liabilities arising from financing activities reconcile to the cash flows in the cash flow statement as follows:

€m	01-01-2019	Cash flows from repayments/ proceeds	Changes in scope of consolidation	First time adaption IFRS 16	Foreign currency valuation	Changes in accrued interest	Other changes	30-04-2019
Debt to banks	1,447	425	-	-	26	-5	-	1,893
Financial debt to related companies	1,437	-547	-	-	3	7	-658	242
Lease liabilities	-	-6	1	72	2	-	-	69

€m	01-01-2018	Cash flows from repayments/ proceeds	Foreign currency valuation	Changes in accrued interest	Other changes	31-12-2018
Debt to banks	1,334	39	68	6	-	1,447
Financial debt	1,129	-130	7	20	411	1,437

(17) Trade accounts payable/other liabilities

€m	30-04-2019		31-12-2018	
	non-current	current	non-current	current
Trade accounts payable	-	353	-	298
Other liabilities				
Derivatives	12	36	-	-
Liabilities arising from other taxes	-	11	-	7
Prepayments - contract liabilities	4	28	4	3
Liabilities from production overlift	-	21	-	2
Accrued future overlifts oil	-	7	-	19
Liabilities from acquisitions/ divestures	-	6	-	195
Other miscellaneous liabilities	-	19	-	11
	16	128	4	237
	16	481	4	535

Trade accounts payable and financial instruments reported under other liabilities generally have short residual terms of maturity. The carrying amounts accounted for therefore are close to their fair values. The derivatives are recorded at fair value.

(18) Lease agreements

The lease agreements of the Group are essentially related to transport and production vessels, office buildings, drilling rigs and other assets used in operations.

The capitalised right of use assets are allocated to the following asset categories:

€m	Land and buildings	Oil and gas assets	Other plant, machinery and equipment	Fixtures and fittings and office equipment	Total
Carrying amount as of 30 April 2019	11	56	0	1	68
Additions	-	-	-	0	0
Depreciation	1	6	0	0	7

Lease liabilities are recognised as other financial liabilities:

€m	30-04-2019
Non-current lease liabilities	51
Current lease liabilities	18
Total	69

Some of the leases contain price-adjustment clauses as well as extensions and termination options. Such options are taken into account in the determination of the lease term only if extension or non-termination options can be assumed with reasonable certainty. On this basis, possible additional lease payments amounting to €2m were not included in the measurement of the lease liabilities.

Future lease commitments relating to leases that have not yet commenced as of 30 April 2019, amount to €17m.

The following amounts have been recognised in the income statement:

€m	Jan. - Apr. 2019
Depreciation right of use assets	7
Interest expenses on lease liabilities	1
Expense relating to short-term leases	1
Expense relating to leases of low-value assets (not including short-term leases)	0
Expense from variable lease payments	0

The cash flow statement comprises cash outflows for leases amounting to €6m. In addition to the cash payments for the interest and principal portions of recognised lease liabilities, amounts reported in the cash flow statement also include payments for unrecognised short-term leases and for leases of low-value assets. Cash payments for the principal portion are within cash flow from financing activities and those for the interest portion are reported within the cash flow from operating activities.

(19) Reporting on financial instruments

Financial assets measured at fair value

The following overview represents the financial instruments to be recognised at fair value and the essential parameters on which the measurement is based. The individual levels are defined according to IFRS 13 as follows:

Level 1: Measurement at (unadjusted) prices quoted for identical assets or liabilities on active markets.

Level 2: Measurement based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Measurement on the basis of unobservable inputs.

Fair value hierarchy	30-04-2019			
€m	Total	Level 1	Level 2	Level 3
Financial investments	3			3
Derivative financial assets	7		7	
Derivative financial liabilities	48		48	

Fair value hierarchy	31-12-2018			
€m	Total	Level 1	Level 2	Level 3
Financial investments	3			3
Derivative financial assets	56		56	
Derivative financial liabilities	-		-	

Fair values of derivative financial assets and liabilities are determined using customary market valuation methods taking into account the market data available on the measurement date as well as the default risk. For financial investments costs are an appropriate estimate of fair value.

No transfers between the levels occurred during the period under review or during the previous year.

