wintershall dea

PAVING THE WAY FOR PROFITABLE GROWTH IN THE ENERGY TRANSITION

ANNUAL REPORT 2019

WINTERSHALL DEA AT A GLANCE

Company

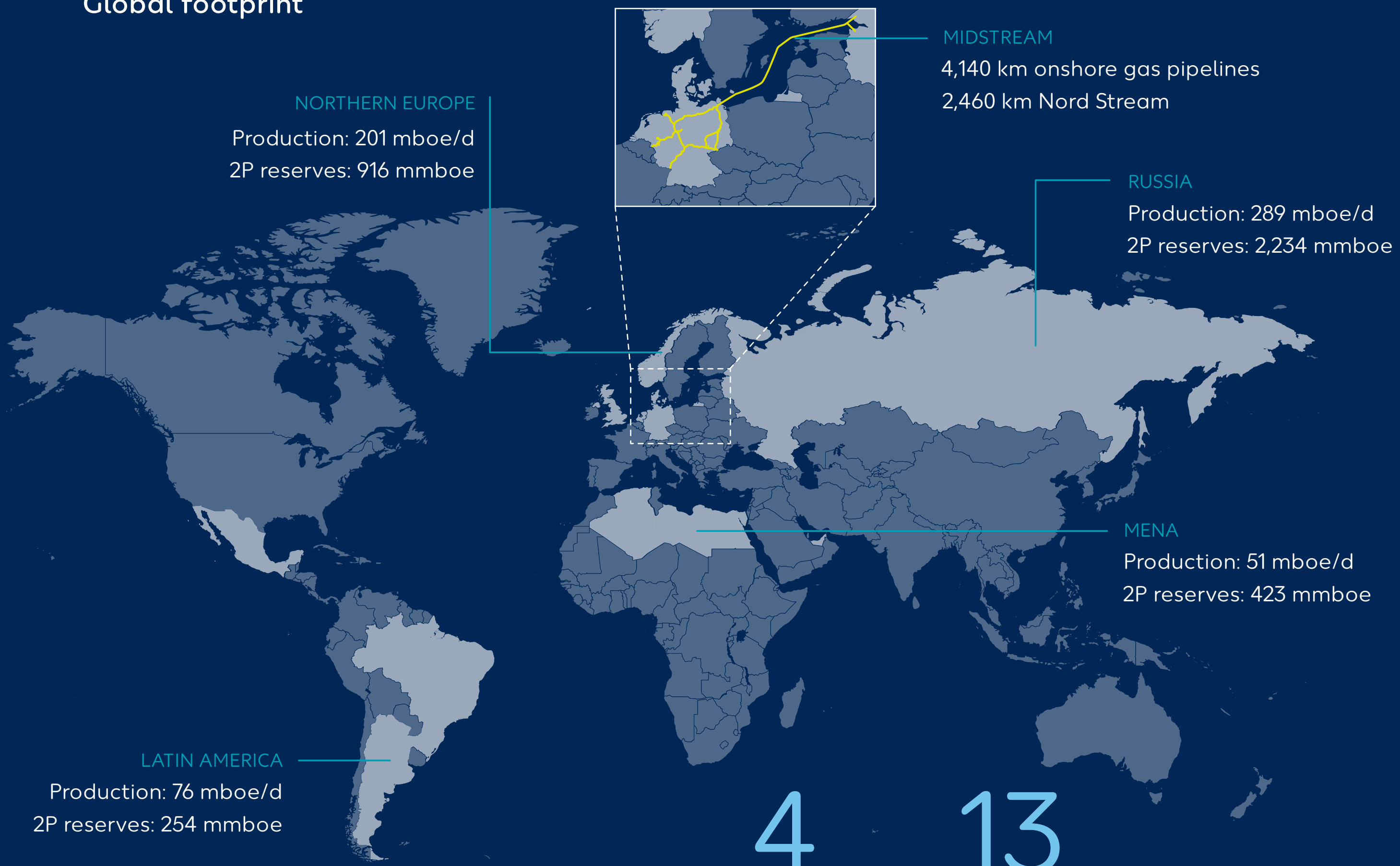
245

YEARS OF COMBINED HISTORY

2,847

EMPLOYEES

Global footprint



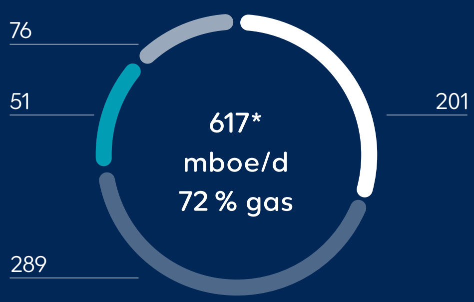
4

REGIONS

13

COUNTRIES

Key figures 2019[1]



PRODUCTION

EBITDAX

CAPEX
(excl. acquisitions)

- Northern Europe
- Russia
- Middle East/North Africa
- Latin America
- Midstream
- Other

* Excluding 25 mboe/d of Libyan onshore production

€ 1.9 bn
OPERATING CASH FLOW

€ 190 m
FREE CASH FLOW

$ 4.3 per boe
PRODUCTION COSTS

3.8 bn boe
2P RESERVES

109 %
RRR

17
2P R/P

1 The numbers for the calendar year 2019 are an aggregation of the consolidated financial statements of Wintershall Dea for the period May-December 2019, the consolidated financial statements of Wintershall for the period January-April 2019 and the consolidated financial statements of Dea for the period January-April 2019.

DISCLAIMER

This annual report contains forward-looking statements regarding the future development of the Wintershall Dea Group and its companies as well as of the economic and political environment. These statements are assessments that we have made based on information available to us at the time this document was prepared. Forward-looking statements are not guarantees of the future developments and results outlined therein. In the event that the underlying assumptions do not materialise or unforeseen risks arise, actual developments may deviate from the currently predicted developments. Therefore, we cannot assume responsibility for the correctness of these statements. Wintershall Dea does not assume any obligation to update the forward-looking statements contained in this report above and beyond the legal requirements.

TABLE OF CONTENTS

MARIO MEHREN

CHIEF EXECUTIVE LETTER

Dear Stakeholders,

2019 was a pivotal year for our business. From Wintershall and DEA, two E&P companies with long and proud histories, we have created something new: the leading European independent gas and oil company – Wintershall Dea.

Our new company is built on solid foundations. A more than 120-year tradition of German engineering excellence. A geographically diverse portfolio focused on selected regions. A common culture, and a history of good cooperation.

Creating value – together. We have a clear view of Wintershall Dea's purpose: to tackle the two major challenges of meeting growing global energy demand, while also decarbonising. Our strategy focuses on a gas-weighted portfolio and selected regions to deliver profitable growth, while contributing to affordable and lower-carbon energy for the economies and societies we serve.

Strong operational and financial performance is the basis for delivering our strategy. In 2019, we achieved that against a backdrop of high price volatility. Our full year production was 642,000 boe per day and EBITDAX for the year was €2.8 billion. Despite high levels of investments in future production, we achieved around €200 million of positive cash flow.

Our integration process is progressing smoothly and on time. We have already generated €100 million in cash synergies in 2019 and are targeting €200 million of annual cash synergies by 2022.

We have set our finances on a strong long-term footing. In September 2019, we completed our post-merger refinancing with the issuance of our inaugural corporate bond. This was the largest ever debut corporate bond issuance in the European market and was 2.7 times oversubscribed. A clear and strong signal of investor interest in Wintershall Dea.

As energy markets face growing supply and demand uncertainty, we expect price volatility to increase even further. With some of the lowest production costs in the industry and a robust portfolio fit for all seasons, we are well prepared to prosper whatever future global energy markets may bring.

One change dominates the outlook for our industry. Climate change is real and the global energy transition is happening. We are ready for it. We have strategically defined ourselves as a gas and oil company, turning the normal wording of our industry on its head. That's because our portfolio is heavily and deliberately weighted to gas (rd. 70%), and will remain so.

Mario Mehren
Chief Executive Officer

Natural gas has played, and will continue to play, a major role in decarbonising economies in Europe and around the world. Wintershall Dea's strategy is to take advantage of its position as the leading European independent gas and oil company.

Looking to the future, we have a strong growth pipeline that will deliver future growth. Significant growth projects include Nova, Dvalin and Njord in Norway; Achimov 4A and 5A, and the Turonian layer in Russia and Raven in Egypt. After we deliver these projects, we expect the growth rate to moderate, as we look to balance future investments with cash returns to shareholders. We aim to deliver profitable growth and dividends for our shareholders through the commodity cycle, while maintaining our investment grade rating.

None of our achievements would be possible without a committed, world-class team. We explicitly value diversity in our team. It makes us stronger: bringing the widest possible range of skills, experience and perspectives. And less than a year since the merger, I also see distinct evidence of a shared and strong culture: of a team with the minds of engineers, and the hearts of pioneers. I thank all of our people, in our 13 operational countries, for their effort and commitment.

Last but not least, safety and responsibility are the bedrock of our business. I am personally clear that our licence to operate is not guaranteed but must be earned afresh every day.

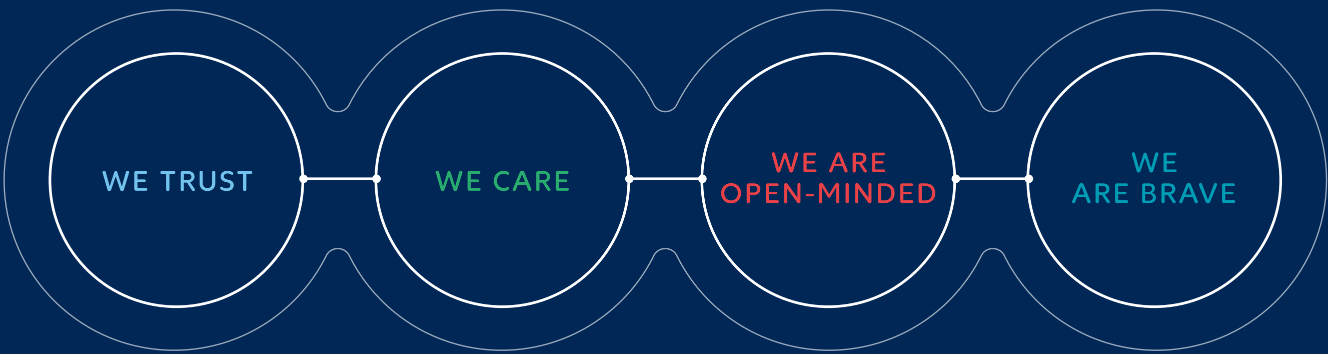
Wintershall Dea is ready to meet the challenges and opportunities of the future. Technologically world-class. A diverse, robust portfolio for all kinds of weather. Natural gas-weighted and energy transition-ready. We know what we do. And we have all that we need to make the future a success.

Mario Mehren

OUR VALUES

The values that guide us

We know that as a company, we are measured at all levels by our actions. Our four corporate values of trust, care, open-mindedness and bravery are therefore extremely important to us in all our relations – both internally and externally. Our values guide our actions and define how we want to work together – as a team, with our stakeholders and our partners. They are pivotal in defining Wintershall Dea's culture.



Trust is the basis for all our values and also their outcome. We believe in respect and sustainability as the foundation for our success. We also believe in trust as the basis for achieving our goals and empowering our organisation. We trust people to make informed decisions.

We care for our people, the environment, our assets and our capital. We accept responsibility and act on it. We do not shy away from difficult conversations and weigh our decisions carefully. Safe operations that pose no threat to people and the environment are always our top priority.

We are convinced that open-mindedness is key to being innovative, to achieving robustness, to securing exciting projects and providing an inspiring work environment. We work on the assumption that we can learn something from every person whom we interact with.

We are ready to accept big challenges, be they demanding fields, new opportunities or our social responsibility to advance the gas and oil industry. We have a strong focus on performance delivery and strive for excellence in all that we do. We seize opportunities while managing risks intelligently.

MANAGEMENT BOARD

Hugo Dijkgraaf | Mario Mehren | Paul Smith | Thilo Wieland

Maria Moræus Hanssen, Chief Operating Officer (COO) and Deputy CEO for the Region EMEA from 1 May until 31 December 2019 left the company on 31 December 2019. Dawn Summers is to be appointed to the Executive Board of Wintershall Dea. As Chief Operating Officer (COO) she will be responsible for the Business Units Germany, Norway, the Netherlands, UK and Denmark, Egypt, Libya, Algeria and UAE as of June 1st, 2020.

OUR PURPOSE

Our guiding principles

Wintershall Dea as the new European champion is committed to producing natural gas and crude oil in the most efficient and environmentally friendly way. The company acknowledges its responsibility to help solve two of today's greatest global challenges: meeting the world's growing energy needs while achieving climate goals.

WHAT WE DO

We are the leading independent European gas and oil company. We explore for and produce gas and oil worldwide in the most efficient and responsible way.

WHY WE DO WHAT WE DO

We believe we contribute to a better world for today's and tomorrow's generations by addressing two major challenges at the same time – the world's growing demand for energy and global climate change. We are committed to securing energy supplies while pursuing climate targets.

HOW WE DO WHAT WE DO

Reliable partner
As the leading independent European gas and oil company, we are the long-term and reliable partner for all our stakeholders. We are setting industry benchmarks in safety and environmental responsibility as well as in operational and financial performance.

Ambitious people
People are our greatest resource. We promote an entrepreneurial spirit and empower people, while welcoming diversity. We cultivate an open and team-orientated working environment which makes it possible to find the best solutions.

Experienced pioneer
German engineering is our heritage. We push for innovation, embrace opportunities presented by the digital revolution and constantly strive to broaden our horizons. We are and will remain experts in the most demanding fields – now and in the future.

STRATEGIC REPORT

WHO IS WINTERSHALL DEA?

Wintershall Dea is the leading European independent gas and oil company, complemented by a stable midstream business.

Wintershall Dea was formed on 1 May 2019 by merging BASF's oil, gas and midstream businesses (comprising Wintershall Holding GmbH and its subsidiaries) with LetterOne's oil and gas business (comprising DEA Deutsche Erdoel AG and its subsidiaries).

The Wintershall and DEA merger in 2019 brought together two German companies with over 120 years of history each. Each of the legacy organisations had projects around the world that built best-in-class expertise and capabilities, which position us as a leading operator and a partner of choice. Even before the merger, Wintershall and DEA worked closely on many projects. We share attitudes, cultures and values. Our new organisation, which combines the best of both companies, creates something truly unique – a company fit for the future and well positioned to thrive and grow in the energy transition.

The merger created the largest European independent exploration and production company based on production and 2P reserves. We share a pride in our technical skills and a passion for our job. As one company, we fill a gap in the market for a player big enough to tackle large opportunities, while remaining agile and flexible. Together, we are a stronger global player. Our business is underpinned by a strong production performance that is effective, secure, reliable and efficient. And we continuously challenge ourselves to maximise economic recovery by actively managing our assets. Everything that we do we do, to the highest environmental, health and safety standards.

> "We combine two companies with long and successful histories. Joining forces now offers us new opportunities to demonstrate our skills and to be Europe's leading independent gas and oil company."
>
> Mario Mehren

German engineering is in our DNA and we have a long track record in onshore and offshore innovation and development. Today, the advent of digitalisation in the industry creates a completely new opportunity for us to automate production, lower costs by using artificial intelligence to predict maintenance requirements and drive improvements in production and operational efficiency across the portfolio.

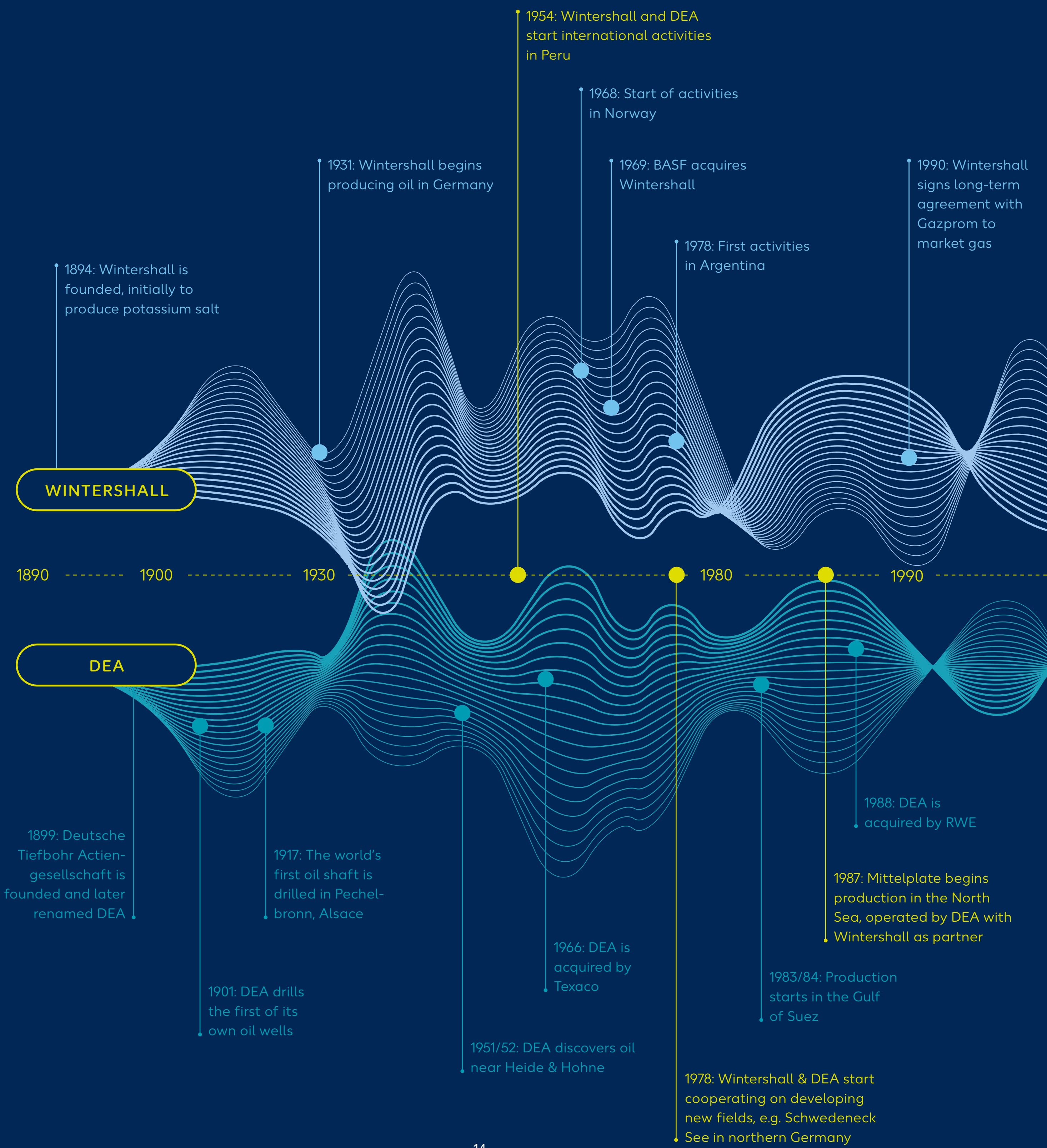
We expect that demand for our products and natural gas, in particular, will continue to grow over the next few decades, which will help industry and society adapt to the low-carbon economy. We believe that our portfolio is already well positioned for this transition today, with natural gas representing about 70 % of our production and reserves base.

Pursuant to the Merger, LetterOne contributed all of its shares in Dea to Wintershall and received shares in the combined company Wintershall Dea. As a result, BASF initially holds 67% of Wintershall Dea and LetterOne holds 33% of the Ordinary Shares in the Company.