In the reporting period, fair values of level 3 instruments have not changed. In the previous year, they developed as follows:

Development of level 3 financial instruments €m	As of 01-01-2018	Changes recognised in profit or loss	Transfer	Changes with a cash effect	As of 31-12-2018
Financial investments	4		-2	1	3

Netting agreements

In the reporting period, trade accounts payable amounting to €-m (2018: €23m) were netted with trade accounts receivable amounting to €-m (2018: €24m) on the basis of an unconditional netting agreement.

Valuation categories

Financial assets and liabilities have been assigned to the following valuation categories according to IFRS 9:

	30-04-2019				
€m	Amortised costs	FVPL	FV (in hedge relationship)	Beyond the scope of IFRS 9/IFRS 7	Total
Financial investments	-	3	-	-	3
Financial receivables	1,883	-	-	-	1,883
Trade accounts receivable	251	-	-	-	251
Other accounts receivable and other assets					
Derivatives	-	-	7	-	7
Other	13	-	-	164	177
Cash and cash equivalents	171	-	-	-	171
Debt to banks	1,893	-	-	-	1,893
Financial liabilities	311	-	-	-	311
Trade accounts payable	353	-	-	-	353
Other liabilities					
Derivatives	-	-	47	-	47
Other	38	-	-	59	97

€m	Amortised costs	FVPL	FV (in hedge relationship)	Beyond the scope of IFRS 9/IFRS 7	Total
			31-12-2018		
Financial investments	-	3	-	-	3
Financial receivables	1,945	-	-	-	1,945
Trade accounts receivable	264	-	-	-	264
Other accounts receivable and other assets					
Derivatives	-	-	56	-	56
Other	17	-	-	93	110
Cash and cash equivalents	305	-	-	-	305
Debt to banks	1,447	-	-	-	1,447
Financial liabilities	1,437	-	-	-	1,437
Trade accounts payable	298	-	-	-	298
Other liabilities					
Derivatives	-	-	-	-	-
Other	220	-	-	21	241

Financial risks and sensitivity analysis

As an E&P enterprise operating on an international scale, the WD Deutschland AG Group is exposed to credit, liquidity, interest rate and market risks (price and currency risks) within the ordinary course of its business. Our subsidiaries are subject to a strict risk management regime. The scope of action, responsibilities and controls is enshrined in binding, internal corporate instructions. Financial derivatives are used exclusively to hedge the risk related to underlying operations, not for speculative purposes.

Market risks

Market risks result in particular from changes in oil and gas commodity prices, changes in USD/EUR and USD/NOK exchange rates and corresponding unexpected negative changes regarding planned incoming and outgoing payments. In addition, currency risks arising from financial transactions between companies in the WD Deutschland AG Group may result if the functional currencies of the two partners do not match.

Risk management strategy for commodity risks

Commodity price risks are mitigated in the WD Deutschland AG Group using systematic risk management methods. The principles are defined in WD Deutschland AG's commodity hedge policy.

All hedging transactions serve the exclusive purpose of covering the risk from operational transactions as well as underlying transactions accounted for or expected with a high degree of probability. According to our hedging policy, we intend to continue hedging oil and gas prices in the future in order to stabilise the RBL borrowing base and thus give the management time to adapt the strategy to a low price scenario. The extent of the amounts to be hedged depends on economic exposure and prevailing oil and gas prices. The maximum hedge volume is set to 50 % of the economic exposure after tax.

Physical forward sales are used in the gas sector to stabilise parts of the gas revenues until 2023. In addition, financial derivatives are used to hedge oil price risks arising from payments received for future oil revenues. As of 30 April 2019, parts of our oil sales are hedged until 2022. The German oil production currently serves as a hedge item for achieving the hedging target. The price of the hedged item is defined via a price formula in the sales contract. The instruments used are Brent dated oil swaps for which a liquid market exists. Furthermore, a regression analysis shows a high correlation between Brent dated oil and the price formula. This is also the basis to determine the hedge ratio in order to achieve the highest level of hedge efficiency.

Derivative financial instruments

Derivative financial instruments are measured at fair value. In interpreting positive or negative fair values, it has to be considered that they are offset by underlying transactions with compensating risks. All derivative financial instruments are reported as assets or liabilities. Measurement of the fair values of financial derivatives is performed by using current market price quotations within a trading system developed externally for the commodity markets. On this basis commodity price swaps are valued by means of internal computations of the relevant swap curves and subsequent discounting as at the balance sheet date. Credit Value Adjustments (CVA) and Adjustments for Own Credit Risk (DVA) are applied to all derivatives. The CVA adjustment depends on the expected positive risk exposure and on the creditworthiness of the counterparty. DVA is determined by the expected negative exposure and the credit quality of the WD Deutschland AG. The exposure calculation implied all derivatives and is based on a Monte Carlo approach by using market values and market-based default probabilities.