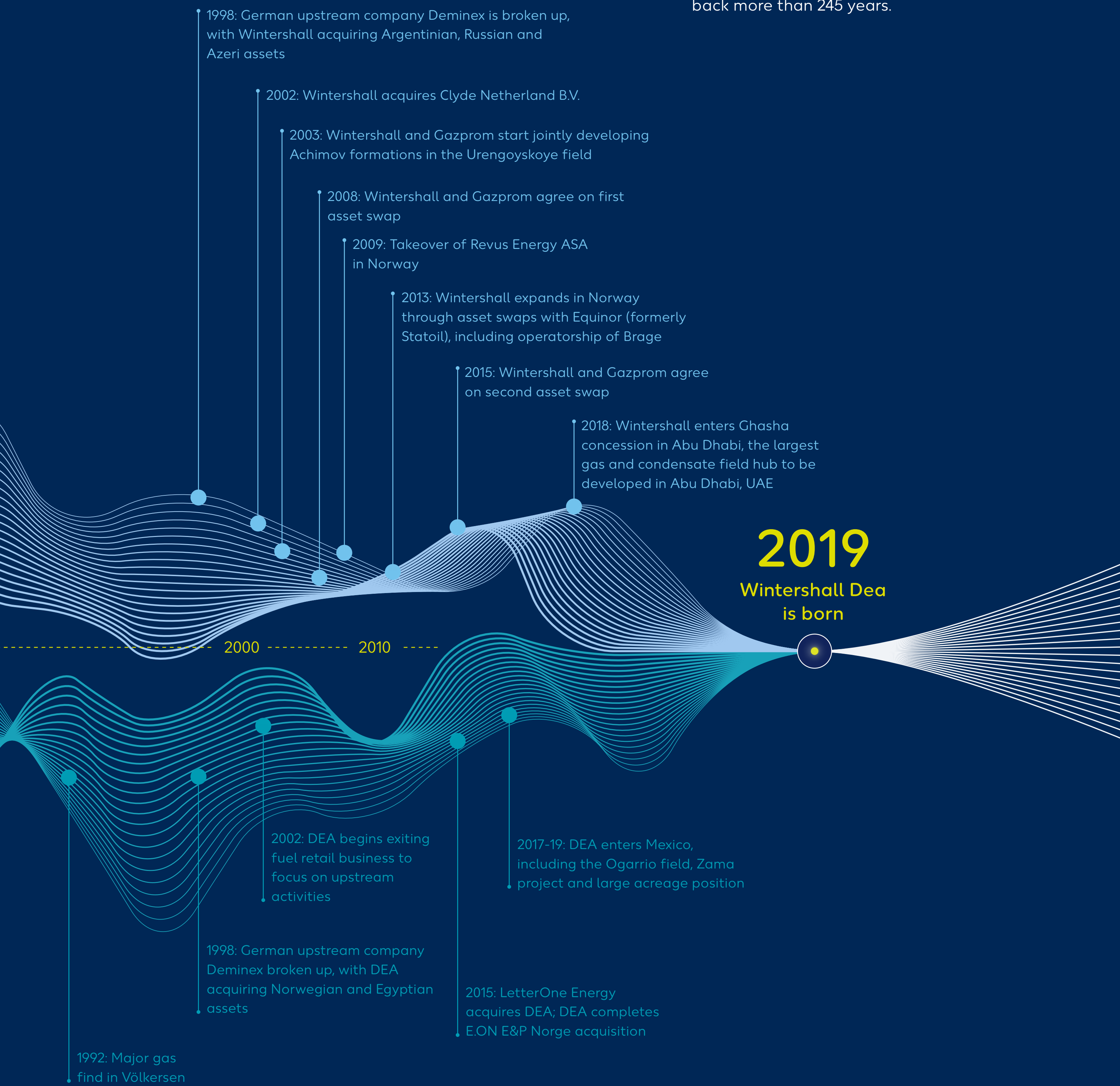
To consider the value of the midstream business of Wintershall Dea, BASF further received Preference Shares which results in a current overall participation of BASF of 72.7% in the entire share capital of the Company. The Preference Shares will convert into Ordinary Shares of the Company on May 1st, 2022 or upon an initial public offering, whichever comes earlier.

THE HISTORY OF WINTERSHALL AND DEA

TWO COMPANIES WITH A PROUD HERITAGE



This timeline sets out certain events in the corporate history of the two legacy companies whose combined expertise in drilling and oil and gas production date back more than 245 years.



OUR STRATEGY

THE ENERGY LANDSCAPE – OUR PERSPECTIVES

The global energy mix

Access to low-cost, safe and reliable energy continues to underpin the long-term growth of the global economy and the rising living standards that many people enjoy around the world. Which is why we predict that further growth in energy demand will be closely linked to expectations for rising GDP.

The energy world landscape has transformed over the last 150 years from a coal-based system into a diversified, integrated and interdependent mix of energy sources. In addition, the growth of the energy markets has accelerated.

According to the International Energy Agency (IEA), today's global energy demand is largely met by fossil fuels, with coal, oil and natural gas accounting for some four fifths of the energy mix. The remainder is provided met by energy that is "clean" of direct CO_2 emissions – nuclear, hydro and renewables. Despite their rapid growth, these renewables still represent only a small fraction of global primary energy supply

Following the 2015 Paris Agreement, many countries are putting policies and measures in place to reduce greenhouse gas emissions in order to mitigate the effect of climate change.

Against this backdrop, high economic growth rates in the developing world and clear aspirations for improving quality of life sustained growth in demand for energy, despite the improved energy efficiency.

Meeting this growing demand will require energy from many sources, stable regulatory and financial frameworks, effective carbon pricing and sustained investment in new technology, capacity and infrastructure. It is important to note that oil and gas fields have a natural decline rate of 3-5 % per year, meaning that continued investment in new production is required to offset this natural decline. We believe that oil and particulary natural gas, which is the lowest carbon fossil fuel, will continue to play an important role in the global energy mix for decades to come.

The energy transition

The energy transition to a low-carbon economy is underway because society demands action to mitigate the effects of climate change. The dilemma for governments, customers and suppliers is how to limit greenhouse gas emissions, while at the same time ensure continued access to low-cost and reliable energy to support economic development around the world.

In its 2019 World Energy Outlook, the IEA assessed a range of potential energy supply scenarios for the future.

The IEA's Stated Policies Scenario reflects the impact of existing policy frameworks and today's announced policy intentions, taking into account the trends that are materialising today. The IEA's Sustainable Development Scenario outlines a transformational pathway to delivering the COP 21 targets which aim to keep the increase in average global temperatures well below 2 °C above pre-industrial levels.

In the Stated Policies Scenario, the IEA sees gas demand increasing by over a third by 2040, with oil demand growing slowly in this timeframe. In the Sustainable Development Scenario, the IEA expects gas demand growing modestly in the next decade before reverting to present levels by 2040, with a steady decline in oil demand.

Wintershall Dea's portfolio for well positioned in both IEA scenarios. We are predominantly a natural gas company with investments in gas transmission assets that will benefit from Europe's switch from coal to gas.

The impact of shale resources

The development of shale oil and gas in North America is having a profound effect on global energy markets. Over the last decade, rapid growth in shale production and new potential in North America has resulted in the US becoming an oil and gas exporter rather than an importer. OPEC countries have adjusted their policies and production to compete with shale production and to accommodate this new supply, which has added to the high level of volatility in oil markets.

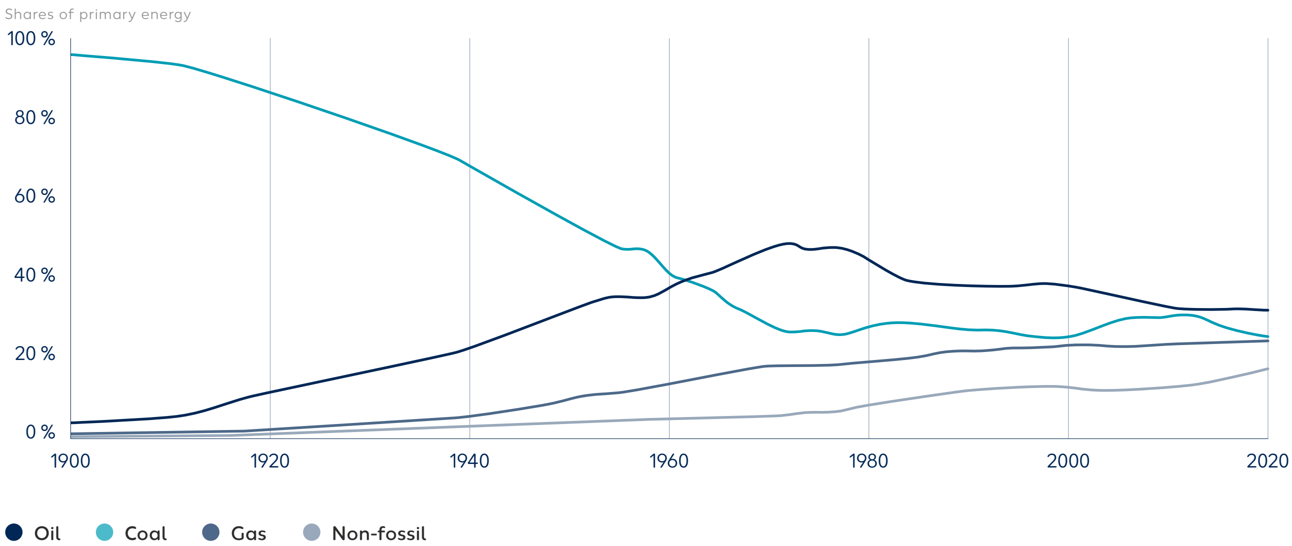
These new shale resources could provide low-cost and abundant oil and gas for the foreseeable future, which represents a fundamental shift in the global oil and gas supply picture where resources scarcity was predominately perceived.

With the ample supply of low-cost fuels, renewables have to continue competing on the energy market on price and volume, despite their carbon advantage.

Our strategic perspective

The energy transition and the shale revolution are driving a fundamental transformation in today's energy markets. These are fundamental trends which are creating new price volatility and uncertainty in energy markets, alongside the economic and political drivers of energy prices.

The trend towards energy supply integration



Source: BP Energy Outlook, 2019 Edition

For decarbonisation to progress effectively, the energy supply system requires more, not less, integration of its fossil and non-fossil components. Many forecasts show that the energy transition is unlikely to be a simple substitution of non-fossil for fossil fuels. For it to succeed without energy becoming a bottleneck for the world's economic development and prosperity, the fossil and the non-fossil segments will have to be treated as complementary and not mutually exclusive. The transition to a lower-carbon energy system will take time and require a mix of fossil fuels and renewables as well as less-carbon-intensive fossil fuels, such as natural gas, to replace more carbon intensive fuels, such as coal and oil.

The impact from this shift can be more significant, given the larger underlying base in comparison to renewables' ascent.

Our low-cost, gas-dominant portfolio is well suited to play an important role in the energy transition in the years to come regardless of the speed at which the energy transition takes place.


ITAG

OUR STRATEGY: PAVING THE WAY FOR PROFITABLE GROWTH IN THE ENERGY TRANSITION

1.

PROFITABLE GROWTH DRIVING COMPETITIVE SHAREHOLDER RETURNS

Our business strategy is designed to provide competitive shareholder returns. As the legacy growth portfolios of Wintershall and Dea come together, we expect to see above average production growth rates over the next two to three years, followed by moderate long-term growth. Our portfolio benefits from a low cost base as well as significant pricing diversification, underpinning our ability to generate cash flow in various price scenarios. We invest in measured, medium-term profitable production in the most cost-competitive and attractive and sustainable projects, which in turn generate the returns and free cash flow that will underpin attractive dividends for our shareholders.

2.

STRICT FINANCIAL DISCIPLINE

Our capital allocation framework is at the centre of our decision-making process. We prioritise the use of cash as follows:

1. **Sustaining and committed investment** – our first call on cash is to maintain existing production and meet obligations to development projects we are committed to in order to safeguard robust cash generation, ensure operational integrity of our assets and honour our obligations to our partners;

2. **Balance sheet** – a strong balance sheet is a precondition to maintaining our commitment to an investment-grade rating. In today's world of high commodity price volatility, having a strong balance sheet is a key competitive advantage for the company;

3. **Dividend** – our dividend policy will reward our investors with a competitive dividend payment. Our commitment to a strong balance sheet and our resilient, low-cost portfolio are key to ensuring the sustainability of the shareholder distributions throughout the commodity price cycle;

4. **Growth** – our strategy assumes moderate, profitable growth, with an emphasis on value creation.

"Our financial framework is anchored around a commitment to our investment grade rating, while prioritising returns to our investors. By maintaining a strong balance sheet, we underpin our long-term capacity to pay attractive dividends and invest in selected profitable projects throughout the cycle."
Paul Smith

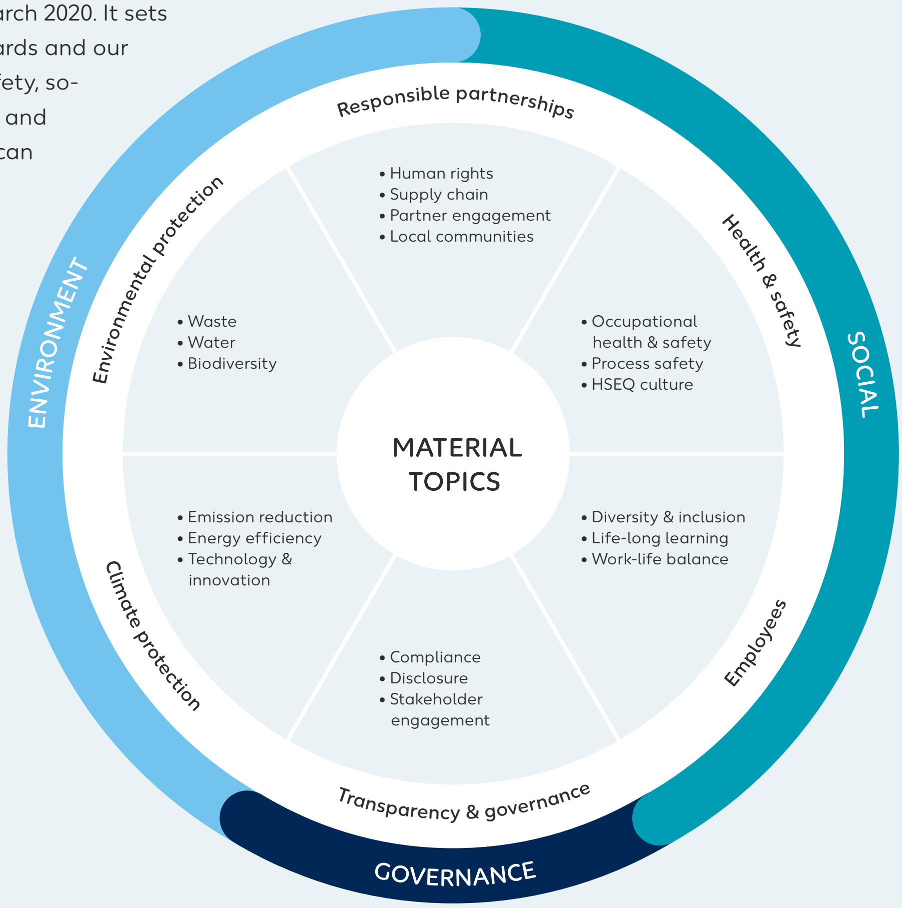
3.

UNRELENTING FOCUS ON SUSTAINABILITY

As we integrate Wintershall and Dea, we are defining and implementing industry-leading standards in sustainability. Our new Sustainability Report, prepared according to GRI guidelines, was launched in March 2020. It sets out in detail our policies, our high standards and our strong track record in environmental, safety, social responsibility as well as governance and transparency. A summary of this report can be found on pages 58ff.

Wintershall Dea expects continued demand for low-cost hydrocarbons as part of the energy transition to a low-carbon economy. We see natural gas and its transportation infrastructure playing a critical role as a low-carbon energy source in the power sector, alongside renewables.

Our skill set is well suited to upstream and midstream activities. Our medium-term strategy will see the company continue to be a major investor and innovator in natural gas, alongside low-carbon and low-cost oil.



4.

ADVANTAGED UPSTREAM PORTFOLIO

We expect continued high volatility in commodity prices, as a result of the interplay between rising energy demand, OPEC oil production quotas and the continued growth of low-cost oil and gas production from unconventional sources. We believe that our competitive position is underpinned by the efficiency of scale, strong operating capabilities and competitive operating costs.

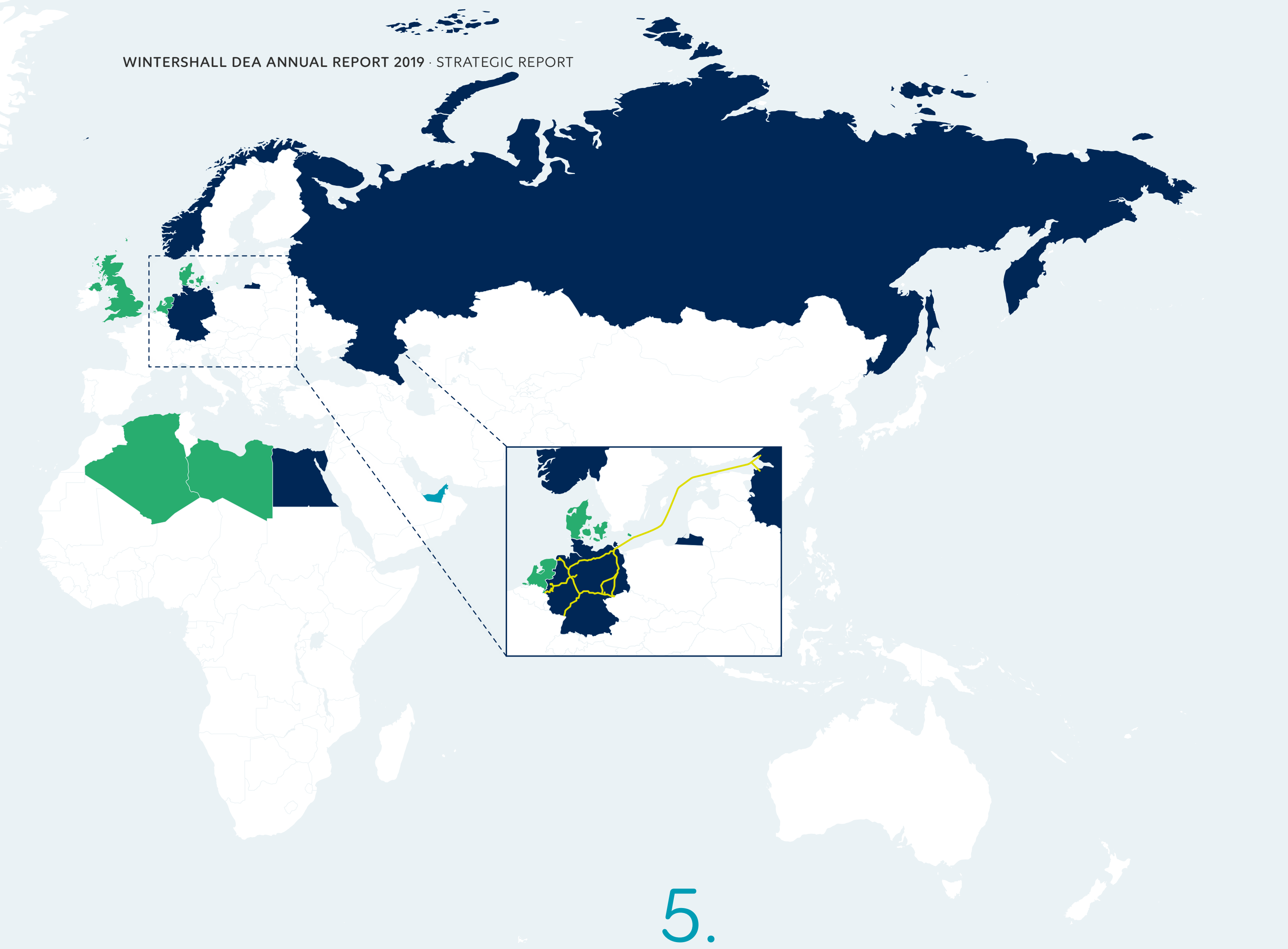
Our merger means that we are better equipped to upgrade our portfolio through strategic optimisation measures and to further reduce our already low production costs, which averaged $ 4.3 per boe in 2019.

We are structuring our portfolio so that each business unit is large enough to be able to exploit new opportunities and operating efficiencies presented in the market and at the same time to be relevant and impactful with local stakeholders.

Established upstream business units: Germany, Norway, Russia, Egypt and Argentina

Wintershall Dea has been present in these countries for decades. Each of these countries is a well-established hydrocarbon province and our positions there play an important role in our portfolio today. These countries contribute significant cash flow to our business.

For Wintershall Dea, these business units deliver material production. We believe that this size makes us relevant to local stakeholders and provides the scale we need to deploy our operating capabilities and standards in a cost-competitive way. We will continue to focus on production efficiency and uptime, developing our portfolio of existing projects, conducting new exploration and appraisal drilling, where applicable, with a view to accessing further potential growth opportunities.



5.

A HIGH QUALITY AND STABLE MIDSTREAM BUSINESS

Growth upstream business units: UAE, Brazil, Mexico
Wintershall Dea has entered these high potential countries in order to build scale and add profitable growth for the company. We have limited or no production in these countries as yet. Brazil and Mexico offer an attractive suite of exploration and appraisal opportunities. In the UAE, Wintershall Dea has a position in the world-scale Ghasha development project. Thanks to our already significant investments in these countries and the availability of attractive growth opportunities, we plan to grow these business units over time to be comparable in size to our established business units.