Effects of hedge accounting on financial positions and performance:

Crude oil swaps €m	30-04-2019/ Jan. - Apr. 2019	31-12-2018/ Jan. - Dec. 2018
Carrying amount		
Other assets	7	56
Other liabilities	48	-
Nominal amount	643	692
Maturity date	5/2019 - 12/2022	1/2019 - 12/2022
Amounts recognised in profit or loss or other comprehensive income		
Change in fair value of hedging instrument recognised in OCI	105	-45
Reclassified from OCI to profit or loss (revenues)	-8	-50

Hedge ineffectiveness is determined at inception of the hedge relationship and through periodic prospective effectiveness assessment to ensure that an economic relationship exists between the hedged item and hedging instrument. At WD Deutschland AG Group sources of ineffectiveness result from CVA/DVA adjustments and from a change in the correlation of the hedged item and the hedging instrument.

Hedge ineffectiveness as of 30 April 2019 is calculated as follows:

€m	Jan. - Apr. 2019	Jan. - Dec. 2018
Change in fair value of the hedging instrument	-41	56
Change in fair value of the hedged item	41	-57
Hedge ineffectiveness	0	1

In the reporting period, hedge ineffectiveness to be recognised in profit or loss amounts to €0m (2018: €0m).

Sensitivity analysis for financial instruments in the scope of IFRS 7

To quantify the risk relating to market price fluctuations and financial instruments deployed, we use the sensitivity method. In quantifying market prices using the sensitivity method, a statement is made concerning the impact on earnings of a percentage-based change in market prices. The sensitivity figures shown below in accordance with the regulations of IFRS 7 refer only to financial instruments recognised in the balance sheet. Therefore, the reporting of the risk position of the WD Deutschland AG Group is incomplete.

The following table presents changes in the market values of concluded commodity hedge instruments that would have resulted from a 10 % increase or decline in the oil price. The underlying transactions are not taken into account. The calculation of oil price sensitivities is based on Brent quotations. Moreover, changes to the market values of loan liabilities in USD as well as USD receivables arising from Egyptian activities that would have occurred both in the event of an increase and a decline by 10 % in the USD forward curve in relation to the EUR or NOK, respectively, are presented. The presentation of market value changes is in each case shown after taxes. The corporate tax rate of 30.56 % (2018: 30.56 %) is applied.

€m	January - April 2019 Changes impacting on profit and loss	January - April 2019 Impacts on other comprehensive income	January - December 2018 Changes impacting on profit and loss	January - December 2018 Impacts on other comprehensive income
Increase in USD by 10 %	8		-86	
Decrease in USD by 10 %	-10		107	
Increase in oil price by 10 %		-48		-58
Decrease in oil price by 10 %		43		52

Credit risk

Credit risk is the risk that a counterparty will not meet its obligation under a financial instrument or customer contract, leading to financial loss. WD Deutschland AG Group is exposed to credit risk from its operating activities (primarily trade accounts receivable) and from its financing activities, including deposits with banks and financial institutions, favourable derivative financial instruments (positive fair value) and other financial receivables.

Risk management

Credit risk is managed on a group basis. To manage credit risk, the WD Deutschland AG Group has group-wide procedures in place covering the application for credit approvals, granting and renewal of counterparty limits, proactive monitoring of exposures against these limits and requirements triggering secured payment terms. As part of these processes, the credit exposures with all counterparties are regularly monitored and assessed on a timely basis. For banks and financial institutions, only independently rated parties with an investment grade rating are accepted.

If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with set limits. There are no significant concentrations of credit risk, whether through exposure to individual customers or regions. Country specific payment risks are within limits stipulated by the management and closely monitored.

A default event occurs if management has one or more reasons to believe that a customer will not repay his liability towards WD Deutschland AG Group, mainly due to financial difficulty of the customer. A delay of payments in the cause of regular business practices does not alone indicate a customer default. An assessment of the overall situation is required on a case-by-case basis.

The maximum risk of default corresponds to the carrying amounts (less loss allowance) of the financial assets. For some trade accounts receivable the Group obtains security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of agreement.