Other upstream business units: Algeria, Libya and the southern North Sea
These units are relatively small contributors to our production today. We intend to continue to review these positions, in order to improve our scale and growth potential or to exit.

Wintershall Dea has been active in German onshore and offshore natural gas transportation activities since the early 1990s.

We believe that our presence in the full gas value chain, from upstream production to the customer, enhances our competitiveness and financial profile. Returns and cash flow from these operations provide financial support to the inherently more cyclical upstream business, which in turn supports our financial framework and returns to the shareholders.

Our interests in pipelines and other facilities are essential elements of the energy system in Germany and Europe. Our participation in Nord Stream AG and our financial investment in Nord Stream 2 are both linked to our participation in the German onshore midstream business and creating a reliable source of transportation for low-cost, low-emission natural gas from Russia for the growing markets in Europe.

INTEGRATION

UNLOCKING POTENTIAL THROUGH SUCCESSFUL INTEGRATION

The active integration phase of both legacy companies is expected to be completed by December 2020. The integration focuses on three areas: cultural integration, the target operating model and value capture.

- Cultural integration encompasses the creation of a shared corporate culture and communications and is an ongoing and iterative process.
- The target operating model comprises the redesign and implementation of new processes. The target organisation is expected to be completed in phases by the end of 2020.
- Value capture aims to deliver all identified synergy targets by mid-2022.

Value capture on track

By 2022, Wintershall Dea aims to achieve cash synergies of around € 200 million per year before tax, which will be derived from operating synergies, capital expenditure and production-related synergies.

We expect to realise cost savings through a combination of procurement as well as exploration research and development functions. The company also intends to optimise cash flow and capital expenditure by actively managing its combined operating portfolio in addition to prioritising the most profitable assets and most probable discoveries. Value capture impact will be derived evenly from the following categories:

- Operating costs: savings in overlapping German and Norwegian operations, significant reduction of FTEs, reduction of other general and administration costs;
- Production/investments: optimised procurement contracts and commercial activities, accelerated production across several business units, drilling optimisations in countries with overlapping activities;
- At the end of 2019, more than € 100 million had already been captured mainly through production initiatives in Mexico, Egypt and Norway, procurement CAPEX savings as well as the first organisational reductions.


wintershall dea

PORTFOLIO OVERVIEW

PORTFOLIO FIT FOR THE ENERGY TRANSITION

Wintershall Dea's portfolio benefits from diversification of geographies and asset classes. Our activities span four regions and 13 countries, with our footprint extending from beyond the Arctic circle in Norway to the southernmost platform in the world in Argentina.

We conduct our business in six segments:

- E&P Northern Europe
- E&P Russia
- E&P Middle East/North Africa (MENA)
- E&P Latin America (LATAM)
- Midstream
- Other

The four E&P segments are further divided into 11 divisions, based on the countries in the various regions. The E&P segments comprise exploration and appraisal, field development and production activities in the following divisions:

- **E&P Northern Europe:** Germany, Norway and Denmark/the Netherlands/UK as a single division
- **E&P Russia:** Russia
- **E&P Middle East/North Africa:** Egypt, Algeria, Libya and United Arab Emirates (UAE)
- **E&P Latin America:** Argentina, Mexico and Brazil

PORTFOLIO OVERVIEW (2019)

SEGMENT	2P reserves in mmboe	Production in mboe/d (WI)[2]	EBITDAX in € millions[2]
Northern Europe	916	201	1,671
Russia	2,234	289	463
Middle East/North Africa	423	51	270
Latin America	254	76	320
Midstream	-	-	275
Other	-	-	-170
Total	**3,826**	**617**[1]	**2,828**

1 Excluding Libyan onshore production
2 Like-for-like presentation, representing an aggregation of Wintershall Dea for the period May-December 2019, Wintershall for the period January-April 2019 and Dea for the period January-April 2019

NORTHERN EUROPE

In Northern Europe, Wintershall Dea operates in Germany, Norway and the Southern North Sea, with a combined 2019 production of 201 mboe/d and a 2P reserves base of 916 mmboe.

Wintershall Dea has its roots in Germany. For more than a century, we have been implementing natural gas and oil production projects here that set international standards.

Germany

OVERVIEW

The German oil and gas industry faces a decline in hydrocarbon production. We have focused our activities on Wintershall Dea's most important production sites in northern Germany: Mittelplate crude oil production in Schleswig-Holstein, natural gas production in the Verden area and oil production in Emlichheim, both of which are in Lower Saxony. Our production facilities in southern Germany, as well as smaller interests in other licences, were already or may be sold in line with our strategy in the country.

Production (mboe/d) GAS OIL

	2018	2019
GAS	52 % / 28	51 % / 25
OIL	48 % / 26	49 % / 24
TOTAL:	54	49

2P reserves	R/P
223 mmboe	13

KEY ASSETS

Mittelplate

Wintershall Dea has produced over 260 mmboe of oil in Mittelplate since 1987. Our operations in Mittelplate are considered exemplary and regarded internationally as a benchmark for safe oil production in an environmentally sensitive area.

Our recent activities in this field include drilling a well from the Mittelplate drilling and production platform on the southern edge of the Schleswig-Holstein Wadden Sea National Park. This is one of the longest wells ever to be drilled here – a high-tech well with a 7,920-metre main string. The expertise gained in the course of such technically complex projects at Mittelplate also provides us with critical know-how for follow-up projects abroad and is highly valued by our international partners.

Case Study: Mittelplate Digital Twin

We are building a digital twin of Mittelplate that will enable the facilities to be operated more efficiently, monitor and prevent any potential issues and lower costs even further. This is a dynamic digitalized image of the reservoirs and surface facilities, which will reduce operating costs and increase reliability and production at the same time. Without requiring changes to the physical assets, with just 6 months of operation, the Digital Twin Mittelplate pilot is on track to deliver €1 million in savings annually. In 2020, this investment will be scaled to include other key rotating machinery classes and replicated across other Wintershall Dea sites thereby to accelerating program returns.

Artificial intelligence will be part of the digital twin and support decision making in operations. Mittelplate is therefore also "state of the art" in digital terms.

Völkersen

We have been producing gas in Völkersen in Lower Saxony since 1994. It is the most productive gas field in Germany, accounting for about 10 % of total German gas production.

In 2019, work was conducted underground on individual production wells and various diversion wells were again drilled in order to extract the proven resources in the best possible way. At Völkersen, we proceeded with various automation and digitalisation projects in order to optimise the processes for state-of-the-art operation.

Emlichheim

Situated on the Dutch border, Emlichheim is one of the oldest oil fields in Germany. Wintershall Dea has been recovering oil there for more than 70 years. In November 2019, we started drilling four new wells which are connected to the Bentheim Sandstone oil reservoir, which lies 800 to 900 metres below ground level. The aim of the new wells is to maintain stable production.

EXPLORATION

During 2019, Wintershall Dea undertook a major re-assessment of the recently merged exploration portfolio to identify opportunities for portfolio optimiation. No major exploration activities are planned.

KEY ASSETS OVERVIEW

FIELD	WI share %	Start of production	Operator
Producing			
Mittelplate	100 %	1987	Wintershall Dea
Völkersen	100 %	1994	Wintershall Dea
Emlichheim	90 %	1944	Wintershall Dea

With a history of more than 45 years in the country and over 100 licences, Wintershall Dea is the leading international oil and gas companies in Norway.

Norway

OVERVIEW

Norway is Europe's second most important supplier of natural gas and oil after Russia. Wintershall Dea has been active on the Norwegian continental shelf for more than 45 years and is now the leading international oil and gas company in the country. Today the portfolio is being upgraded further with smart technical solutions. The Dvalin and Nova fields, for example are being developed by means of a subsea tieback, with production facilities on the seabed connected to existing platforms.

2019 was an eventful year for Wintershall Dea Norge. The merger between our two Norwegian entities, Wintershall Norge AS and DEA Norge AS, was registered on 13 November 2019. Wintershall Norge AS has consequently taken over the rights and responsibilities of DEA Norge AS and the company has been renamed Wintershall Dea Norge AS.

Production (mboe/d) — GAS / OIL

	2018	2019
GAS	39 % / 54	52 % / 76
OIL	61 % / 86	48 % / 70
TOTAL:	140	146

2P reserves

671 mmboe

R/P

13

KEY ASSETS

Aasta Hansteen

Aasta Hansteen is the deepest field on the Norwegian continental shelf and is located in the northern part of the Norwegian Sea. The water depth in the area is 1,270 metres. It includes three subsea templates on a floating platform with a vertical cylindrical hull moored to the seabed (known as a "spar platform"). Subsea templates are tied back to the platform. This is the largest spar platform in the world and began production in December 2018. There are plans for developing future tie-ins, including existing and future discoveries such as Asterix.

Gjøa

Gjøa is a gas and oil field that was discovered in 1989 and is located in the North Sea. The water depth in the area is 360 metres. Production began in 2010.

The development comprises four subsea templates with 11 production wells tied to a semi-submersible production and processing facility. Because the Gjøa facility is partly supplied with power from shore, it produces low emissions and has a small CO_2 footprint. Our Vega fields are tied to the Gjøa facility for processing and export.

Case study: machine learning to increase efficiency

The challenge: accumulations of water or sediment in oil wells – a phenomenon known as "slugging" – can result in significant declines in production, increases in emissions and, in some cases, damage to installations.

The solution: development and digital teams collaborated to create advanced prediction algorithms that detect slugging conditions. The team is also developing closed loop optimisation to take earlier action.

The result: Early results show that the solution predicts slugging conditions early enough to take action and avoid production impacts. In 2020, the solution will be further refined, to optimize the algorithm and take automation in action. Upon successful completion, we will look for opportunities to scale the solution to other operations.

"Slugging can be a big challenge in operations. If the data-driven solution can help to mitigate these occurrences, we see possibilities to increase production and reduce emissions."

Aina Lokkevik Bratland, Wintershall Dea Norge

Skarv

Skarv comprises several gas and oil reservoirs, including the Skarv and Idun fields and the Gråsel and Ærfugl discoveries. The assets are located in the Norwegian Sea, approximately 45km north of the Heidrun field. Skarv was discovered in 1998 and Idun in 1999 and production started at both fields in December 2012. The water depth in the area ranges from 350 to 450 metres.

The development is comprised of a large, purpose-built floating production storage and off-loading unit, five subsea templates with 24 well slots currently holding 15 subsea development wells.

Key future activities include continued production optimisation of the Skarv and Idun production wells. In the medium term, further infield wells are being evaluated and exploration wells drilled. The development of the Aerfugl subsea tie-back to Skarv is ongoing.

Vega

Vega is a gas and oil field located in the northern part of the North Sea, 28km west of the Gjøa field. The water depth in the area is 370 metres. Vega was discovered in 1981. It consists of three separate deposits: Vega Nord, Vega Sentral and Vega Sør. The field has been developed with three subsea templates with four slots, tied to the processing facility on the Gjøa field. A total of six production wells have been drilled. Production commenced in 2010.

Three infill wells have been approved for Vega field. To increase production and recovery from the field, they will be drilled through exisiting subsea templates between 2020 and 2021.

Existing infrastructure for sustainable production: hrough a subsea template, Dvalin is connected with the Heidrun platform.

SELECTED GROWTH PROJECTS

Dvalin

Dvalin is our self-operated gas project in the central part of the Norwegian Sea northwest of Heidrun. The water depth is 400 metres. The development concept is a subsea template with four gas producers tied back to the Heidrun platform. The well stream will be transported to the Heidrun platform for processing in a new dedicated gas processing module and exported to Nyhamna via a new pipeline from Heidrun connected to the Polarled pipeline. Drilling of the production wells started in 2019.

Nova

Nova is a self-operated field in the northern part of the North Sea, 17km southwest of the Gjøa field. The water depth in the area is 370 metres. The planned development consists of two four-slot subsea templates, one for oil production and one for water injection, each with three wells tied back to the Gjøa platform.

Hydrocarbons from the field will be produced by pressure support from water injection and gas lift, both supplied from Gjøa. The well stream will be routed via pipeline to the Gjøa platform for processing and export. The oil will be transported further through the Troll Oil Pipeline II to Mongstad and the gas will be exported via the FLAGS pipeline to St. Fergus in the UK.

Njord

Njord is the redevelopment of the Njord A floating steel platform, which aims to add an additional 20 years of production to the oil site. Njord A has an integrated deck with drilling and processing figures, which have been shut down since 2016 for extensive upgrades to the platform of Njord A and the storage vessel Njord B. The Njord A column top extensions are near completion and the Njord B refurbishment work is underway.

EXPLORATION

We currently have stakes in over 40 exploration licences. Nine of these are located in the North Sea (we are the operator for two), 18 in the Norwegian Sea (eight as operater) and the nine licences are located in the Barents Sea (two as operator). Nine of these licences (three as operator) were awarded by the Norwegian Petroleum Directorate as part of the Awards in Predefined Areas (APA).

We continued exploration activities carried over from previous years by completing seven wells in 2019, three of which were commercial discoveries:

- As regards the Edvard Grieg licence, we participated in the drilling of two successful infrastructure lead exploration wells;
- As regards the PL782S licence, the Busta exploration well was successful in locating gas and condensate. Together with our partners, we continue to evaluate this exciting discovery and develop a way forward.
- In line with our active, global portfolio management, we executed several measures by farming out a number of licences.

Early in 2020, we were awarded nine additional new licences – four in the North Sea (two as operator), four licences in the Norwegian Sea (one as operator) and one in the Barents Sea.

KEY ASSETS OVERVIEW

FIELD	WI share %	Start of production	Operator
Producing			
Vega	56 %	2010	Wintershall Dea
Maria	50 %	2017	Wintershall Dea
Gjøa	28 %	2010	Neptune Energy
Skarv	28 %	2012	Equinor
Aasta Hansteen	24 %	2018	Equinor
Edvard Grieg	15 %	2015	Lundin
In development			
Dvalin	55 %		Wintershall Dea
Njord	50 %		Equinor
Nova	45 %		Wintershall Dea
Ærfugl	28 %		Aker BP

Southern North Sea (Netherlands, Denmark, UK)

OVERVIEW

The majority of our activities in the southern North Sea are legacy Wintershall operations acquired through our 50 % stake in Wintershall Noordzee (a 50/50 joint venture with Gazprom International). These activities are accounted for using the equity method in Wintershall Dea's financial statements. Our operations in the southern North Sea span the Netherlands, UK and Denmark.

Netherlands

Wintershall Dea has been active in the Dutch North Sea for more than 50 years. Wintershall Noordzee is one of the major producers of natural gas in the Netherlands, operating more than 20 offshore installations. Wintershall Noordzee has fully fledged operating capabilities that drive value across the entire E&P lifecycle and has been active in exploration, production and taken the lead on reuse and decommissioning. In 2018-2019, Wintershall Noordzee drilled for gas and added to the Q1-D field's production. In the same year, it successfully decommissioned two large oil platforms, Kotter and Logger, while reusing the topsides of the E18-A platform for the new Sillimanite development. Additionally, a core element of Wintershall Noordzee's future portfolio is the Rembrandt/ Vermeer fields – one of the largest oil discoveries in the southern North Sea in recent times.

UK

Wintershall Noordzee holds and operates several licences in the UK. Production is clustered around the established Wingate gas field (discovered in 2008) and developed via a normally unmanned platform. The portfolio also includes the recently developed Sillimanite natural gas field which was discovered in 2015 and straddles the UK/ Netherlands maritime border. Development drilling at Sillimanite commenced in Q4 2019 and first gas was achieved in February 2020. Subsequent wells are being drilled throughout 2020. This will support both the UK by maximising economic recovery goals and benefit the Netherlands through the use of Dutch infrastructure. All production from the southern North Sea is supervised and controlled from the state-of-the-art Remote Control Centre in the Netherlands.

State-of-the-art Remote Control Centre manages all offshore assets from the shore.

Denmark

Wintershall Noordzee has a long-standing presence in Denmark and continues to pursue a strategy of supplying energy to Europe, as evidenced by new projects, such as the self-operated Ravn oil field which started production in 2017. Production from this field is the first phase of a potentially larger Greater Ravn development.

In addition to the licences held by Wintershall Noordzee in Denmark, Wintershall Dea has interests in three smaller oil fields (Cecilie, Nini and Nini East), which are located in the Danish Central Graben.

KEY ASSETS OVERVIEW

FIELD	WI share %	Start of production	Operator
Producing			
Wingate	64.50 %	2011	Wintershall Noordzee[1]
Ravn	63.64 %	2017	Wintershall Noordzee[1]
Sillimanite	30 %	2020	Wintershall Noordzee[1]

1 Joint venture between Wintershall Dea (50 %) and Gazprom International (50 %)

RUSSIA

In Russia, Wintershall Dea has activities in western Siberia and southern Russia with a combined production of 289 mboe/d and a 2P reserves base of 2,234 mmboe.

Wintershall Dea has been active in Russia for nearly 30 years – in particular through its highly successful cooperation with Gazprom.

COUNTRY OVERVIEW

Russia is among the world's richest countries when it comes to natural resources. Russia has the largest known gas reserves and the sixth largest proven oil reserves worldwide.

Wintershall Dea is currently involved in several joint venture projects for the production and exploration of hydrocarbons in western Siberia and southern Russia. Wintershall Dea and PAO Gazprom have enjoyed a long-term, successful partnership – first in joint natural gas trading and gas pipeline and storage business in Western Europe and later in E&P projects in Russia and around the world. Wintershall Dea and Gazprom promote the exchange of experience and know-how to support the core business activities of these joint ventures.

LUKOIL is another of Wintershall Dea's important Russian partners. Together with LUKOIL, Wintershall Dea owns the Wolgodeminoil joint venture, which was established in 1992 and is the longest standing E&P joint venture between a Russian and Western European partner in Russia.

Production (mboe/d) GAS OIL

	2018	2019
GAS	83 % / 210	81 % / 234
OIL	17 % / 42	19 % / 56
TOTAL:	252	289

2P reserves
2,234 mmboe

R/P
21

KEY ASSETS

Achimov 1A

AO Achimgaz is a joint venture between the Gazprom subsidiary Gazprom Dobycha Urengoy (50 %) and Wintershall Dea (50 %). The joint venture produces natural gas and condensate from the complex Achimov Formation in the Urengoy field (Block 1A) in Novy Urengoy (one of the three largest onshore reserves in the world), situated in Western Siberia, about 3,500km northeast of Moscow. The joint venture operates under a risked service model, with Achimgaz providing services to the field licence holder (LLC Gazprom Dobycha Urengoy) and receiving a service fee for producing from Achimov 1A Block. It also receives a fee for providing development services as a general contractor to Achim Development (a joint venture between Gazprom and Wintershall Dea to develop and start up Achimov Blocks 4A and 5A). The results of Achimgaz are consolidated proportionally to Wintershall Dea accounts (50 %).

Achimov 1A is the largest field in Wintershall Dea's portfolio in terms of reserves.

In 2019, the joint venture finished drilling the last of its 108 production wells, which enable an annual plateau production of about ten billion cubic metres of natural gas to be achieved from the technically and geologically complex Achimov formation as well as a siginificant amount of gas condensate.

Another important milestone reached by Achimgaz in 2019 was the award of the Occupational Health and Safety ISO 45001 certification by the Russian subsidiary of SGS, the world's leading inspection, verification, testing and certification company, based in Switzerland. Along with Business Unit Argentina, our joint venture with Gazprom is the first Wintershall Dea Business Unit to receive this certification. Achimgaz has a proven track record of HSEQ responsibility and is one of the first companies in the Siberian polar region to have achieved this certification.

Yuzhno-Russkoye

Severneftegazprom is a joint venture between Gazprom, Wintershall Dea and OMV, which holds the Yuzhno-Russkoye licence and operates the Yuzhno-Russkoye field. The field was discovered near the Arctic Circle 50 years ago, in November 1969 and, since the commencement of production in 2007, has already produced almost 290 billion cubic metres of gas. The production from 142 wells in this field, which is sold exclusively to Gazprom, is the main source of gas supplied by the Nord Stream gas pipeline to Europe. The results of Severneftegazprom are consolidated in Wintershall Dea accounts at equity. We sell our share of the production to Gazprom, the result of which is fully consolidated in Wintershall Dea accounts.

Yuzhno-Russkoye is one of the largest fields in Russia and is the largest field in Wintershall Dea's portfolio in terms of production.

Achimov: In the Urengoi field we successfully produce under extreme temperatures.

Wolgodeminoil

Founded in 1992, Wolgodeminoil (WDO) is the longest-standing joint venture for hydrocarbon production between a Russian and a Western European partner. Wintershall Dea and RITEK, a subsidiary of LUKOIL, each hold a 50 % stake in the company. The company holds and operates in three license areas in the Volgograd region, covering around 13,625km² in total.

In the summer of 2019, Wolgodeminoil won a new exploration license in Southern Russia, having successfully participated in the auction for the Severo-Belokamennoye license area. The license area covers 217km² in the Saratov Region in Southern Russia. Additionally, the Joint Venture was also awarded the 278km² Donsko-Tsaritsynsky license block in the Volgograd district.

GROWTH PROJECTS

Achimov 4A and 5A

In April 2018, Achim Development (a joint venture between Gazprom and Wintershall Dea) was formed to develop and start up Achimov Blocks 4A and 5A. Due to its extensive experience and know-how gained in the Achimov 1A field development, Achimgaz is the general contractor to develop and start up production from these blocks. The first construction phase started in 2018, with 40 production wells. The second phase is expected to include over 100 production wells and new processing facilities and is expected to come onstream in 2021. Completion of these wells represents a significant milestone in the successful development of the Achimov formation and will significantly boost Wintershall Dea's production in Russia.

Yuzhno-Russkoye Turonian layer

In the past, Severneftegazprom mainly produced gas from the Cenomanian, but we are moving forward to develop new formations. The joint venture began operating the first test wells in the Turonian rock strata at the end of 2011. Over 120 new wells will be drilled between 2020 and 2033 as part of the production start-up from the Turonian formations. The aim here is to extend the plateau production at Yuzhno-Russkoye field.

The partners in the joint venture are currently preparing the implementation of a digital twin project to optimise gas production from the Cenomanian and Turonian reservoirs. This is a dynamic digitalised image of the reservoirs and surface facilities, which will reduce operating costs and increase reliability and production. Artificial intelligence will be a key part of the digital twin and support decision making in operations.

Since April 2014, Severneftegazprom has also been testing the sandstone formations in the Lower Cretaceous and Jurassic, which are up to 4,000 metres deep. Six exploration wells were completed in 2017. A further exploration well in the Jurassic rock strata is planned for 2020, which could hold significant resources to further extend production from the field.

KEY ASSETS OVERVIEW

FIELD	WI share %	Start of production	Operator
Producing			
Achimov 1A	50 %	2011	Achimgaz [2]
Yuzhno Russkoye (Cenomanian layers)	35 % [1]	2007	Severneftegazprom [3]
In development			
Yuzhno Russkoye (Turonian layers)	35 % [1]		Severneftegazprom [3]
Achimov 4A & 5A	25 %		Achim Development [4]

1 Represents economic interest, Wintershall Dea has 25 % legal interest in the project
2 Joint venture between Gazprom (50 %) and Wintershall Dea (50 %)
3 Joint venture between Gazprom (40 %), Winterhall Dea (35 %) and OMV (25 %)
4 Joint venture between Gazprom (75 %) and Wintershall Dea (25 %)


KROHNE
KROHNE
FIT3/6
FIT4/6

MIDDLE EAST AND NORTH AFRICA

In the MENA region, Wintershall Dea is active in Egypt, Algeria, Libya and the United Arab Emirates with a combined 2019 production of 51 mboe/d and a 2P reserves base of 423 mmboe.

Wintershall Dea has a 45-year history in Egypt. Recent investments made in the projects we operate at Disouq and Gulf of Suez are a further sign of our commitment to the country.

Egypt

COUNTRY OVERVIEW

Egypt is the second-largest natural gas producer and the largest non-OPEC oil producer in Africa. Wintershall Dea has been active in Egypt for more than 40 years and has stakes in six onshore and offshore concessions. Our activities in Egypt are centred primarily around three assets. Firstly in the West Nile Delta project, where four of the five currently planned fields are already producing, is one of the most important energy projects in Egypt. Secondly, we have been producing oil for more than 35 years in the Gulf of Suez, where, following a recent redevelopment, we have rejuvenated production again. And lastly, we have produced gas from our Disouq field in the Nile Delta province since 2013.

Production (mboe/d) GAS OIL

	2018	2019
GAS	72 % / 19	79 % / 30
OIL	28 % / 8	21 % / 8
TOTAL:	27	38

2P reserves

120 mmboe

R/P

9

KEY ASSETS

West Nile Delta

West Nile Delta (WND) is the first IOC-operated (BP) production asset in Egypt. It consists of a subsea development of five fields: Taurus, Libra, Giza, Fayoum and Raven. Production from the Taurus and Libra fields commenced in March 2017, followed by Giza and Fayoum fields in February 2019.

WND is one of the largest developments in the Mediterranean Sea, located offshore of Egypt, and provides critical gas supply to the domestic market. The project offers unique governance terms and is the first IOC-operated production asset in Egypt, with no traditional joint venture operation or cost recovery structure. All gas produced here will supply the domestic Egyptian market.

Ongoing updating of WND seismic mapping supports further maturation of the existing potential in the area. The Miocene segments are expected to be developed in the second phase of the project.

Gulf of Suez

Wintershall Dea has been producing crude oil in the Gulf of Suez for 40 years, with operations conducted by a joint venture between Wintershall Dea and EGPC. The concession for the Ras Budran and Zeit Bay fields was recently renewed, resulting in an extension of licence until 2022 (with further extension options), in addition to an improvement in commercial terms for us.

A rig and rig-less campaign at Ras Budran field in the Gulf of Suez was completed in 2019 and has resulted in increased production from this field.

During recent years, Wintershall Dea has also extended the duration of the joint marketing agreement with the state company EGPC until June 2021, allowing some of the oil from the Gulf of Suez fields to be exported to international markets and EGPC's share of the proceeds to be used to reduce receivables owed by the EGPC to Wintershall Dea.

Disouq

Disouq is a gas field which has been producing since 2013. It currently has 18 producing wells. It is a 322km² concession located in the highly prolific Nile Delta province and comprises two development areas: Disouq Area-1 and NorthWest Khilala.

Development activities implemented in the Disouq field were completed, resulting in significantly increased production compared to 2018.

A liquid-rich gas field development in the Disouq concession is currently at the concept selection stage, with the potential to start up in the coming years.

EXPLORATION

In 2019, Wintershall Dea was awarded a new exploration block, East Damanhur (100 %). The block covers 1,418km^2 and is located west of Disouq development leases in the onshore Nile Delta. Existing nearby Disouq infrastructure will offer opportunity accelerated development of any discoveries in this block.

The licence comprises Messinian and Pliocene plays in the onshore Nile Delta with good perspectives in an established, low-risk, amplitude-driven shallow gas play with ten identified prospects and leads.

KEY ASSETS OVERVIEW

FIELD	WI share %	Start of production	Operator
Producing			
Disouq	50 %	2013	DISOUCO [1]
Gulf of Suez	50 %	1983	SUCO [2]
West Nile Delta	17.25 %	2017	BP

1 Joint venture between Wintershall Dea (50 %) and EGAS (50 %)
2 Joint venture between EGPC (50 %) and Wintershall Dea (50 %)

Wintershall Dea is involved in exploration and production activities in Algeria, one of Europe's most important North African gas suppliers.

Algeria

COUNTRY OVERVIEW

Algeria is the leading natural gas producer in Africa, an OPEC member and one of the top three oil producers in Africa. Algeria is estimated to hold the third-largest amount of shale gas resources in the world. However, these currently remain undeveloped pending more favourable fiscal terms.

Reggane Nord site in Algeria

KEY ASSET

Reggane Nord

The gas fields of the Reggane Nord project are located in western Algeria, one of the Earth's hottest regions: the Reggane Basin in the Sahara. It is located 1,500km from the capital, Algiers, and Algeria's Mediterranean coast.

Six gas fields there form the Reggane Nord project (Azrafil Sud-Est, Kahlouche, Kahlouche Sud, Tiouliline, Sali and Reggane). The Reggane Nord project is expected to be in production until at least 2041. Wintershall Dea and its partners have built a central processing facility and significant infrastructure to process the gas collected from the wells: 209km of gas collecting systems and more than 160km of roads were constructed as well as a 74km pipeline connecting the project to Algeria's export facilities.

Wintershall Dea is a reputable partner in one of the UAE's major gas and condensate developments, Ghasha.

United Arab Emirates

COUNTRY OVERVIEW

As one of the world's largest holders of oil and gas reserves the United Arab Emirates (UAE) is a globally important centre for energy production and a new focus area for Wintershall Dea. Our activities in the UAE began in 2010 when we established a joint venture with the national oil company ADNOC and our international partner OMV. Following on thorough preparation and project planning, we started our first operations in the UAE with the technically complex Shuwaihat sour gas field, where we drilled and successfully tested two appraisal wells.

In November 2018, we successfully entered the Ghasha concession with a 10 % interest. In addition to ADNOC as an operator (55 %) and Wintershall Dea, ENI (25 %), OMV and LUKOIL (each with 5 %) are also partners in this project.

KEY ASSET

Ghasha

The Ghasha field is one of the largest gas fields still to be developed in the UAE.

The Ghasha concession in offshore Abu Dhabi consists of several major gas and condensate development projects, including the Gasha sour gas field. The 40 year concession term for the project strengthens Wintershall Dea's long-term portfolio and gives us a strong position in Abu Dhabi with regards to production, technological deployment, as well as our partnership with ADNOC and other international partners.

The resources will be developed in a total of nine fields in several phases over the 40-year concession period. To this end, a total of ten artificial islands will be built to accommodate nine drill centers and a processing facility. In the course of the development, additional fields will be integrated in order to best utilise the facilities in the long term.

The project is a strategic priority in a country with a rapidly growing demand for gas. The gas produced is intended for use in the UAE and will make a major contribution to meeting ADNOC's 2030 vision of a sustainable and economical gas supply. Through its investment in Ghasha, Wintershall Dea intends to establish a strong and long-lasting presence in Abu Dhabi in partnership with ADNOC.

Since discovering our first sour gas reservoir in 1961 at the Düste field near Barnstorf in Germany, Wintershall Dea has been a pioneer of sour gas production. It has developed 16 fields in Germany and produced over 30 billion cubic metre of sour gas. In doing so, Wintershall Dea has developed technical expertise from plant design to operational safety that makes it an attractive partner for the Ghasha project.

LATIN AMERICA

In Latin America, Wintershall Dea is active in Argentina, Mexico and Brazil, with combined 2019 production of 76 mboe/d and a 2P reserves base of 254 mmboe.

Wintershall Dea has been successfully producing natural gas in Argentina for more than four decades.

Argentina

COUNTRY OVERVIEW

Argentina is the largest dry-gas producer in the region. Wintershall Dea has been active in Argentina since 1978 and is the fifth-largest gas producer with operated and non-operated acreage in the Neuquén, Austral and Malvinas Basins. Today, our company has a stake in some 20 on- and offshore fields, acting as the operator of three of them. Argentina not only has large amounts of conventional resources but is also one of the most important growth regions in the area of unconventional resources: It is number two in the world for shale gas reservoirs and number four for shale oil resources.

Wintershall Dea was the first oil and gas company in Argentina to receive certification from our HSEQ management system according to ISO 14.001 & ISO 45.001 international standards. TÜV Rheinland issued the certificates after two external audits.

Production (mboe/d) — GAS · OIL

	2018	2019
GAS	93 % / 66	91 % / 65
OIL	7 % / 5	9 % / 7
TOTAL:	71	72

2P reserves

214 mmboe

R/P

8

KEY ASSETS

Cuenca Marina Austral

Cuenca Marina Austral (CMA-1) began production in 1989. It currently consists of seven fields (Antares-Ara-Cañadón Alfa, Hidra, Ara South, Kaus, Carina, Aries and Vega-Pleyade) and five offshore platforms. Approximately 20 % of the gas produced in Argentina today comes from CMA-1. Two onshore processing plants (Cañadón Alfa and Rio Cullen) receive and process production from the seven fields.

In April 2019, the CMA-1 Cañadón Alfa plant expansion project was successfully completed on schedule and on budget. The main objective was to develop additional reserves from the offshore gas fields through the installation of two new low-pressure compressors and a third gas pipeline connecting the Rio Cullen and Cañadón Alfa plants. This project not only yielded to additional reserves but also extends the lifetime of the existing facilities significantly.

The Fenix PH I Development is scheduled to maintain the CMA-1 gas production plateau. The planned scope of the project includes the installation of an offshore platform, three horizontal wells, a 24-inch, 77 km multiphase pipeline and the adaptation of onshore facilities.

GROWTH PROJECTS

Aguada Federal & Bandurria Norte

Aguada Federal and Banduria Norte are two neighbouring blocks in the Neuquén province within the Vaca Muerta rock formation. Large amounts of oil and gas are located in the shale rock here. Both are technologically complex shale oil projects, with horizontal wells and hydraulic stimulation required to produce the crude oil and natural gas.

In July 2019, Wintershall Dea and ConocoPhillips signed a Sales and Purchase Agreement to jointly develop the Aguada Federal and Bandurria Norte blocks. The transaction closed at the end of November 2019.

Wintershall Dea retains a 45 % and 50 % share, respectively, as well as operatorship of the blocks. The combination of the shale experience of ConocoPhillips with our technological expertise and local experience will allow us to expedite the development of the unconventional oil and gas resources in the two blocks.

The next development phase in the two blocks aims to further de-risk the unconventional oil reservoirs of the blocks and confirm commercial viability. Both blocks would be developed at the same time to maximise the synergy opportunities. The scope of the project includes the drilling of 20-30 wells in Aguada Federal and eight wells in Bandurria Norte, and the installation of early production facilities and export pipelines.

EXPLORATION

In the 2018/19 offshore exploration licencing round, we were granted participation in the two blocks MLO 114 and MLO 119. We hold a participating share of 27 % in both blocks, with Tullow as the operator holding 40 % and Pluspetrol the remaining 33 %.

KEY ASSET OVERVIEW

FIELD	WI share %	Start of production	Operator
Producing			
CMA-1	37.50 %	1989	Total

Wintershall Dea is looking forward to bringing its capabilities to the rapidly evolving Mexican E&P industry.

Mexico

COUNTRY OVERVIEW

Mexico has some of the world's largest proven reserves. After entering the national oil and gas market in October 2017, Wintershall Dea was awarded the Ogarrio field as a result of one of CNH's farm-out bid rounds. Subsequently, in March 2018, three other offshore areas were secured (areas 16, 17 and 30) by the company as the operating partner. In addition, the 2018 acquisition of Sierra Oil & Gas secured us a considerable share of Zama – one of the world's largest shallow-water discoveries in recent times.

Production (mboe/d) GAS OIL

	2018	2019
GAS	34 % / 1	30 % / 1
OIL	66 % / 2	70 % / 3
TOTAL:	3	4

2P reserves	R/P
41 mmboe	26

KEY ASSETS

Ogarrio

The Ogarrio field was discovered in 1957 and is located in the state of Tabasco, in the south of Mexico. Wintershall Dea holds a 50 % stake and has been the operator since 2018. Ogarrio is one of the first producing oil fields in Mexico where, following the liberalisation of the energy sector, an international company is the operator. Wintershall Dea intends to leverage its expertise to maintain and potentially increase the mature field's output in the long term.

In 2019, Wintershall Dea increased production in Ogarrio through an intensive subsurface, drilling and facility work program in addition to 12 well workovers.

We also launched a drilling campaign of four wells during 2019, which are expected to come onstream in 2020 and further increase our production in this field.

GROWTH PROJECT

Zama

The Zama field was found in July 2017 and represents one of the largest shallow-water discoveries made globally in the last 20 years. The field was drilled via the first wildcat exploration well drilled by a consortium of international private companies since the launch of the Mexican energy reform in 2014.

A three-well appraisal campaign was initiated in November 2018 and concluded in 2019, confirming the excellent geological properties of the field and the 400-800 mmboe recoverable resources estimate range that had been anticipated before the start of the appraisal campaign.

In the meantime, the consortium has begun the early FEED studies aimed at designing the detailed development plan of the field as well as continuing the unitisation discussions with Pemex, which holds the neighbouring block to the East where the Zama field extends to.

EXPLORATION

In Mexico, we currently hold material interests in nine offshore blocks. Out of these nine licences, we operate three blocks, including Block 30 in the vicinity of the Upper Miocene Zama fairway. With a total exploration acreage of 11,656 km² (3,918 km² net), we are one of the top offshore acreage holders in Mexico. In total, we participated in the drilling of seven exploration and appraisal wells (including side-tracks).

In 2019, we drilled the Cholula discovery in Block 5, which confirmed the northern extension of the Upper Miocene Zama fairway. The assessment of this discovery is still ongoing and we are planning follow-up drilling in 2020.

We are the first IOC in Mexico since the energy reform to successfully carry out an offshore 3D survey on schedule and below budget in the shallow-water Block 30 operated by Wintershall Dea.

KEY ASSET OVERVIEW

FIELD	WI share %	Start of production	Operator
Producing			
Ogarrio	50 %	1957	Wintershall Dea

Wintershall Dea has strong growth aspirations in one of the most prolific hydrocarbon regions in the world.

Brazil

COUNTRY OVERVIEW

Brazil is one of the most attractive growth regions for the global oil and gas industry. The coastal region in particular, with its undeveloped offshore basins, is considered especially promising. Wintershall Dea aims to set up a resource base there in the next few years. In 2018, the company secured exploration licences through participation in ANP licensing rounds.

EXPLORATION

Wintershall Dea successfully participated in Brazil's Agencia Nacional de Petroleo, Gas Natural and Biofuels (ANP) License Rounds ANP15 and ANP16 in 2018 and 2019. The company has acquired exploration blocks in four Brazilian basins (Ceara, Potiguar, Santos and Campos). Following our participation in ANP's License Rounds, Wintershall Dea now holds a Brazil portfolio comprising of four operated blocks in Ceara and Potiguar basins, and five non-operated blocks in Santos and Campos basins with partners Repsol and Chevron totaling nine exploratory blocks.

Wintershall Dea acquired 8,200km^2 of new 3D seismic in operated blocks in Ceará and Potiguar basins and started the 3D seismic acquisition in Santos and Campos basins.

In 2019, we won two blocks in ANP16 with our partners Chevron and Repsol, further extending our acreage position in the Campos and Santos basin. Wintershall Dea has also successfully reduced its exploration risk in the Potiguar basin in 2019, having signed a farm down agreement with Murphy Corporation for a 30 % working interest share. Further farm-downs are planned in our operated blocks.

Our midstream business contributes significant stable cash flow to the group.

Midstream

The reliable and efficient transport of natural gas via pipelines will continue to be of crucial importance for security of energy supply and for achieving Europe's climate protection goals. Wintershall Dea is involved in midstream projects or companies with a strong track record and outlook. Together with Gazprom and other European energy companies, during the last three decades we have contributed to creating and expanding the necessary transport systems on- and offshore.