Financial assets are written off when there is no reasonable expectation of recovery of contractual cash flows. The loss from financial assets that are written off is not material for both, the reporting period and the previous year.

Impairment of financial assets

In order to determine the impairment losses of financial assets, WD Deutschland AG Group is using the general three-stage approach or the simplified approach according to IFRS 9, as applicable. For all financial assets, for which the simplified approach does not apply, it is assessed, at each reporting date, whether the credit risk on a financial instrument has increased significantly since initial recognition.

The following financial assets are subject to the expected credit loss model:

- Trade accounts receivables
- Other receivables
- Financial receivables and deposit with banks

For all trade accounts receivables, WD Deutschland AG Group applies the simplified approach. Accordingly, the loss allowance is measured at an amount equal to the lifetime expected credit losses. For trade accounts receivables the contractual payment term is usually 30 days. Deviating from this general rule terms of up to 2 years are considered for the calculation of expected credit losses due to different regional payment practice.

The loss allowance for other receivables, financial receivables and deposits with banks is measured at an amount equal to 12-month expected credit loss.

The loss allowance was determined as follows:

€m	Financial receivables	Trade accounts receivable	Other receivables	Total
As at 01-01-2019	8	20	1	29
Impairment losses	0	9	0	9
Reversal of impairment losses	-8	-5	0	-13
Currency translation adjustments	-	-	-	-
As at 30-04-2019	-	24	1	25

€m	Financial receivables	Trade accounts receivable	Other receivables	Total
As at 01-01-2018	17	22	0	39
Impairment losses	1	19	1	21
Reversal of impairment losses	-10	-21	0	-31
Currency translation adjustments	-	-	-	-
As at 31-12-2018	8	20	1	29

The identified impairment loss regarding deposits with banks was immaterial and therefore not recognised.

Liquidity risk

Our liquidity risk management ensures that the required liquidity to meet financial obligations is available at all times and that the liquidity position of the WD Deutschland AG Group is optimised. Centralised financial planning for the WD Deutschland AG Group is the basis of the liquidity risk management. Financial planning for the respective currencies is effected for the following twelve months on a monthly basis and for the following two months on a daily basis.

We monitor our liquidity risk by reviewing our cash flow requirements on a regular basis taking into consideration our funding sources, existing bank facilities and cash flow generation from our producing asset base. Specifically, we ensure that we have sufficient liquidity to meet our operational funding requirements and debt servicing. As part of the liquidity risk management, we also carry out sensitivity analyses and monitor compliance with the financial covenants defined in the RBL facility. In particular, the ratio of net debt to EBITDAX should not exceed a factor of 3 : 1. The calculation is based on definitions determined in the agreement. In the event of non-compliance with the financial covenants - if not cured through additional equity ("equity cure") - the lenders are allowed to declare that the loan is immediately due and payable. The financial covenants were complied with at all times during the reporting period.

Financial liabilities within the scope of application of IFRS 7 in the next several years are expected to result in the following amortisation payments:

€m	Carrying amounts 30-04-2019	Amortisation payments 1st succeeding year	2nd - 5th succeeding year	from 6th succeeding year
Debt to banks	1,893	1,893		
Financial debt to related parties	242	242		
Lease liabilities	69	19	44	14
Derivative financial liabilities	48	36	12	
Miscellaneous financial liabilities	391	391		

€m	Carrying amounts 31-12-2018	Amortisation payments 1st succeeding year	2nd - 5th succeeding year	from 6th succeeding year
Debt to banks	1,447	6	1,441	
Other financial debt	1,437	396	400	647
Miscellaneous financial liabilities	518	518		

Interest rate risk

As of 30 April 2019, the WD Deutschland AG Group has financial debt that bear floating interest rates. Following the merger, the financial debt will be replaced by a new group financing. Therefore an interest rate risk with regard to the financial debt as of 30 April 2019 does not exist.

(20) Capital management

In the future, the capital management system of WD Deutschland AG will be determined by the strategic objectives of the new shareholder Wintershall Dea GmbH. As mentioned above, the existing financing will be replaced by a new group financing.

(21) Contingent and financial liabilities

WD Deutschland AG Group is subject to statutory liability with regard to participations in various joint ownerships.

In the course of their regular business activities, WD Deutschland AG Group companies are involved in legal disputes. Irrespective of the outcome of such legal disputes, we do not expect any significant negative effects on the economic and financial position of the WD Deutschland AG Group.