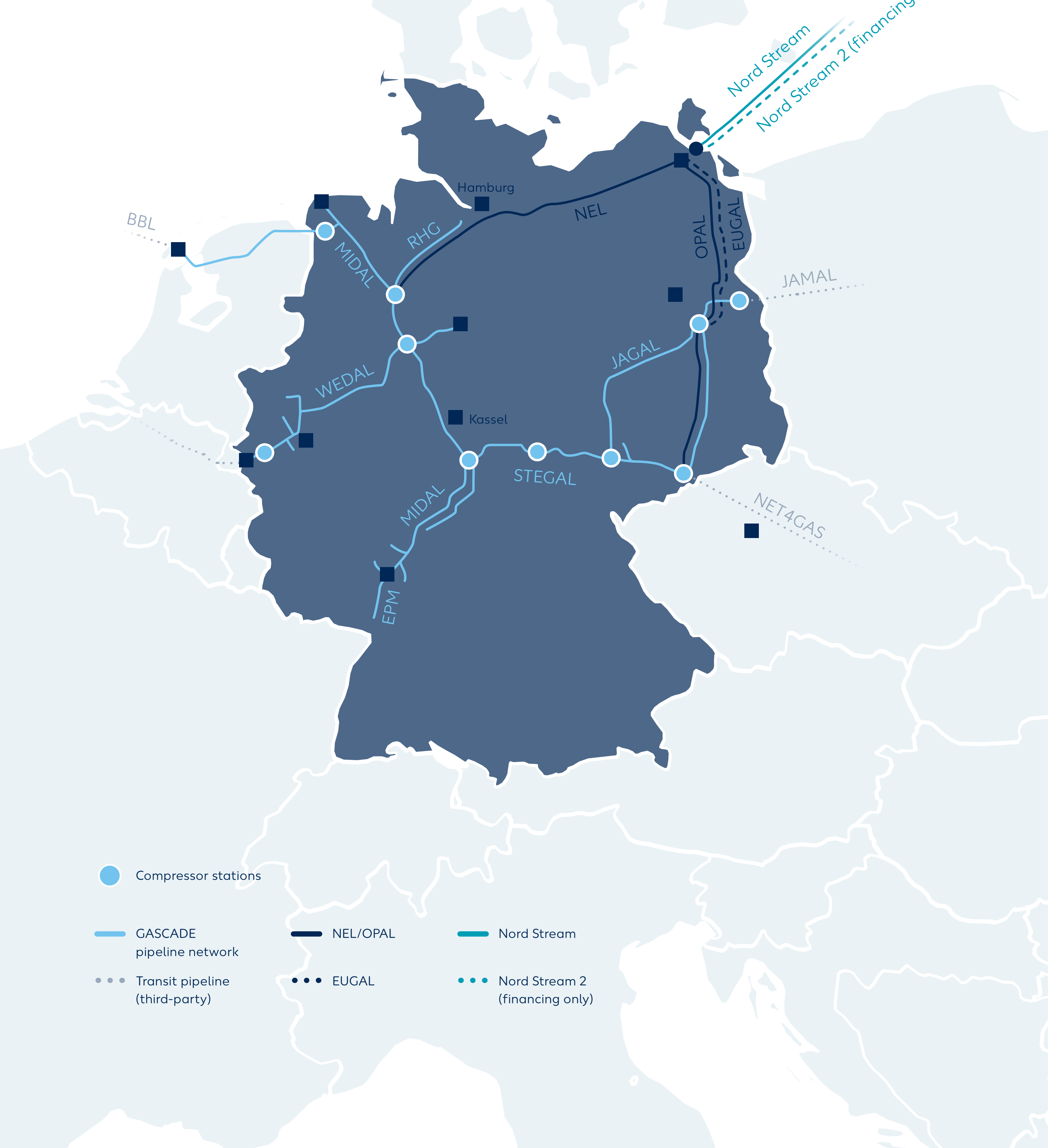
Natural gas imports into Western Europe will continue to rise as domestic production declines and demand grows. This requires the partial expansion of the existing transport network. The diversification of transport routes for natural gas to Europe, new reserves to be developed ever further north and the completion of the European energy market, which is being advanced by the European Commission, also have an impact here. Our offshore and onshore pipelines operated by independent subsidiaries transport gas, including gas produced in Russia (partly by our joint ventures), to the European consumer market in the most efficient way and distribute it there.

The joint transport activities with Gazprom in Germany started in the early 1990's. Today, they are combined in the joint venture WIGA Gastransport Beteiligungs-GmbH & Co. KG (WIGA), a joint venture of Wintershall Dea and Gazprom Germania GmbH, with equity interests of 50.02 % and 49.98 % respectively.

The subsidiaries of WIGA operate a 4,140km long-distance onshore pipeline network consisting of GASCADES's German high-pressure transportation network (including GASCADE's share in EUGAL) as well as OPAL and NEL. Nord Stream and Nord Stream 2 are connected to EU grids via OPAL, NEL and EUGAL.

In addition, Wintershall Dea is an indirect 15.5 % shareholder in Nord Stream AG, which has operated the Nord Stream offshore pipeline for nearly a decade in a safe manner. As a financial investor, we support the realization of what is currently the largest European natural gas pipeline project, Nord Stream 2.

PIPELINES WITH WINTERSHALL DEA PARTICIPATION



Offshore

NORD STREAM

Twin pipeline through the Baltic Sea from Vyborg, Russia, to Greifswald, Germany

- Ownership: Gazprom (51 %), Wintershall Dea (15.5 %), E.ON via PEG Infrastruktur AG (15.5 %), Nederlandse Gasunie (9 %) and ENGIE (9 %)
- Total capacity: 55 billion cubic metres p.a. via two 1,224km subsea pipelines
- First pipeline operative November 2011; project completed October 2012
- Over 300 billion cubic metres of gas transported since commissioning with full load in 2018/2019

NORD STREAM 2

Twin pipeline through the Baltic Sea from Ust-Luga, Russia, to Greifswald, Germany

- Ownership: Gazprom (100 %)
- Financing partners: Gazprom (50 %), Wintershall Dea (10 %), OMV (10 %), ENGIE (10 %), Uniper (10 %), Shell (10 %)
- Wintershall Dea financing commitment: up to € 950 million
- Total capacity: 55 billion cubic metres p.a. via two 1,230km subsea pipelines
- Project under construction

Onshore Germany

GASCADE TRANSPORTATION NETWORK

German high-pressure transportation network with direct connection to several European countries

- Ownership: GASCADE Gastransport GmbH (100 %)
- Operator: GASCADE Gastransport GmbH
- 2,900km pipeline network
- The most important pipelines are the MIDAL (Mitte-Deutschland-Anbindungsleitung) central German pipeline link, the WEDAL (Westdeutschland-Anbindungsleitung) western German gas link and the STEGAL (Sachsen-Thuringen-Erdgas-Anbindungs-leitung) Saxony-Thuringia natural gas pipeline

OPAL

Pipeline from the landfall point of Nord Stream in Greifswald to Brandov, Czech Republic, on the German-Czech border

- Ownership: W & G Transport Holding GmbH (80 %), Lubmin-Brandov Gastransport GmbH (20 %)
- Operator: OPAL Gastransport GmbH & Co. KG
- Total capacity: 36 billion cubic metres p.a. via a 472km pipeline
- Startup 2011, together with the first offshore string of Nord Stream

NEL

Pipeline from landfall point of Nord Stream in Greifswald towards Rehden in Lower Saxony

- Ownership: NEL Gastransport GmbH (51 %), Gasunie Deutschland Transport Services GmbH (25.13 %), Fluxys Deutschland GmbH (23.87 %)
- Operator: NEL Gastransport GmbH
- Total capacity: 20 billion cubic metres p.a. via a 441km pipeline
- Startup 2012, together with the second offshore string of Nord Stream

EUGAL

Pipeline from landfall point of Nord Stream 2 in Greifswald near German-Czech border

- Ownership: GASCADE Gastransport GmbH (50.5 %), Fluxys Deutschland GmbH (16.5 %), Gasunie Deutschland Transport Services GmbH (16.5 %), ONTRAS Gastransport GmbH (16.5 %)
- Operator: GASCADE Gastransport GmbH
- Total capacity: 55 billion cubic metres p.a. via two pipeline strings measuring 480 and 330km
- First pipeline string commissioned in January 2020; second pipeline string is expected to be finished by the end of 2020

OUR SUSTAINABILITY GOALS

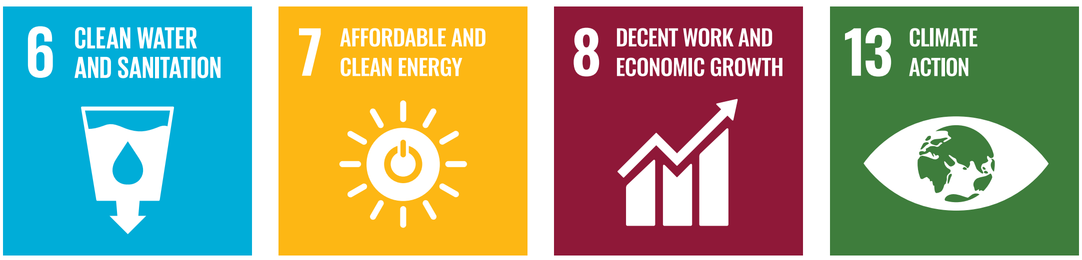
BEING PART OF THE SOLUTION

Our industry, and our company, have a vital role to play in the energy transition to a low-carbon economy. At the same time, the energy industry is under increasing scrutiny from many stakeholders, on a wide range of environmental, social responsibility and governance themes. At Wintershall Dea, we are all working together to meet the growing demand for energy in a responsible manner, and to be both ambitious and relevant in the transition which is underway, by providing innovative and lasting solutions to our stakeholders.

As we implement the merger of Wintershall and Dea, we are setting clear and industry-leading standards in sustainability. Our new Sustainability Report (available online), which was produced using GRI guidelines, was launched in March 2020. It outlines our approach and our track record in detail. The company is pursuing four United Nations Sustainable Development Goals (SDGs).

These are directly connected with our business activities, and we believe that we can make a significant contribution by putting our focus there.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS IN THE FOCUS OF WINTERSHALL DEA



We describe our contribution to the SDGs in the Sustainability Report 2019.

Delivering profitable growth in the energy transition

Our corporate strategy is set to contribute to sustainable, responsible and profitable gas and oil production in the energy transition. We focus on four pillars, which give us a response framework to the climate challenge and are firmly anchored in our new strategy.

The four-pillar climate approach

PORTFOLIO
Emission efficiency via portfolio construction

MANAGEMENT
Emission and energy efficency in operations

TRANSPARENCY
Comprehensive reporting including support of TCFD

OFFSETTING
Net GHG reduction supported by nature-based solutions

TECHNOLOGY
Technology development to enable energy transition

For further details on our Sustainability Strategy, please refer to the Corporate Strategy Section of this report.

> "We apply cutting-edge technology and digital approaches to deliver best-in-class operational safety and environmental performance."
>
> Hugo Dijkgraaf

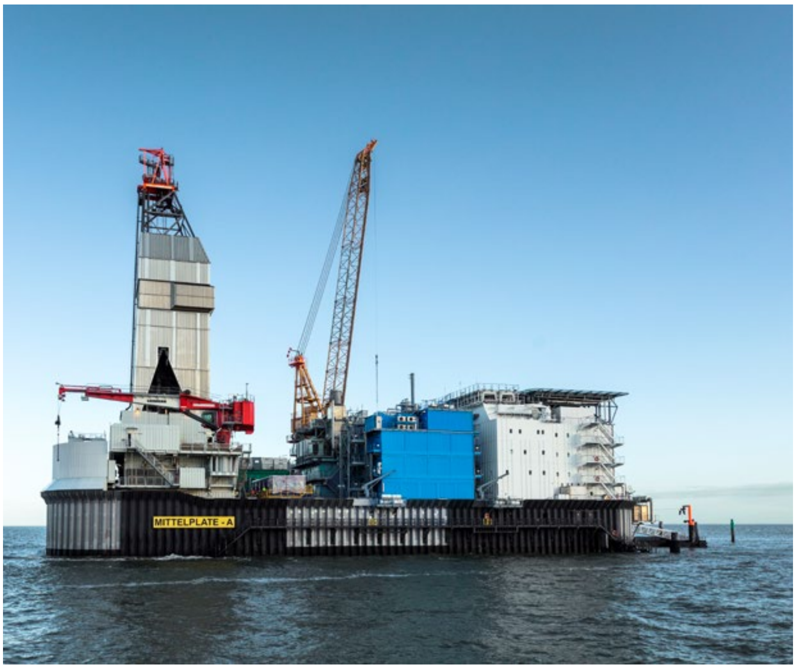
Environmental protection

Wintershall Dea operates at the highest environmental standards and we aim to minimise the impact of our activities on the environment. We carefully consider the potential environmental effect of our activities during the lifetime of each project and focus on three key areas:

- **Water and wastewater** – we manage our water use carefully and try to use water multiple times, for example through recycling drilling fluids and the use of circulation systems.
- **Biodiversity** – the exploration and production of oil and natural gas can affect local natural habitats and communities. We conduct risk assessments and studies to minimise our impact.
- **Waste management** – our activities can create waste, which we try to reduce as much as possible by applying our "prevent, reuse, recycle" concept and seeking innovative solutions.

OUR ENERGY TRANSITION TARGETS

- **No routine flaring and venting**
  Wintershall Dea is committed to the World Bank's "Zero routine Flarin by 2030" initiative, which targets the elimination of routine flaring of assiciated gas during operations. In addition, we are exploring technologies to also prevent flaring in non-routine operations.
- **Enhance our transparency**
  We support the TCFD recommendations and intend to implement them over time.



Environmental conservation and oil production can go hand in hand

For over 30 years, the Mittelplate island in the North Sea has proved that oil production can go hand in hand with a rigorous respect for the environment. The Mittelplate artificial island – situated in the middle of the Wadden Sea World Heritage site – has extracted 35 million tonnes of crude oil to date. The island was constructed in such a way as protect the sensitive ecosystems in its immediate surroundings.

The Mittelplate safety precautions are also an example of the many measures taken by Wintershall Dea in sensitive areas: part of the concept is to firmly anchor the production platforms to a sandbank. The outer steel walls made of sheet piles are 11 metres high to protect the island from strong waves and swells. Moreover, this construction functions as a liquid-tight steel and concrete basin.

You will find more about our activities in our Sustainability Report.

Social responsibility

The social dimension of our business is as diverse as the societies in which we are present. We look after the health and safety of our employees and contractors, support and develop our staff, respect human rights and engage with local communities.

We work closely with our partners and the supply chain to minimise the impact of our operations on local communities. The company is a signatory to the United Nations Global Compact and other initiatives.

OUR SOCIAL RESPONSIBILITY TARGETS

- **Zero harm to people**
  We want to have no fatalities and be amongst the top performers with regard to health and safety in the industry based on the rankings of the International Association of Oil and Gas Producers (IOGP).
- **Increased diversity of the leadership team**
  We aim to have >30 % women in executive positions (up to two levels below the board) by 2025. We also want to maintain a high proportion of people from varied nationalities (>35 %) in executive positions by 2025.

HSEQ (health, safety, environment, quality)

We have established robust health and safety management systems to continue to deliver on our "zero harm" policy. We have the systems and processes in place to improve our performance and to learn from incidents should they happen. We focus on both personal health and safety, including preventive healthcare, and process safety at all of our facilities.

Our HSEQ management is based on five core pillars, which are laid down in our HSEQ policy. This policy outlines in clear terms how we at Wintershall Dea implement our company values in our everyday work and how they form the guiding principles for our entire workforce. Wintershall Dea has implemented HSEQ management systems in its operations and facilities world-wide. These systems are aligned with ISO standards, and have been certified by external auditors at our locations in Germany, Norway, Argentina and Egypt, and as part of our joint ventures in Russia and the Netherlands. We continue to drive this certification throughout the company.

CORE PILLARS OF OUR HSEQ POLICY

Human rights

Wintershall Dea strives to act worldwide in compliance with internationally acknowledged human rights standards, as well as key labour and social standards. These include the Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises, the ILO core labour standards and the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy. As a member of the UN Global Compact, we support the ten universal principles, the United Nations Sustainable Development Goals and the United Nations Guiding Principles on Business and Human Rights. We are guided by them in drafting our internal regulations and organising our processes.

Employees

In order to attract and retain top talent, we offer positive working conditions, professional development opportunities, lifelong learning opportunities and a good work-life balance. We believe that an inclusive corporate culture is a key prerequisite for our ability to benefit from the diversity of our workforce.

Stakeholders

We are committed to ongoing and open dialogue with stakeholders, and we provide regular information on our activities. We want to continue to contribute to the sustainable development of the communities where we operate. To that end, we work closely with the local population, policymakers and business communities and offer support for sustainable development projects in the communities around us.

Transparency and governance

Led by the Management Board, we see the management of sustainability-related issues as part of the delivery of our strategy, and have embedded this throughout the company at large. Wintershall Dea is committed to high levels of transparency, and to the implementation of leading reporting and governance systems.

Transparency

We see sustainability performance as a key element of the delivery of our strategy, and this mindset is embedded throughout the company at large. Led by the Management Board, we are committed to effective corporate governance, adherence to law and a culture of ethics and compliance throughout the organisation. We are establishing comprehensive sustainability reporting, in line with Global Reporting Initiative (GRI) standards, throughout the company. We have an open and ongoing dialogue with our stakeholders on key topics such as climate change, energy supply reliability and future technologies, and we are planning to set up a stakeholder advisory council to better understand and integrate our stakeholders' perspectives.

Sustainability management

Effective management of sustainability topics is implemented across all business units and corporate functions within our organisation. A dedicated sustainability team within our strategy division ensures the implementation and monitoring of company-wide measures as well as alignment with regional organisations in the operating companies. The overarching responsibility for the topic lies with the Chief Executive Officer and the Management Board, who steer all activities via regular exchange and dedicated strategy sessions.

OUR TRANSPARENCY AND GOVERNANCE TARGETS

- Establish comprehensive sustainability reporting according to the Global Reporting Initative (GRI) standards for the reporting year 2020.
- Set up an external stakeholder advisory council to exchange on material sustainability topics and give guidance to the executive management.

CORPORATE GOVERNANCE

STANDARDS BASED ON THE MOST RIGOROUS GERMAN PRACTICES

We put a strong emphasis on good corporate governance because, by ensuring that Wintershall Dea operates according to good governance, we safeguard long-term value – for stakeholders, partners, employees and the public. The structure of our corporate governance establishes us as an independent company on the pathway to an initial public offering (IPO).

Strong governance structure

Wintershall Dea is a GmbH (limited liability company) with its registered headquarters in Celle, Germany, with corporate governance consistent with German laws. Wintershall Dea GmbH is the parent company of various subsidiaries around the world which carry out our business (the Wintershall Dea Group).

In accordance with applicable German law, the fundamental elements of Wintershall Dea's corporate governance system are: its two-tier board system with transparent, effective separation of the management of the company and supervision between the Management Board of Wintershall Dea and the Supervisory Board; codetermination by one-third of the shareholders and employees; and the shareholders' rights at the Shareholders' Meeting and the Shareholders' Committee.

It is envisaged that the company will convert to an AG (stock corporation) on or before proceeding with an IPO.

Shareholders' Committee	• Includes members from shareholders BASF and LetterOne as well as two independent observers • Reserved matters for alignment in the Shareholders' Committee: approval of annual budgets, new country entries, major capital commitments and changes to corporate governance
Supervisory Board	• Responsible for oversight of the Management Board

Management Board	• Responsible for delivering the strategy and ongoing operations
	  • CEO
	  • Chief Operating Officer
	  • Chief Financial Officer
	  • Head of Russia, LATAM and Midstream
	  • Chief Technology Officer

Shareholder overview

BASF holds 67 % of Wintershall Dea and LetterOne holds 33 % of the ordinary shares in Wintershall Dea. To consider the value of the midstream business of Wintershall Dea, BASF further received Preference Shares which results in a current overall participation of BASF of 72.7% in the entire share capital of the Company. The Preference Shares will convert into Ordinary Shares of the Company on May 1st, 2022 or upon an initial public offering, whichever comes earlier.

BASF – We create chemistry

Headquartered in Ludwigshafen, Germany, BASF SE is a leading global producer of chemicals, with sales of approx. € 59 billion and EBITDA of approx. € 8 billion in 2019.

As one of the world's leading chemical company, BASF combines economic success with environmental protection and social responsibility. BASF's portfolio is organized into six segments: Chemicals, Materials, Industrial Solutions, Surface Technologies, Nutrition & Care and Agricultural Solutions.

The company is serving around 117,000 customers in almost every country in the world.

It had total assets of approx. € 87 billion and equity of approx. € 42 billion as of year-end 2019.

LETTERONE

L1 Energy is part of L1 Holdings, a member of the LetterOne Group.

Founded in 2013, LetterOne is based in Luxembourg. It is an international investment business, led by successful entrepreneurs, and former CEOs and international personnel. In 2015, LetterOne acquired DEA and E.ON Norge.

LetterOne's investments are focused on the energy, telecoms and technology as well as health and retail sectors through different business units.

It had combined net assets of USD 22.8 billion, including USD 6.6 billion of liquidity as of year-end 2018.

Shareholders' Meeting

The corporate bodies of the company also include the Shareholders' Meeting, in which the shareholders adopt resolutions pertaining to the Company.

An ordinary Shareholders' Meeting is held at least once a year, during the first eight months of each fiscal year.

The Shareholders' Meeting will resolve, inter alia, on the appropriation of the balance sheet profit (Bilanzgewinn), the formal approval of the acts (Entlastung) of Managing Directors and members of the Supervisory Board, the appointment of the auditors of the annual financial statements, the election of members of the Supervisory Board, and where provided for by law, the adoption of the annual financial statements (Feststellung des Jahresabschlusses).

Shareholders' Committee

The shareholders have also set up a shareholders' committee to consult on certain relevant matters and align their interests in relation to the Company.

The Shareholders' Committee coordinates the shareholders' interests in Wintershall Dea. It consists of six members, four of whom are appointed by the shareholders (two each by BASF and LetterOne) and two members by the shareholders jointly as independent observers. A series of matters have been reserved for alignment in the Shareholders' Committee.

The Shareholders' Committee has two co-chairmen, one designated by BASF and LetterOne each, and the presiding chairman alternates. The current SC members are Dr. Hans-Ulrich Engel, Lord Browne of Madingley, German Khan and Michael Heinz.

Until the proposed IPO of the company, all decisions by the Shareholders' Committee require a unanimous vote. The Shareholders' Committee is responsible for any matter referred to it by the shareholders and in particular for passing decisions on any reserved matter.

Supervisory Board

The Supervisory Board is responsible for oversight of the Management Board and shall act in the interest of the company. While the Supervisory Board is not permitted to exercise any management functions, the Management Board requires the consent of the Supervisory Board for certain transactions and measures.

It is composed of nine members, including three employee representatives and six members to be appointed by the shareholders, with four of those six members to be nominated by BASF and the remaining two members to be nominated by LetterOne.

The following table sets out the current composition of the company's Supervisory Board.

NAME	POSITION
Dr. Hans-Ulrich Engel, Grünstadt	Chairman; Vice Chairman of the Board of Executive Directors and CFO of BASF SE, Ludwigshafen am Rhein
Lord Edmund John Philip Browne of Madingley, London	First Deputy Chairman; Executive Chairman L1 Energy, London, United Kingdom
Michael Winkler, Barsinghausen	Deputy Chairman; Trade Union Secretary of IGBCE, Hannover
Birgit Böl, Kassel	Chair of the Central Works Council of Wintershall Dea GmbH, Kassel
Sabine Brandt, Eydelstedt	HSE specialist, Barnstorf crude oil works
Saori Dubourg, Heidelberg	Member of the Board of Executive Directors of BASF SE, Ludwigshafen am Rhein
Dr. Wolfgang Haas, Bad Dürkheim	President Corporate Legal, Compliance, Tax and Insurance, BASF SE, Ludwigshafen am Rhein
Michael Heinz, Neustadt an der Weinstraße	Member of the Board of Executive Directors of BASF SE, Ludwigshafen am Rhein
German Khan, London	Director, LetterOne Holdings S.A., London, United Kingdom

Management Board

The Management Board is responsible for delivering the strategy and ongoing operations. It consists of five managing directors: the chairman and four additional members. Maria Moræus Hanssen, Chief Operating Officer (COO) and Deputy CEO, left the Management Board effective 31 December 2019. Dawn Summers is to be appointed to the Executive Board of Wintershall Dea by 1 June 2020.[1]

The members of the Management Board conduct the day-to-day operations of the Company and are jointly responsible for the overall management of the Group. The Management Board decides on all matters in accordance with the applicable law, the Articles of Association and the rules of procedure for the Management Board.

Mario Mehren

Chief Executive Officer

Mario Mehren is responsible for Human Resources, Legal, Corporate Communications, HSEQ, Strategy and M&A, Investor Relations and Integration. After completing his studies in business administration at Saarland University in Saarbrücken, he began his professional career in 1998 as specialist adviser in BASF's Group Accounting section. He then moved to Wintershall in 2006. He joined Wintershall's Board of Executive Directors in 2011 and has been CEO since 2015.

Paul Smith

Chief Financial Officer

Paul Smith is the board member in charge of Accounting and Reporting, Corporate Finance and Treasury, Information Technology, Procurement, Corporate Audit and Marketing and Sales. He studied business organisation at Heriot-Watt University in Edinburgh and began his career at BP in Aberdeen in 1993. During a 15-year career with BP, he held a number of management roles in the North Sea, Trinidad & Tobago and Russia. He spent ten years in Canada with Talisman Energy, first as Executive Vice President North America and finally as CFO.

Hugo Dijkgraaf

Chief Technology Officer and Interim Responsible for Europe

Hugo Dijkgraaf is the board member responsible for Digital Transformation, Technology and Innovation, Integrated Reservoir Management, Global Exploration, Global Development and Engineering, Global Production and Operational Excellence, Major Project Nova and Major Project Dvalin. The holder of a Master's degree in petroleum engineering from Delft University of Technology, he joined Wintershall in 2000 and assumed various technical and management tasks. In 2017, he took charge of the Norwegian activities as Managing Director of Wintershall Norge.

Thilo Wieland

Member of the Board, Region Russia, Latin America and Transportation and Interim Responsible for MENA

Thilo Wieland is in charge of the Business Units Russia, Achimgaz, Argentina, Mexico, Brazil and Midstream. After studying industrial engineering at the Technical University of Berlin, he joined Wintershall Erdgas Handelshaus in Berlin in 1999. That was followed by various posts at the Wintershall Group. Among other responsibilities, he was in charge of Nord Stream and other gas transport projects. From 2015 he served as member of Wintershall's Board of Executive Directors.

1 Until Dawn Summers joins the company, Maria's responsibility for the segment E&P Northern Europe will be taken over Hugo Dijkgraaf and the responsibility for the segment E&P Middle East/North Africa (MENA) by Thilo Wieland, both on an interim basis. Maria's responsibility for integration has been taken over permanently by Mario Mehren. As Chief Operating Officer (COO) Dawn will be responsible for the Business Units Germany, Norway, the Netherlands, UK and Denmark, Egypt, Libya, Algeria and UAE.

COMPLIANCE

Compliance programme

Our compliance programme is based on Wintershall Dea's Code of Conduct, which applies worldwide. These regulations are founded on globally valid values and international standards and govern our conduct towards people, environment and assets; information; and business partners and third parties. The primary goal of our compliance programme is to prevent violations – whether legal or related to other aspects of the Code of Conduct.

For this reason, all employees are required to participate in training courses shortly after joining the company and on a regular basis thereafter.

Code of Conduct

Wintershall Dea has a long tradition and, as a responsible company, has played a substantial part in shaping the energy industry. We can only maintain this reputation on a lasting basis if we adhere to, and are willing to be measured by, the standards defined by the Code of Conduct in our business activities.

The Code of Conduct is the basis of all our business activities. Wintershall Dea demands the highest standards of its business partners and expects them to abide by our corporate principles or similar principles. If a business partner does not meet these requirements, we are prepared to take appropriate action – which may even include termination of the relationship.

Compliance management

Our worldwide compliance function comprises the Chief Compliance Officer and the Department of Compliance and Data Protection acting as global compliance managers, and local compliance managers in all business units. The Chief Compliance Officer reports directly to the CEO as well as to the Wintershall Dea Management Board on a regular basis about the implementation status of compliance initiatives, training courses and, as required, compliance incidents and key insights.

"Our Code of Conduct shows how we want to and must behave as a responsible company. Our corporate values and principles are neither negotiable nor optional."

Mario Mehren

The Compliance and Data Protection organisation is responsible for globally applicable regulations, the compliance management system as well as training measures. Local compliance managers in the various business units are responsible for ensuring adherence to our regulations and standards on site and in agreement with the global compliance function.

Dealing with violations

If in doubt, employees are encouraged to take action and seek advice at an early stage. They can turn to their supervisors as well as the legal department and the company compliance managers. Employees and third parties can also – anonymously if they prefer – turn to the compliance hotlines or our digital whistle-blower system to report potential violations of laws or company regulations. Our whistle-blower portal "SpeakUp" is available in all languages of the countries where Wintershall Dea is active.

Human rights

Respecting human rights in our business relationships is an important basis for how we assume our social responsibility. Our standards comply with existing laws and regulations and are guided by internationally recognised principles.

Wintershall Dea strives to act worldwide in compliance with internationally acknowledged human rights standards, as well as key labour and social standards. These include the Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises, the ILO core labour standards and the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.

As a member of the UN Global Compact, we support the ten universal principles, the United Nations Sustainable Development Goals and the United Nations Guiding Principles on Business and Human Rights. We are guided by them in drafting our internal regulations and organising our processes.

Data and information security

Wintershall Dea attaches particular importance to the protection of information and data, since today more than ever, the value of a company is determined by its knowledge base and know-how. All of our employees, therefore, must be aware that their own careful behaviour plays a decisive role in our cyber security.

Supplier partnership

We drive our business forward with a partnership-based approach. This also applies to our contractors. We pursue long-term business relationships and have a vital interest in continuously improving our performance through a joint effort.

We don't choose our suppliers and contractors only on the basis of economic criteria. Environmental protection, occupational safety and social standards also play a role in how we evaluate new and existing supplier relationships. When it comes to compliance with such standards, Wintershall Dea places equally high demands on its contractors and its own employees.

A RESPONSIBLE EMPLOYER

Each of Wintershall Dea's employees has a role in safeguarding and growing the value of the company. Strong production performance – safe, efficient and reliable – is the foundation of our business. We continuously challenge ourselves to maximise economic recovery through the active management of our assets, while operating at the highest environmental, health and safety standards.

Our human-resources strategy is derived from our corporate strategy and values and sets three priorities: fostering dedicated employees, capable executives and modern working conditions.

To promote employee performance and acquire new talent, Wintershall Dea actively encourages a culture of inclusion that underlines the importance of equal opportunities and the company's global workforce.

Company culture

We attach great importance to a respectful, collaborative working environment. Thanks to our inclusive and diverse company culture, targeted and individualised support and the enabling of a good balance between work and leisure time, we offer our employees a positive long-term perspective.

Our executives play an important role in implementing our company culture. We expect them to set an example and create a work environment in which our employees can develop their skills, abilities and careers.

We go beyond the minimum statutory requirements in our commitment to freedom of association, collective bargaining and social partnerships. Our fringe benefits are in line with local market conditions, and we provide for appropriate working hours, paid annual leave and reasonable disciplinary measures.

Empowering people
Team-oriented
Welcoming diversity

Employment

As Germany's largest internationally active gas and oil producer, Wintershall Dea counted 2,847 employees [1] worldwide at the end of 2019, 27 % of whom were women. This number included 20 trainees and 63 apprentices.

EMPLOYEES BY REGION 2019

Staff reduction after the merger

The merger of the two long-established German companies Wintershall and Dea on 1 May 2019 brought with it a planned structural transformation and related staff reduction. In October 2019, Wintershall Dea concluded its negotiations with the German works councils and the IG BCE (the German industrial union for the mining, chemical and energy industries) as well as with the Norwegian and Dutch unions and works councils.

Wintershall Dea and the employee representatives agreed on the extent of the socially responsible workforce reduction. Affecting approximately 750 roles, the largest portion of the workforce reduction will take place in Germany, with an additional 200 jobs cut in Norway, where both legacy companies were also active. In total, the personnel reduction will affect about 1,000 employees.

1 Corresponding to full-time equivalents (FTEs) for all fully and proportionately consolidated companies.
2 Including FTEs in head offices in Germany and other corporate functions.

"Wintershall Dea welcomes diversity. People like to work for companies where every person counts, and everyone has equal opportunities."

Thilo Wieland

Welcoming diversity

Differences make us stronger

We embrace diversity because it enriches our organisation. Companies that are inclusive of people with different backgrounds, perspectives and approaches tend to outperform their competitors. We seek to recruit people with both technical and non-technical expertise who can add value to Wintershall Dea, regardless of their nationality, ethnicity, gender, sexual orientation, age, disability or beliefs.

Diversity and inclusion

At Wintershall Dea, we are convinced that diversity contributes to business success. We promote an inclusive company culture, with over 60 nationalities represented in our workforce. We believe that employees tend to be more highly motivated and identify more with the company when their individual backgrounds are perceived and valued. By acting accordingly, we strengthen the performance and innovative power of our workforce and thereby the success of our company.

The principles of diversity and equality are integrated into the Wintershall Dea Code of Conduct. By signing the Corporate Charter of Diversity in Germany in May 2019, we have also made our dedication to diversity visible to the outside world. By implication, this also means that we will not tolerate discrimination or exclusion of any sort due to people's personal characteristics or preferences. Training courses for employees and executives on topics such as unconscious bias help everyone increase their awareness of the value of diversity and inclusion.

Gender equality

Traditionally, the oil and gas industry has been a sector with a male-dominated workforce. The proportion of women employed at Wintershall Dea totals 27 % (31 December 2019), a figure which positions the company well in terms of its overall workforce. We are planning to continuously increase the proportion of women in executive positions (up to two levels below the board) from the current 22 % to over 30 % by 2025. In 2019, one out of five board positions was held by a woman (20 %).

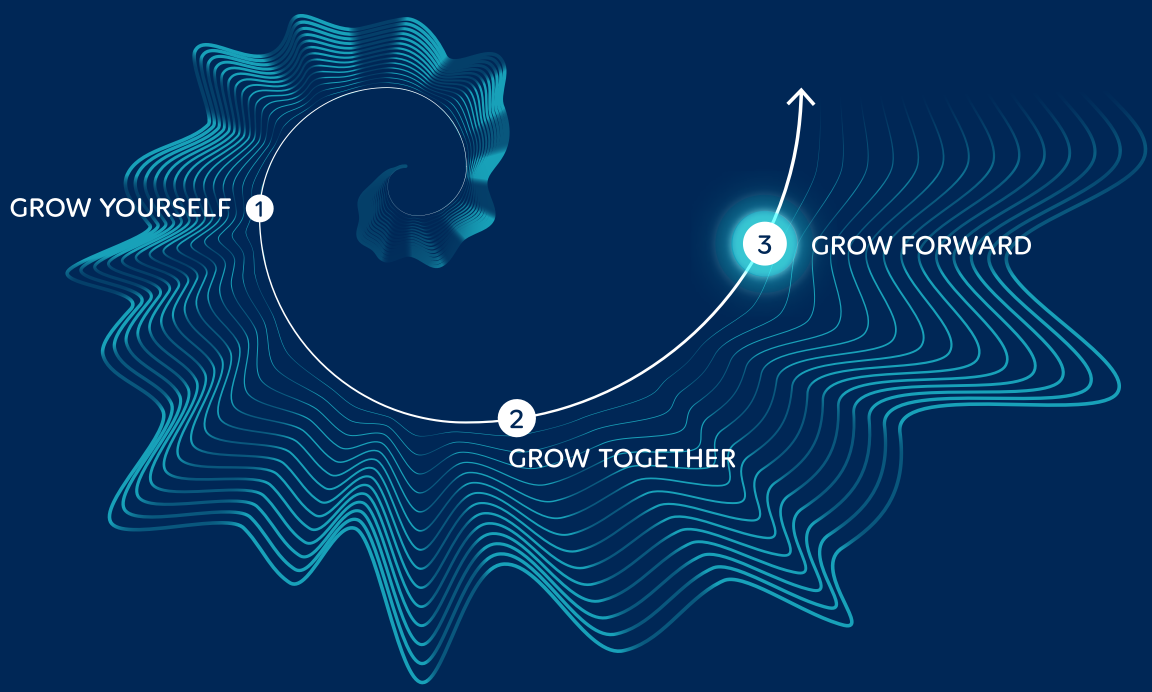
Internationality

Our industry tends to be highly international. Deployment abroad is typical of everyday work in many positions and is indispensable for the advancement of our company. Even today, our workforce comprises people from more than 60 different countries. We aim for this diversity to also be reflected in our executives: our goal is to maintain a high proportion of people with varied nationalities in our leadership team (>35%).

More on work-life balance, health management and family care in our Sustainability report.

OUR COMPETENCY MODEL

Our competencies are the foundation of our strategic and operational strength. We expect our leaders to be role models for these competencies and to provide an environment in which our workforce can safely and productively develop them. All employees are guided in these efforts by our competency model:



1

GROW YOURSELF

Manage yourself by taking ownership, knowing and prioritising tasks and efficiently managing processes and interfaces.

Adapt to changing conditions by seeing change as an opportunity and adjusting accordingly.

Keep on learning by being curious, discussing and sharing knowledge, and being aware of strengths and weaknesses.

2

GROW TOGETHER

Communicate effectively by listening to and discussing constructively the opinions of others.

Value differences by being respectful and mindful of other perspectives.

Collaborate reliably by trusting and supporting one another with transparency, so others know what you stand for.

3

GROW FORWARD

Drive innovation by continuously improving the work environment, fostering new ideas and understanding setbacks as learning opportunities.

Foster an entrepreneurial mindset by being aware of factors influencing your fields of responsibility and managing them.

Cultivate sustainability by "walking the talk" regarding HSEQ performance and acting in a way that supports further growth.

Corporate citizenship

A partner with our communities

As the leading European independent gas and oil company, we know that we are stewards of countries' natural resources; we develop gas and oil in partnership with the communities in which we operate. We recognise our responsibility to those communities, and work with government, business and civil society to ensure that our presence improves people's lives.

Our approach to community engagement is two-fold: On the one hand, we are committed to long-term strategic support of sustainable development on local levels. On the other, we seek to be a good neighbour. With our social engagement activities, we strive to contribute to improving people's quality of life.

The specific measures are chosen and planned together with local stakeholders, local authorities and community representatives. Our dialogue with local communities helps us to identify potential challenges and to find out how we can contribute to their solution. We choose our partners based on their expertise and the strength and depth of their ties to the region in which we want to implement each project.

Community engagement

Regular dialogue with local communities enables us to identify the challenges that they face and how we can help to solve them. We support projects in the areas of education and science, culture and social participation – focusing on long-term activities where we believe we can make a real difference.

As a technology-driven company, we are happy to promote people's interest in mathematics, information technology, natural sciences and technology as well as culture and social matters. We believe it is up to us to help encourage children and young people to develop enthusiasm for these subjects as a first step towards building the skills of the future.

"Open to Diversity – Closed to Exclusion"

In 2018, Wintershall Dea joined other major companies in Kassel to launch the "Open to Diversity – Closed to Exclusion" initiative. In the wake of events in Germany in which people became the targets of attacks due to their ethnicity, religion or commitment to democracy, it became clear to us that we cannot and will not accept this.

Wintershall Dea wanted to do more, and decided to send a clear signal in favour of a diverse society, to show the company's commitment to values such as respect, tolerance and a willingness to engage in dialogue – and that businesses need diversity and benefit from it.

It soon became clear that taking a stance against violence alone doesn't go far enough and only covers one aspect of diversity. After setting up the initiative, the members quickly agreed to expand their efforts to six familiar dimensions of diversity (gender, ethnic origin, physical ability, age, sexual orientation and religion/ideology) and to advocate for them equally.

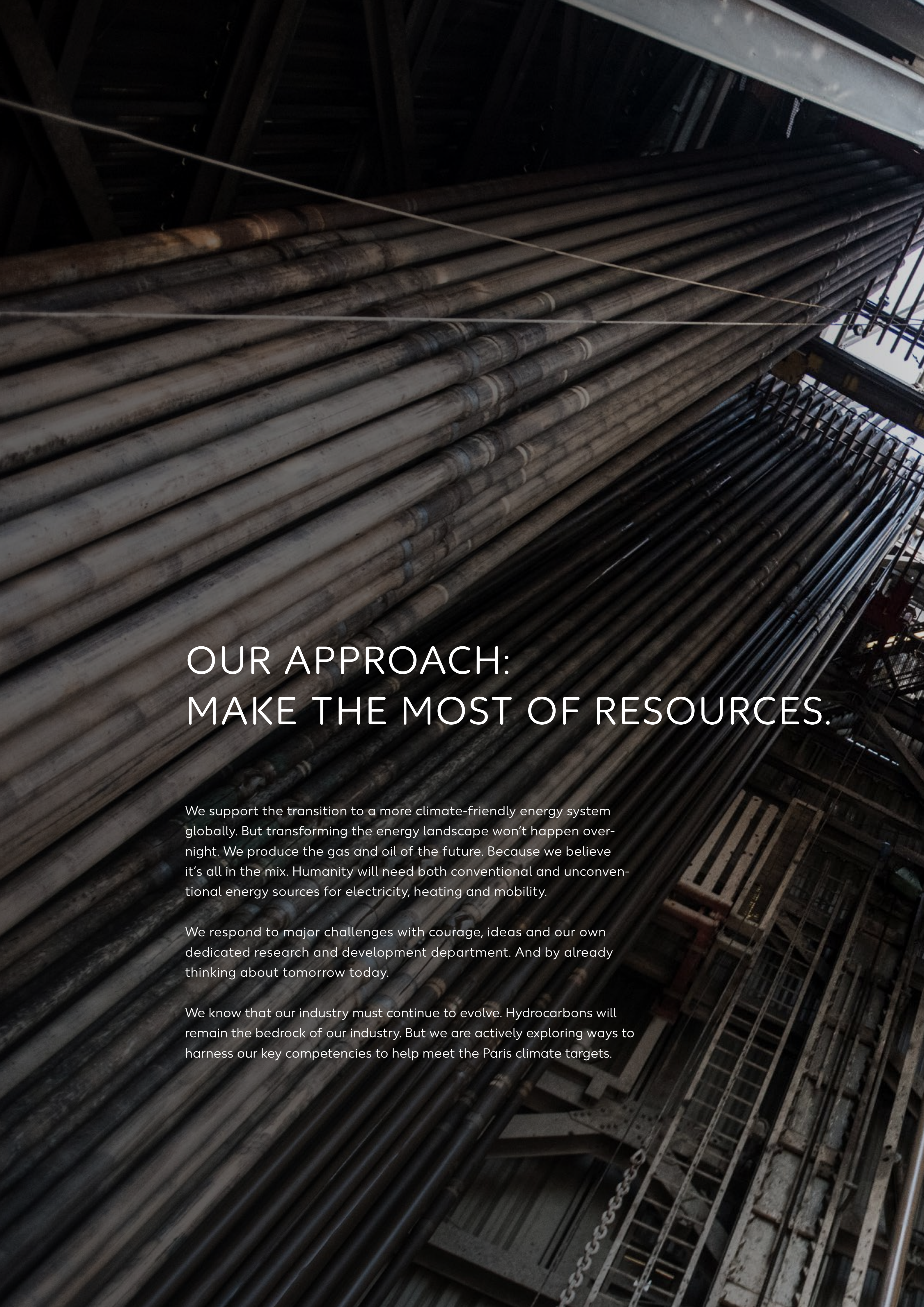
This resulted in campaign signs, of which over 10,000 have been ordered to date.