The WD Deutschland AG Group has commitments from firm contracts for property, plant and equipment and from field development projects amounting to €204m (2018: €238m) and exploration commitments in the context of concession agreements amounting to €125m (2018: €75m).

(22) Related party disclosures

The WD Deutschland AG Group is controlled by L1E Acquisitions GmbH (incorporated in Germany) which owns 100 % of the shares in WD Deutschland AG. The Group's ultimate parent is LetterOne Holdings S.A. (incorporated in Luxembourg). Related companies are all companies in which LetterOne Holdings S.A. or their controlling shareholders have at least a significant holding.

	LetterOne Group affiliated companies	
€m	30-04-2019/ Jan. - Apr. 2019	31-12-2018/ Jan. - Dec. 2018
Financial receivables	1,700	1,944
Trade accounts receivable	4	0
Receivable from net loss transfer	182	-
Financial debt	242	1,047
Liabilities from net profit transfer	-	390
Trade accounts payable	9	5
General and administrative expenses	6	2
Interest income	18	94
Interest expenses	38	50
Other financial expenses	1	4

All transactions are subject to market terms and conditions.

Related persons are the members of the Board of Management and Supervisory Board of WD Deutschland AG and of the parent company. No business relations exist with members of the Board of Management and of the Supervisory Board or individuals close to them.

No renumeration was paid to the members of the Supervisory Board of WD Deutschland AG in the short fiscal year. Each Supervisory Board member receives fixed remuneration to an unchanged amount of €20k per calendar year for his or her activities. The Chairman receives twice this amount, and his Deputy one-and-a-half times the annual fixed remuneration. In addition, expenses incurred are refunded. Some employee representatives on the Supervisory Board have labour contracts with WD Deutschland AG. Remuneration occurs in accordance with relevant contractual conditions.

Remuneration paid to members of the Board of Management consists of a fixed and a performance-related variable component as current remuneration components. The remuneration paid to the Board of Management of WD Deutschland AG for the fiscal year amounted to €3m (2018: €4m), including variable remuneration of €2m (2018: €1m). In addition, the fixed remuneration component for members of the Board of Management includes non-cash and other perquisites essentially comprising the values to be recognised subject to tax directives for the use of company cars and insurance premiums for accident insurance.

Furthermore, (direct) pension commitments have been granted to the members of the Board of Management, entitling them to life-long pensions and benefits for their surviving dependants. The present value of the overall commitment (defined benefit obligation) amounts to €178k as at 30 April 2019 (31-12-2018: €168k). Pension service costs total €-k (2018: €-k).

The Members of the Board also receive a remuneration component with a long-term incentive effect in the form of a performance cash plan with an overall 5-year performance period and deferred annual cash payments after performance periods of 3, 4 and 5 years. The key performance indicator is a defined increase in the net asset value of the WD Deutschland AG Group (calculated as an annualised "internal rate of return"). The annually-determined net asset value is based primarily on the discounted cash flow method and has to be reviewed by the Personnel Committee and approved by the Supervisory Board. As of 31 December 2018, the fair value of the long-term performance plan amounted to €907k. In the course of the merger with Wintershall Dea GmbH, the performance plan was paid off. The payments are part of the above mentioned variable remuneration.

(23) Joint Operations

The following joint operations are structured as separate entities:

Name	Nature of the joint arrangements	Principal place of business	Ownership interest/ voting rights %
SUEZ OIL COMPANY (Suco)	Operating company for the development and production phase	Cairo, Egypt	50.00
DEMINEX EGYPT OIL COMPANY (Deoco)	Operating company for the development and production phase; performed by Suco as a service	Cairo, Egypt	50.00
DISOUQ PETROLEUM COMPANY (DISOUCO)	Operating company for the development and production phase; performed by Suco as a service	Cairo, Egypt	50.00
Groupement Reggane	Operating company for the development and production phase	Algiers, Algeria	19.50

(24) Auditor's fees

WD Deutschland AG Group recognised the following fees as expenses for the services rendered by the auditors of the consolidated financial statements, PricewaterhouseCoopers GmbH Wirtschafts-prüfungsgesellschaft (PwC) and companies belonging to PwC's international network:

€k	Jan. - Apr. 2019	Jan. - Dec. 2018
Audit services	358	645
Tax services	22	39
Other services	-81	697

Thereof attributable to PwC Germany:

€k	Jan. - Apr. 2019	Jan. - Dec. 2018
Audit services	239	266
Tax services	21	34
Other services	-90	697

The fees for audit services primarily contain the fees for the audit of the consolidated financial statements and for the audits of the financial statements of WD Deutschland AG and its subsidiaries. In particular, the fees for tax services include compensation for consultation in the preparation of tax returns and other national and international tax-related matters. The fees for other services are mainly related to project-specific advisory and assurance services and comprise in the reporting period a gain from the reversal of accruals in the amount of €121k.

(25) Events after the balance sheet date

On 27 September 2018, the shareholder, L1E Acquisitions GmbH, Letterone Holdings S.A., BASF SE, BASF Handels- und Exportgesellschaft mit beschränkter Haftung and former Wintershall Holding GmbH entered into a business combination agreement regarding the combination of the oil and gas business of Letterone with the oil and gas business of BASF. To effect this business combination, L1E Acquisitions GmbH has contributed all shares in the company into Wintershall with effect as of 30 April 2019, 24:00 hrs, against issuance of new shares as well as an assumption of a loan liability (on-demand loan) of the shareholder to the company by Wintershall. In order to prepare and implement the closing, the restructurings and set-offs of existing loan and financing agreements mentioned under note (10) and (16) have been carried out.

(26) List of holdings of Wintershall Dea Deutschland AG according to Section 313 Para. 2 of the German Commercial Code (HGB)

	Share of capital %
Affiliated companies which are included in the consolidated financial statements	
Coronado Energia S. de R.L. de C.V., Mexico-Stadt/Mexico	100.00
DEA Cyrenaica GmbH, Hamburg	100.00
DEA E&P GmbH, Hamburg	100.00
DEA Global Limited, London/Great Britain	100.00
DEA International GmbH, Hamburg [1)]	100.00
DEA Nederland B.V., Amsterdam/Netherlands	100.00
DEA Nederland Erdoel B.V., Amsterdam/Netherlands	100.00
DEA Nederland Upstream B.V., Amsterdam/Netherlands	100.00
DEA Nile GmbH, Hamburg	100.00
DEA Norge AS, Stavanger/Norway	100.00
DEA North Africa/Middle East GmbH, Hamburg [1)]	100.00
DEA Suez GmbH, Hamburg[)]	100.00
DEA Suriname GmbH, Hamburg	100.00
DEA Trinidad & Tobago GmbH, Hamburg	100.00
DEA Upstream Polska Sp. z o.o., Warsaw/Poland	100.00
DEA WND GmbH, Hamburg	100.00
DEM México Erdoel S.A.P.I. de C.V., Mexico-City/Mexico	100.00
DEM México-Alemania S. de R.L. de C.V., Mexico-City/Mexico	100.00
DEM México Upstream S.A.P.I. de C.V., Mexico-City/Mexico	100.00
Deutsche Erdoel México S. de R.L. de C.V., Mexico-City/Mexico	100.00
Itza Energia S. de R.L. de C.V., Mexico-City/Mexico	100.00
Nevada Energia S. de R.L. de C.V., Mexico-City/Mexico	100.00
Paricutin Energia LLC, Houston/USA	100.00
Perote Energia S. de R.L. de C.V., Mexico-City/Mexico	100.00
Sierra Blanca Energia S. de R.L. de C.V., Mexico-City/Mexico	100.00
Sierra Blanca P&D S. de R.L. de C.V., Mexico-City/Mexico	100.00
Sierra Coronado E&P S. de R.L. de C.V., Mexico-City/Mexico	100.00
Sierra Nevada E&P S. de R.L. de C.V., Mexico-City/Mexico	100.00
Sierra O&G Exploración y Producción S. de R.L. de CM. Vex Ico., Mexico-City/Mexico	100.00
Sierra Offshore Exploración S. de R.L. de C.V., Mexico-City/Mexico	100.00
Sierra Oil & Gas Holdings L.P., Toronto/Canada	100.00
Sierra Oil & Gas Management Holdings B.V., Amsterdam/Netherlands	100.00
Sierra Oil & Gas S. de R.L. de C.V., Mexico-City/Mexico	100.00
Sierra Perote E&P S. de R.L. de C.V., Mexico-City/Mexico	100.00
Xitle Energia S. de R.L. de C.V., Mexico-City/Mexico	100.00
Affiliated companies which are not included in the consolidated financial statements	
DEA México Holdings GP Limited, Saint John/Canada	100.00
DEA Petróleo e Gás do Brasil Ltda., Rio de Janeiro/Brazil	100.00
DEA Ukraine LLC, Kiev/Ukraine	