THE CHALLENGE: BALANCING ENERGY NEEDS AND CLIMATE CHANGE.

The global population is growing, and with it the demand for energy. Access to affordable energy is a basic need and a prerequisite for progress in all domains. In the same way we feel obliged to minimise the impact of gas and oil combustion on the environment, we also see it as our duty to help people worldwide gain access to affordable energy.

Climate change is one of the biggest challenges facing humanity. We must do our utmost to reduce CO_2 and methane emissions. At Wintershall Dea, we are committed to achieving the Paris agreement targets. But the Paris accord does not mean the end of fossil fuels, not by any measure. Increasing the use of climate-friendly natural gas will be key in reducing our dependence on coal.

Adding more natural gas to the mix is a flexible way of supplementing renewable energies and providing a reliable backup for the natural fluctuations in solar and wind generation. Oil is a valuable natural resource that we need for our day-to-day lives – but, rather than simply burning it, we need to optimise the way we put it to use.



OUR APPROACH: MAKE THE MOST OF RESOURCES.

We support the transition to a more climate-friendly energy system globally. But transforming the energy landscape won't happen overnight. We produce the gas and oil of the future. Because we believe it's all in the mix. Humanity will need both conventional and unconventional energy sources for electricity, heating and mobility.

We respond to major challenges with courage, ideas and our own dedicated research and development department. And by already thinking about tomorrow today.

We know that our industry must continue to evolve. Hydrocarbons will remain the bedrock of our industry. But we are actively exploring ways to harness our key competencies to help meet the Paris climate targets.


wintershall dea
Christoph B

A RELIABLE PARTNER. WE CREATE ADDED VALUE.

Wintershall Dea is the largest independent gas and oil producer in Europe. That's what makes us a partner of choice worldwide. For us, independence and reliability go hand in hand. We are flexible and take bold decisions. At the same time, we are aware of our responsibilities and stay true to our word. This is evident in our partnerships, some of which go back more than 25 years and continue to flourish. Because our partners know they can count on Wintershall Dea. Worldwide.

Together, we work to achieve profitable, sustained growth, building on our long and healthy business traditions. We add long-term value for our shareholders, employees and partners and for society. Whether as an operator or an actively engaged project partner, we are constantly enhancing efficiency and flexibility and maximizing operational performance.

We are firmly focused on our goals at all times. And we achieve them. Efficient, high-tech and sustainable solutions coupled with a clear-cut strategy have resulted in strong growth for us in the past. And we are consistently maintaining that course.


695

AMBITIOUS PEOPLE: OUR GREATEST RESOURCE.

We create an entrepreneurial spirit and empower people while welcoming diversity. We cultivate an open and team-oriented working environment where our people can generate the best solutions.

We embrace diversity because it enriches our organisation. Companies that are inclusive of people with different backgrounds, perspectives and approaches tend to outperform their competitors. We understand that, and so seek to recruit people with both technical and non-technical experience who can add value to Wintershall Dea, regardless of nationality, ethnicity, gender, sexual orientation, age, disability or beliefs.

This philosophy is lived and breathed at all levels of the company. At least one-third of our leadership team must always consist of female members and people from countries other than Germany.

EXPERIENCED PIONEERS: WE DRIVE INNOVATION

German engineering is our heritage. We drive innovation, embrace the opportunities created by the digital revolution and constantly strive to broaden our horizons. Today, we are already experts in the most demanding fields – and that will remain true into the future.

Wintershall Dea's performance is underpinned by substantial technical and commercial capabilities. The company has developed long-term partnerships with host governments, national oil companies and local communities. Across our global footprint reaching from the Arctic Circle in the north to the world's southernmost gas field, we have earned a reputation as a safe and reliable operator.

MANAGEMENT REPORT

Group Management Report of the Wintershall Dea group for the short fiscal year from 1 May to 31 December 2019

1.
THE WINTERSHALL DEA GROUP

1.1. Organisation

Wintershall Dea GmbH, headquartered in Kassel and Hamburg, is the parent company of the Wintershall Dea group.

The group was formed on 1 May 2019 through the combination of:

› the oil and gas business of BASF (including the gas transportation business) which was held in Wintershall Dea GmbH (formerly Wintershall Holding GmbH) and its subsidiaries; and

› the oil and gas business of LetterOne, comprising Wintershall Dea Deutschland AG (formerly DEA Deutsche Erdoel AG) and its subsidiaries (Dea).

The group's business is conducted in six segments:

› E&P Northern Europe
› E&P Russia
› E&P Middle East/North Africa (MENA)
› E&P Latin America (LATAM)
› Midstream
› Other

The four E&P segments are further divided into 11 divisions, based on countries in the respective region. The E&P segments comprise exploration and appraisal, field development and production activities in the following divisions:

› **E&P Northern Europe:** Germany, Norway and Denmark/the Netherlands/UK

› **E&P Russia:** Russia

› **E&P Middle East/North Africa:** Egypt, Libya, Algeria and United Arab Emirates (UAE)

› **E&P Latin America:** Argentina, Mexico and Brazil

The segment Midstream comprises the onshore and offshore gas transportation activities in Europe. The segment Other includes the Board of Management, corporate functions, inter alia Strategy, Global Exploration, Technology & Innovation, Digital Transformation, holding companies, as well as trading activities managed by headquarter.

1.2. Sites, Market and Environment

The Wintershall Dea group is a European gas and oil company with full lifecycle capabilities across exploration, development and production activities, as well as a stable, cash flow-generative European midstream business with investments in European gas transportation assets (onshore and offshore) and pipeline operators.

The group's production, development and exploration assets are located in Northern Europe, Russia, Middle East/North Africa and Latin America. In addition to operating a number of key assets, the group is a partner in a number of long-term joint venture arrangements with some of the world's leading oil and gas companies.

The group has a significant number of major development projects that are due to come onstream in 2020 and 2021, including six major development projects in Norway, one in Russia and additional projects in various stages of their development phases in Egypt, Argentina, UAE and Mexico.

1.3. Management system and performance indicators

The group uses various key performance indicators to manage and steer its performance and to achieve sustainable and value-oriented growth. Production, adjusted EBITDAX (EBITDAX), development/production capex and free cash flow are the major key metrics used for the purposes of internal management control. These key performance indicators were harmonized for Wintershall Dea group after the merger. In the previous period, revenue, production, EBIT and the range of reserves were the key performance indicators of Wintershall group. All forecasts of the previous fiscal year were met, since the KPI's increased significantly due to the merger.

In order to ensure the value-oriented management of the group, we use planning and control processes to make key figures and information available to the decision-making bodies throughout the group. Based on the long-term plans, the relevant budgets are defined and tracked during the year using monthly forecasts. This allows any deviations from the budget to be detected promptly, analysed and, in the event of negative developments, balanced to the greatest extent possible by taking suitable countermeasures.

2. OUR STRATEGY

Wintershall Dea is a European gas and oil company with a complementary midstream business that has stable and predictable cash flows.

Our strategy is to strengthen Wintershall Dea's position as a European gas and oil company, by delivering safe profitable growth, a sustainable return to shareholders, and play an active role in the energy transition.

We expect that demand for our products will continue to grow over the next few decades, particularly natural gas which will help industry and society to adapt to the low carbon economy. Our preference for future growth projects is for those projects that have a lower carbon footprint, and therefore complement our existing low carbon intensity portfolio. Technology, digitalisation, innovation, partnerships, and especially our people, are all essential for the successful delivery of our strategy.

Sustainability is at the heart of our business model, as we work to balance value creation for investors with the expectations of our wider stakeholders, in a responsible manner. We continuously aim to achieve zero harm to people, the environment and our assets. This responsibility lies with everyone in our company now as well as in future.

Our strategy is to ensure that Wintershall Dea remains well positioned to deliver value through the cycle. We have a rigorous capital allocation framework that is anchored on the principle of maintaining our investment grade rating and providing the capacity to return competitive dividends to shareholders. Our low-cost production base supports the resilience of our portfolio through the commodity price cycle, and our investment in new projects is focused on those assets that offer low-cost, profitable growth.

Our E&P portfolio is centred in Northern Europe, Russia, Latin America, North Africa and the Middle East. In Germany, Norway, Russia, Egypt and Argentina, we continue to optimize our existing portfolio, focus on delivery of our development projects and in some cases to grow through further exploration and business development. In Mexico, Brazil and Abu Dhabi/UAE where we have yet to commence material production, we aim to increase our presence significantly in the coming years, primarily through focused exploration and development projects.

3. THE WINTERSHALL DEA GROUP'S BUSINESS YEAR

3.1. Material changes and developments

Wintershall Dea GmbH declared the period from 1 May until 31 December 2019 a short fiscal year to bring the financial year back in line with the calendar year. Since the short fiscal year only comprised an 8-month period and the preceding financial year comprised a 4-month period, amounts presented in the financial statements in the year-to-year comparison are not comparable. In addition, comparative figures do not include the former Dea group, therefore the reporting and preceding period are not comparable. In addition to the comparison of the reporting period (1 May 2019 – 31 December 2019) with the previous financial year (1 January – 30 April 2019; comparison period), the results of operations for the full calendar year, derived from the addition of audited consolidated financial statements of the Wintershall Dea group for the reporting period, the audited consolidated financial statements of the Wintershall group for the comparison period and the audited consolidated financial statements of the Dea group for the comparison period, were compared with the results of operations for the full calendar year 2018, derived from the addition of the audited consolidated financial statements of the Wintershall group for 2018 and the audited consolidated financial statements of the Dea group for 2018. The numbers for the like-for-like periods are not audited and the comparison is for informational purposes only.

For computational reasons, rounding differences to the exact mathematical figures (monetary units, percentages, etc.) may occur.

In June, Wintershall Dea closed the sale of Untertage Speicher Gesellschaft mbH, comprising its underground storage facility in Blexen, Germany.

In September, Wintershall Dea completed the sale of interests in certain non-operated oil and gas assets in Emsland and Grafschaft Bentheim in Germany.

In November, Wintershall Dea sold a 45 % interest share in the Aguada Federal block situated in the Neuquén basin (Argentina) to ConocoPhillips. Wintershall Dea, as the operator, will retain a 45 % share in the block. ConocoPhillips also acquired a 50 % share in the nearby Bandurria Norte block from Wintershall Dea. Wintershall Dea retained the other 50 % and remains the operator of the block. Final investment decision for the first development phase is foreseen by end of 2020.

The onshore gas transportation activities of the group in Germany are bundled under the holding company WIGA Transport Beteiligungs-GmbH & Co. KG (WIGA), which is owned by Wintershall Dea with 50.02 % and GAZPROM Germania GmbH (GPG) (49.98 %). Historically, the results of WIGA were fully consolidated into Wintershall Dea group's financial statements. As a result of the merger, Wintershall Dea and GPG agreed to an adjustment of the corporate governance in WIGA with effect from 1 December 2019 which resulted in a loss of Wintershall Dea's control over WIGA and led to joint control of Wintershall Dea and GPG. This in turn led to a consolidation based on the equity method of the whole WIGA group in Wintershall Dea's consolidated financial statements.

In December, Wintershall Dea sold its interests in its Norwegian infrastructure projects in the Nyhamna terminal and in the Polarled pipeline. Also, in December we sold the subsidiary owning the office building in Norway. We signed a long-term lease contract for the office building with the new owner.

In December, Wintershall Aktiengesellschaft (WIAG), which is accounted for using the equity method, and Libya's National Oil Corporation (NOC) signed two Exploration and Production Sharing Agreements (EPSAs), relating to the Libyan onshore business. The parties agreed to convert WIAG's Concessions 96 and 97 to the latest EPSA IV contractual standard, taking retroactive economic effect as of 1 January 2008. The conversion had no impact on the fair value of the related assets. By converting the concessions to EPSAs, the terms of the EPSA for Area 91 (formerly Concession 96) will last until 2036 and the terms of the EPSA for Area 107 (formerly Concession 97) will last until 2037. WIAG and NOC will establish a joint operating company (JOC) named "Sarir Oil Operations" (51 % NOC, 49 % WIAG) that, following a transitional 6-month period of continued WIAG operatorship, will assume operational responsibility in both contract areas. Due to the critical economic and political environment in Libya, WIAG closely monitors the transition phase into EPSA. The project is covered by an investment guarantee from the Federal Government of Germany.

At the end of December, Wintershall Dea signed a contract to sell its operated participating interests in certain oil concessions mainly located in Southern Germany. The transaction is subject to customary regulatory approvals and is expected to be closed in the first half of 2020.

Following Wintershall's merger with Dea, the previous financing arrangement (BASF group financing) was replaced by an external financing arrangement with a consortium of banks (Syndicated Credit Facilities Agreement). The first tranche (€ 631 million and $ 1,801 million) was drawn on 30 April 2019 and the second tranche (€ 2,822 million and $ 572 million) was drawn on 2 May 2019. Facility A, with a nominal amount of € 2,286 million and $ 1,575 million, was fully repaid in September 2019. As of 31 December 2019, a nominal amount of € 1,879 million was utilized (Facility B and C). Additionally, a 5-year revolving credit facility of € 900 million was agreed with the bank consortium, which can be utilised if necessary; the revolving credit facility is currently undrawn.

On 25 September 2019, Wintershall Dea Finance B.V. (a fully owned subsidiary of Wintershall Dea GmbH) issued four bonds in the total amount of € 4,000 million. The tranches (€ 1,000 million each) have tenors of 4, 6, 9 and 12 years, respectively. Wintershall Dea Finance B.V. on-lent the net proceeds to Wintershall Dea GmbH in € and Wintershall Dea Norge AS in $ which, in turn, used it to repay Facility A under the Syndicated Credit Facilities Agreement, to finance transaction costs incurred in connection with the take-out financing and for general corporate purposes.

3.2. Macro fundamentals

Economic environment

According to current estimates by the International Monetary Fund, global economic output in 2019 increased by approximately 2.9 %, which is below the previous year's growth rate of approximately 3.6 %. The slowing global economic activity was due to geopolitical tensions, intensifying social unrest and further worsening relations between the United States and its trading partners (especially China). However, concerns decreased due to an accommodative monetary policy and a positive trend on US-China trade negotiations. According to estimates by the European Central Bank, Gross Domestic Product in the Eurozone is expected to have risen in 2019 by 1.2 %, compared with 1.8 % in 2018.

Oil prices

Average crude oil prices decreased by 10 % from $ 71 per bbl. in 2018 to $ 64 per bbl. for the calendar year 2019. Prices decreased due to increased global supply, primarily from US unconventional production, and a slowdown in demand due to increased trade tension between the US and China.

The average oil price for Brent decreased by 2 %, from $ 65 per bbl. in the short fiscal year ending 30 April 2019 to $ 64 per bbl. in the short fiscal year ending 31 December 2019.

OIL PRICES

$/BARREL	May – Dec 2019	Jan – Apr 2019	Jan – Dec 2019	Jan – Dec 2018
Average Brent price for the period [1]	64	65	64	71

1 Source: Heren/Argus/Platts

Gas prices

TTF gas prices decreased by 44 % from $ 7.9 per mscf in 2018 to $ 4.4 per mscf for the calendar year 2019. Gas prices were negatively influenced by mild weather conditions during winter season and increased supply in Western Europe, mainly due to increased LNG supply to Europe.

Average TTF prices decreased by 36 % to $ 3.8 per mscf in the reporting period, compared with $ 5.9 per mscf in the previous reporting period.

GAS PRICES

$/MSCF	May – Dec 2019	Jan – Apr 2019	Jan – Dec 2019	Jan – Dec 2018
Average TTF price for the period [1]	3.8	5.9	4.4	7.9

1 Source: Heren/Argus/Platts; FX conversion according to ECB

Foreign currency

The $ traded sideways against the € in the reporting period. The € traded at $ 1.11/€ on average for the short fiscal year ending 31 December 2019 (Jan.-Apr. 2019: $ 1.13/€). At the end of December, the € was trading at $ 1.12/€ (30 April 2019: $ 1.12/€).

The Russian rouble (RUB) appreciated slightly against the € in the reporting period. The € traded at RUB 71.5/€ on average for the short fiscal year ending 31 December 2019 (Jan.-Apr. 2019: RUB 74.3/€). At the end of December, the € was trading at RUB 69.9/€ (30 April 2019: RUB 72.2/€).

The Argentine peso (ARS) continued to depreciate, averaging to ARS 57.9/€ in the reporting period (Jan.-Apr. 2019: ARS 45.3/€). At the end of December, the € was trading at ARS 67.2/€ (30 April 2019: ARS 49.1/€).

3.3. Business performance and profitability

In the period under review, the group's daily production averaged 615 mboe/d, of which gas was 443 mboe/d and liquids 172 mboe/d. This represents an increase of 23 % compared to the previous year, mainly due to the merger with Dea. This was only partially offset by lower production in Northern Europe and Russia due to the impact of the summer maintenance period in the reporting period.

The group's daily production in the calendar year 2019 (on a like-for-like basis) averaged 617 mboe/d, of which gas was 445 mboe/d and liquids 172 mboe/d. This represents an increase of 9 % compared to 2018 on a like-for-like basis.

Production

NATURAL GAS (MBOE/D)	May – Dec 2019 [1] (WD)	Jan – Apr 2019 [2] (Wintershall only)	Jan – Dec 2019 [3] (unaudited) (WD)	Jan – Dec 2018 [4] (unaudited) (WD)
Northern Europe	104	61	105	89
Russia	229	243	234	210
Middle East/North Africa	42	-	39	26
Latin America	68	63	67	67
	443	**367**	**445**	**392**

LIQUIDS (MBOE/D)	May – Dec 2019 [1] (WD)	Jan – Apr 2019 [2] (Wintershall only)	Jan – Dec 2019 [3] (unaudited) (WD)	Jan – Dec 2018 [4] (unaudited) (WD)
Northern Europe	94	66	95	114
Russia	55	58	56	42
Middle East/North Africa [5]	13	2	12	11
Latin America	10	6	9	7
	172	**132**	**172**	**174**

TOTAL PRODUCTION (MBOE/D)	May – Dec 2019 [1] (WD)	Jan – Apr 2019 [2] (Wintershall only)	Jan – Dec 2019 [3] (unaudited) (WD)	Jan – Dec 2018 [4] (unaudited) (WD)
Northern Europe	198	127	201	203
Russia	284	300	289	252
Middle East/North Africa [5]	55	2	51	37
Latin America	78	69	76	74
	615	**499**	**617**	**566**

mboe/d – thousand barrel of oil equivalent per day

1 The reporting period comprises production for Wintershall Dea group on a working interest basis; including proportional production from at equity accounted companies .

2 The comparison period comprises production for Wintershall group (excluding Dea group) on a working interest basis; including proportional production from at equity accounted companies.

3 The period comprises production for Wintershall Dea group on a like-for-like basis (aggregating production for Wintershall Dea group for the reporting period, production for Wintershall group for the short fiscal year ending 30 April 2019 and the production for Dea group for the short fiscal year ending 30 April 2019) on a working interest basis; including proportional production from at equity accounted companies.

4 The period comprises production for Wintershall Dea group on a like-for-like basis (aggregating production for Wintershall group for 2018 and the production for Dea group for 2018) on a working interest basis; including proportional production from at equity accounted companies.