1) Application of Section 264 Para. 3 of the German Commercial Code (HGB)

Supervisory Board, Management Board

Supervisory Board

Mario Mehren, Kassel/Hamburg (Chairman) (since 1 May 2019)
Member and Executive Chairman Management Board Wintershall Dea GmbH

Günther Prien, Hamburg (Deputy Chairman)
Chairman of the Joint Works Council, Wintershall Dea Deutschland AG

Uwe Balasus-Lange, Kassel (since 1 January 2019)
Senior Vice President Global Production and Operational Excellence, Wintershall Dea GmbH

Hugo Dijkgraaf, Kassel/Hamburg (since 1 May 2019)
Member Management Board Wintershall Dea GmbH

Daniela Freise, Hamburg
Manager Risk Controlling & Back Office, Treasury, Wintershall Dea Deutschland AG

Franz-Gerd Hörnschemeyer, Hanover
Political Union Secretary, Union of the Mining, Chemical and Energy Industries

Maria Moræus Hanssen, Kassel/Hamburg (since 1 May 2019)
Member Management Board Wintershall Dea GmbH

Rajko Pientka, Hamburg
Political Union Secretary, Union of the Mining, Chemical and Energy Industries

Andreas Schöpf, Lachendorf
Chairman of the Works Council Betriebe Wietze, Wintershall Dea Deutschland AG

Paul Smith, Kassel/Hamburg (since 1 May 2019)
Member Management Board Wintershall Dea GmbH

Thilo Wieland, Kassel/Hamburg (since 1 May 2019)
Member Management Board Wintershall Dea GmbH

Prof. Dr. Mathias Wolkewitz, Kassel (since 1 May 2019)
General Counsel Wintershall Dea GmbH

Lord Edmund John Phillip Browne of Madingley, London (Chairman) (until 30 April 2019)
Executive Chairman, L1 Energy (UK) LLP

Mikhail Fridman, London/Moscow (until 30 April 2019)
Chairman, LetterOne Holdings S.A.

Andreas J. Goss, Duisburg (until 30 April 2019)
Executive Chairman, ThyssenKrupp Steel Europe AG

German Khan, London/Moscow (until 30 April 2019)
Director, LetterOne Holdings S.A.

Dr Jan Konerding, Hamburg (until 30 April 2019)
Auditor, Tax Advisor, Lawyer

Alf Henryk Wulf, Stuttgart (until 30 April 2019)
Executive Chairman, BWCon Baden-Württemberg: Connected e.V.

Board of Management
Dirk Warzecha (Chairman)
Responsible for: Chairing the Board (since 1 May 2019) and Operations

Karsten Rohlfs (since 1 May 2019)
Responsible for: Finance

Maria Moræus Hanssen (Chairwoman) (until 30 April 2019)
Responsible for: Chairing the Board

Dmitry Avdeev (until 30 April 2019)
Responsible for: Finance

Hamburg, 18 June 2019

The Board of Management

Warzecha Rohlfs

Independent Auditor's Report

To Wintershall Dea Deutschland AG (formerly DEA Deutsche Erdoel AG), Hamburg

Audit Opinions

We have audited the consolidated financial statements of Wintershall Dea Deutschland AG (formerly DEA Deutsche Erdoel AG), Hamburg, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at April 30, 2019, and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the short financial year from January 1 to April 30, 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Wintershall Dea Deutschland AG (formerly DEA Deutsche Erdoel AG) for the short financial year from January 1 to April 30, 2019. We have not audited the content of the statement on corporate governance pursuant to § [Article] 289f HGB [Handelsgesetzbuch: German Commercial Code] and § 315d HGB in accordance with the German legal requirements.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315e Abs. [paragraph] 1 HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at April 30, 2019, and of its financial performance for the short financial year from January 1 to April 30, 2019, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of the above mentioned statement on corporate governance referred to above.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Other Information

The executive directors are responsible for the other information. The other information comprises the statement on corporate governance pursuant to § 289f HGB and § 315d HGB.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

Hamburg, June 25, 2019

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

sgd. Thorsten Dzulko	sgd. ppa. Helge Schäper
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)