5 Excluding Libya onshore due to the change to EPSA contracts.

Realized prices

	May – Dec 2019[1] (WD)	Jan – Apr 2019[2] (Wintershall only)	Jan – Dec 2019[3] (unaudited) (WD)	Jan – Dec 2018[4] (unaudited) (WD)
Average realized liquids price including oil price hedge result (in $/bbl)	38	37	40	49
Average realized liquids price excluding oil price hedge result (in $/bbl)	38	37	40	50
Northern Europe	51	54	53	62
Russia[5]	12	14	12	11
Middle East/North Africa	60	-	59	67
Latin America	45	47	47	61
Average realised gas price (in $/mscf)	2.2	2.2	2.3	3.1
Northern Europe	4.1	6.5	4.8	8.2
Russia[5]	0.9	0.9	0.9	1.0
Middle East/North Africa	3.5	-	3.5	3.8
Latin America	3.1	3.1	3.1	4.3

1 The reporting period comprises Wintershall Dea group.
2 The comparison period comprises Wintershall group only, excluding Dea.
3 Like-for-like presentation.
4 Like-for-like presentation.
5 Includes the deduction of costs and applicable taxes.

Our oil sales are primarily priced against the Brent oil benchmark, with discounts or premia according to the quality of oil sold. Our production of condensate and NGL's in Russia is marketed to Gazprom based on agreed formulae, taking into account market prices and the deduction of relevant costs and taxes.

Our gas sales in North-western Europe are based on the NBP and the TTF. In Russia, the realized prices for production from our projects with Gazprom are based on agreed price formulae. Those formulae reflect a combination of export and domestic prices, including the deduction of transportation costs and relevant cost and taxes. Our gas production in Argentina is mainly sold in the local market, partially at regulated prices and based partially on $, whereas our gas sales in Egypt are sold through domestic gas contracts.

Results of operations

CONSOLIDATED INCOME STATEMENT OF THE WINTERSHALL DEA GROUP

€ million	May – Dec 2019 [1] (WD)	Jan – Apr 2019 [2] (Wintershall only)	Jan – Dec 2019 [3] (unaudited) (WD)	Jan – Dec 2018 [4] (unaudited) (WD)
Revenues gas and oil	2,932	1,276	4,664	5,666
Revenues midstream	121	73	194	237
Revenues other	219	180	401	365
Net income from equity-accounted investments: gas and oil	12	17	29	25
Net income from equity-accounted investments: midstream	70	44	114	104
Other operating income	519	10	528	341
	3,873	**1,600**	**5,930**	**6,738**
Production and operating expenses	-1,298	-655	-2,095	-2,273
Production and similar taxes	-110	-36	-177	-227
Depreciation and amortization	-1,053	-295	-1,485	-1,168
Net impairment on assets	-298	-1,206	-1,579	-351
Cost of sales midstream	-19	-10	-29	-54
Exploration expenses	-148	-76	-211	-221
General and administration expenses	-206	-277	-694	-315
	741	**-955**	**-340**	**2,129**
Financial income	107	38	167	186
Financial expenses	-247	-42	-314	-308
	-140	**-4**	**-147**	**-122**
Income/loss (-) before taxes	**601**	**-959**	**-487**	**2,007**
Income taxes	-286	108	-186	-1,055
Net income/loss (-)	**315**	**-851**	**-673**	**952**

1 The reporting period comprises Wintershall Dea group.

2 The comparison period comprises Wintershall group only, excluding Dea.

3 Like-for-like presentation, aggregating the income statement of Wintershall Dea group for the short fiscal year ending 31 December 2019, the income statement of the Wintershall group for the short fiscal year ending 30 April 2019 (in the new reporting structure) and the income statement of the Dea group for the short fiscal year ending 30 April 2019 (in the new reporting structure). Effects from the purchase price allocation are included from 1 May 2019 onwards only.

4 Like-for-like presentation, aggregating the income statement of the Wintershall group for the calendar year 2018 (in the new reporting structure) and the income statement of the Dea group for the calendar year 2018 (in the new reporting structure), excluding any effects from the purchase price allocation.

Comparison May-December 2019 versus January-April 2019

In the reporting period May-December 2019, revenues and other income increased by € 2,273 million or 142 %, to € 3,873 million, compared with € 1,600 million in the prior year. This is mainly relating to the merger with Dea and the different duration of reporting and comparison periods. It was partially offset by lower commodity prices: Brent declined by 2 %, whereas gas prices (TTF) declined by 36 %. Gas trading volumes in Germany accounted for € 536 million in the reporting period, compared to € 427 million in the previous period. Commodity hedges for oil and gas accounted for € 38 million; the comparison period does not include hedges. In addition to the timing effect, net income from equity-accounted investments: midstream increased due to the fact that from 1 December 2019 onwards the equity consolidation includes the whole WIGA group. The other operating income increased significantly, mainly owing to the effect from the change in the consolidation method for WIGA group as of 1 December 2019, which led to a gain of € 385 million. In addition, the gain from the deconsolidation of two subsidiaries in Northern Europe and the farm-down of Aguada Federal and Bandurria Norte in Argentina led to an increase of other operating income.

Production and operating expenses increased by € 643 million or 98 %, to € 1,298 million compared with € 655 million in the previous period, mainly owing to the merger with Dea and the different duration of reporting and comparison periods. This was partially offset by lower cost for purchased gas trading quantities.

Depreciation and amortization increased by € 758 million or 257 %, to € 1,053 million compared with € 295 million in the previous period, mainly owing to the merger with Dea and the different duration of reporting and comparison periods. In addition, depreciation and amortization increased in parallel to higher production volumes, as the unit of production method is applied.

Net impairment on assets decreased by € 908 million or 75 %, to € 298 million compared to € 1,206 million in the previous period. In the reporting period, impairments mainly resulted from producing assets in Northern Europe, from an exploration asset in Latin America as well as from the impairment of goodwill allocated to Latin America and Middle East/North Africa. In the comparison period, closing related impairments resulted mainly from producing assets in Northern Europe and impairments of equity-accounted investments in Northern Europe and Russia, as well as goodwill impairment.

Cost of sales midstream increased by € 9 million or 90 %, to € 19 million compared with € 10 million in the prior year, mainly owing to the different duration of reporting and comparison periods.

Exploration expenses increased by € 72 million or 95 %, to € 148 million compared with € 76 million in the previous period, mainly owing to the merger with Dea and the different duration of reporting and comparison periods.

In the reporting period, exploration expenses included dry well costs for 8 wells in Latin America and Northern Europe (comparison period: 1 well). In addition, exploration expenses included expenses for the acquisition of seismic data, license fees and changes in provisions for outstanding work programmes.

EXPLORATION EXPENSES (€ million)	May – Dec 2019[1] (WD)	Jan – Apr 2019[2] (Wintershall only)	Jan – Dec 2019[3] (unaudited) (WD)	Jan – Dec 2018[4] (unaudited) (WD)
Northern Europe	70	27	100	139
Russia	-	-	0	2
Middle East/North Africa	1	0	(1)	17
Latin America	77	36	117	50
Other	0	13	(5)	13
	148	**76**	**211**	**221**

1 The reporting period comprises Wintershall Dea group.
2 The comparison period comprises Wintershall group only, excluding Dea.
3 Like-for-like presentation.
4 Like-for-like presentation.

General and administration expenses decreased by € 71 million or 26 %, to € 206 million compared with € 277 million in the previous period, mainly owing to additions to provisions for restructuring (€ 306 million) and for change-of-control payments (€ 40 million) in the comparison period. This was partially offset by the merger with Dea and the different duration of reporting and comparison periods.

The financial income and financial expenses decreased in total by € 136 million to € -140 million compared with € -4 million in the previous period, mainly owing to the different duration of reporting and comparison periods. In addition, interest expenses increased due to refinancing of short-term BASF shareholder loans with long-term external financing. This was partially compensated by higher interest income due to higher loans to Achim Development and Nord Stream 2 AG.

In the reporting period May-December 2019, the income before taxes amounted to € 601 million (comparison period: loss of € 959 million). In the reporting period, Wintershall Dea incurred total tax expenses of € 286 million. The effective tax rate in the reporting period amounted to 48 % (comparison period: 11 %). Owing to the fact, that impairments and certain expenses were not tax deductible in the comparison period, the tax rate in the comparison period was lower than in the reporting period.

The net income amounted to € 315 million, considerably higher than for the comparison period due to the merger with Dea, the timing effect as well as lower net impairments on assets and lower additions to restructuring provisions.

All in all, the Wintershall Dea group continues to operate in an environment of ongoing volatility and pressure on oil and gas prices. The group's portfolio of low-cost assets provides it with a competitive advantage throughout the commodity price cycle, enabling resilience in a low-price environment and enhancing net cash flow when commodity prices are higher. In the reporting period, the group has been successful in further reducing its already low average unit production costs. The group has principally achieved this through cost saving initiatives, realizing economies of scale and increased utilization of technology, innovation and digitalization to optimize its overall production performance by leveraging our technical expertise and effectively deploying production technology and reservoir management to increase uptime and recovery. In combination with the increased production and positive non-recurring effects, this could overcompensate lower commodity prices and generate a positive net income.

Comparison January-December 2019 versus January-December 2018 (unaudited)

In the period January-December 2019, revenues and other income amounted to € 5,930 million, a 12 % decrease compared to 2018. The main reason for that is the decline in commodity prices. Brent declined by 10 % year-on-year, whereas gas (TTF) declined by 44 %. Gas trading volumes in Germany accounted for € 963 million, compared to € 1,441 million in 2018. Commodity hedges for oil and gas account for € 31 million compared to € -50 million in 2018. Revenues midstream declined year-on-year due to the deconsolidation of the gas transportation companies as of 30 November 2019; thus, revenues of the WIGA group are only included for 11 months in 2019. In addition, the temporary restrictions in transit capacity marketing for the OPAL pipeline in the fourth quarter 2019 led to a decrease of revenues. In contrast, due to the change of the consolidation method for the WIGA group, net income from equity-accounted investments: midstream increased slightly since from 1 December 2019 onwards the whole WIGA group is included in the equity valuation. The other operating income increased significantly, mainly due to the effect from the change of the consolidation method for the WIGA group which led to a gain of € 385 million, the gain from the deconsolidation of two subsidiaries and the farm-down of assets in Argentina. In 2018, other revenues included income from an insurance claim.

Production and operating expenses amounted to € 2,095 million, an 8 % decrease compared to 2018, mainly due to lower cost for purchased gas trading quantities, which declined in parallel to the revenues from gas trading.

Production and similar taxes amounted to € 177 million, a 22 % decrease compared to 2018, mainly due to lower commodity prices and lower production volumes in Germany.

Depreciation and amortization amounted to € 1,485 million, a 27 % increase compared to 2018, mainly due to higher production volumes and the purchase price allocation on Dea assets.

Net impairment on assets amounted to € 1,579 million, mainly due to closing related impairments of producing assets in Northern Europe, as well as an exploration asset in Latin America and impairments of equity-accounted investments in Northern Europe and Russia. Goodwill impairment amounted to € 741 million in the calendar year 2019.

Cost of sales midstream amounted to € 29 million in the calendar year 2019, a 46 % decrease compared to 2018, mainly due to lower fuel gas cost. In addition, the change in the consolidation method for the WIGA group and the fact that parts of the WIGA group where only fully consolidated for 11 months in 2019, led to a further decrease.

Exploration expenses amounted to € 211 million, a 5 % decrease compared to 2018, mainly due to lower dry well cost.

General and administration expenses amounted to € 694 million, a 120 % increase compared to 2018, mainly due to the addition to provisions for restructuring (€ 273 million) and for change-of-control fees (€ 40 million) in 2019.

The financial income and financial expenses in total amounted to € -147 million, a decrease of 20 % compared to 2018, mainly due to higher interest expenses due to refinancing of BASF shareholder loans.

In the calendar year 2019, the loss before taxes amounted to € -487 million (2018: profit before taxes € 2,007 million). The effective tax rate in 2019 amounted to 38 % (2018: 53 %).

The net loss amounted to € 673 million. The result is significantly lower compared to 2018 due to higher net impairments on assets and higher additions to restructuring provisions. Adjusted for special items like impairments, expenses related to the merger such as restructuring, change-of-control fees and integration, gain from the deconsolidation of WIGA group as well as income from an insurance claim, adjusted net income would have amounted to € 879 million for the calendar year 2019 (2018: € 1,055 million), a decrease of 17 % year-on-year, mainly owing to lower commodity prices.

Additional indicators for business performance

EBITDAX

EBITDAX is a non-GAAP financial measure and is used for internal management control purposes within the Wintershall Dea group. It is a key indicator obtained from the income statement, derived from the profit/loss (-) before taxes and adjusted by the following items:

a. Interest income and expenses and income from investments shown as financial income and expenses in the income statement but adjusted for interest effects regarding pension provisions and pension assets which are shown separately in the line 'Pension items'.
b. Income and expenses attributable to exploration but excluding depreciation, amortization, 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. Depreciation, amortization and net impairment on assets as shown in the income statement.
d. Acquisition, disposal and restructuring costs and further identified items as stated below. 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. Realized and unrealized foreign exchange gains and losses (including hedging results).
f. Gains over or losses on book value arising from the disposal of any fixed assets (other than the sale of trading stock).
g. Income from pension assets, interest expenses, service costs or other charges attributable to a post-employment benefit scheme (Pension items).

EBITDAX (€ million)	May – Dec 2019 [1] (WD)	Jan – Apr 2019 [2] (Wintershall only)	Jan – Dec 2019 [3] (unaudited) (WD)	Jan – Dec 2018 [4] (unaudited) (WD)
Income/loss (-) before taxes	601	-959	-487	2,007
Interest and other financing costs	6	-9	17	-25
Exploration expenses	146	75	208	220
Depreciation, amortization and net impairment on assets	1,350	1,502	3,063	1,519
Acquisition, disposal and restructuring costs, and identified items [5]	-425	187	-61	-238
Realized and unrealized gains/losses from foreign currency valuation and financial derivatives	103	8	108	147
Gains/ losses attributable to the disposal of fixed assets	11	-22	-10	-70
Pension items	-13	3	-10	31
EBITDAX	**1,779**	**785**	**2,828**	**3,591**

1 The reporting period comprises Wintershall Dea group.
2 The comparison period comprises Wintershall group only, excluding Dea.
3 Like-for-like presentation.
4 Like-for-like presentation.
5 Includes the following identified items:
May-Dec 2019: including restructuring cost € -33 million, acquisition cost € 5 million, integration cost € 30 million, gain from deconsolidation of two subsidiaries € -42 million, the change of consolidation method for WIGA group € -385 million
Jan-Apr 2019: including restructuring cost € 180 million, integration cost € 7 million
Jan-Dec 2019: including restructuring cost € 273 million, change-of-control fees € 40 million, acquisition cost € 8 million, integration cost € 45 million, gain from deconsolidation of two subsidiaries € -42 million, the change of consolidation method for WIGA group € -385 million
Jan-Dec 2018: including restructuring cost € 9 million, integration cost € 23 million, loss from deconsolidation of a subsidiary € 10 million, income from an insurance claim € -280 million

In the reporting period, EBITDAX amounted to € 1,779 million, up by € 994 million compared with the previous fiscal year. This is mainly owing to the duration of the reporting and comparison periods as well as to the merger with Dea.

For the full calendar year 2019, EBITDAX amounts to € 2,828 million (2018: € 3,591 million). The decrease is mainly due to lower commodity prices and due to the decrease in revenues midstream.

At the same time, production and operating expenses did decrease only to a lesser degree compared to the revenues. This was partially offset by lower production and similar taxes and lower cost of sales midstream.

PRODUCTION COSTS

PRODUCTION COSTS PER BOE ($/BOE)	May – Dec 2019 [1] (WD)	Jan – Apr 2019 [2] (Wintershall only)	Jan – Dec 2019 [3] (unaudited) (WD)	Jan – Dec 2018 [4] (unaudited) (WD)
Northern Europe	6.0	6.6	6.6	8.1
Russia	0.8	0.4	0.6	0.6
Middle East/North Africa	3.6	0	3.9	4.7
Latin America	4.0	3.1	3.9	4.9
Total production cost group	**4.1**	**3.3**	**4.3**	**5.4**

1 The reporting period comprises Wintershall Dea group.
2 The comparison period comprises Wintershall group only, excluding Dea.
3 Like-for-like presentation.
4 Like-for-like presentation.

Production costs relate to the production in consolidated companies only and comprise all costs related to our operations including G&A allocation but exclude export and processing tariffs, finance items and expenses for research and development. Since we operate in Russia on a netback basis, the majority of the production costs are already considered in the price formula, leading to lower realized prices and lower production costs.

For the calendar year 2019, production cost amounted to 4.3 $/boe, a decrease of 20 % compared with 2018. This is mainly related to lower absolute production costs and higher production volumes.

3.4. Net assets

BALANCE SHEET OF THE WINTERSHALL DEA GROUP

ASSETS (€ million)	31-12-2019	30-04-2019 [1]	01-05-2019 [2] (unaudited)
Goodwill	2,580	1,072	2,844
Exploration assets	1,577	140	1,512
Other intangible assets	2,925	745	3,227
Property, plant and equipment and investment property	9,932	6,311	10,732
Equity-accounted investments	2,685	2,191	2,191
Other financial assets	5	2	5
Financial receivables	1,064	905	905
Derivative instruments	72	-	7
Other receivables	135	50	62
Deferred tax assets	96	224	442
Non-current assets	**21,071**	**11,640**	**21,927**
Inventories	227	143	226
Financial receivables	181	731	912
Trade and other receivables	1,227	803	1,285
Derivative instruments	57	17	17
Income tax assets	83	19	19
Cash and cash equivalents	814	889	1,060
Current assets	**2,589**	**2,602**	**3,519**
Assets	**23,660**	**14,242**	**25,446**

1 Restated.

2 Like-for-like presentation, including the merger with Dea on 1 May 2019 and the respective purchase price allocation.

EQUITY AND LIABILITIES (€ million)	31-12-2019	30-04-2019[1]	01-05-2019[2] (unaudited)
Equity	**8,289**	**3,118**	**10,269**
Pension provisions	579	344	529
Decommissioning provisions	2,815	1,633	2,497
Other provisions	230	199	216
Financial debt	6,028	1,526	1,577
Derivative instruments	22	-	12
Income tax liabilities	8	1	13
Other liabilities	35	20	62
Deferred tax liabilities	3,477	1,312	3,960
Non-current liabilities	**13,194**	**5,035**	**8,866**
Decommissioning provisions	58	27	54
Other provisions	317	103	504
Financial debt	576	1,630	3,783
Trade and other payables	1,096	4,104	1,589
Derivative instruments	51	35	71
Income tax liabilities	79	190	310
Current liabilities	**2,177**	**6,089**	**6,311**
Equity and liabilities	**23,660**	**14,242**	**25,446**

1 Restated.

2 Like-for-like presentation, including the merger with Dea on 1 May 2019 and the respective purchase price allocation.

Comparison 31 December 2019 versus 30 April 2019

Non-current assets amounted to 89 % of total assets and stood at € 21,071 million as of 31 December 2019, up by € 9,431 million compared to 30 April 2019. The main driver for the increase was the merger with Dea and the respective purchase price allocation, which led to an increase of non-current assets of € 8.3 billion (thereof € 4.3 billion from the step-up in the course of the purchase price allocation). In addition, the significant capital expenditures were only partially offset by depreciation and amortization, impairments, asset disposals and adverse fx movements. In contrast, the change in the consolidation method for the WIGA group led to a reduction of non-current assets. Intangible assets amounted to € 7,082 million, up by € 5,125 million. The increase is due to the merger and the capital expenditures of the reporting period, partially offset by impairments and disposals. Property, plant and equipment and investment property increased by € 3,621 million, resulting from the merger as well as from the capital expenditures, partially offset by depreciation and disposals. Equity-accounted investments (€ 2,685 million as at 31 December 2019) increased due to the change of the consolidation method of WIGA group.

Current assets remained nearly stable compared to 30 April 2019 and stood at € 2,589 million as of 31 December 2019. Financial receivables declined by € 550 million, mainly due to the settlement of the receivable under the profit and loss transfer agreement with the shareholder BASF. In contrast, trade and other receivables increased by € 424 million, mainly owing to the merger.

The equity ratio of Wintershall Dea group amounted to 35 % as at the balance sheet date (30 April 2019: 22 %). As of 31 December 2019, equity amounted to € 8,289 million, which is a significant increase compared to 30 April 2019, mainly due to the capital increase in the course of the merger with Dea. This was partially offset by cash and non-cash reductions of the capital reserves.

The non-current provisions and liabilities amounted to € 13,194 million as of 31 December 2019, a significant increase compared with 30 April 2019. This is due to the merger with Dea. Pension provisions increased by € 235 million to € 579 million as of 31 December 2019; the impact of the merger was partially offset by the release of pension provisions as one pension scheme became a multi-employer plan after the merger. Decommissioning provisions increased by € 1,182 million due to the merger, additional wells and adverse fx effects. Non-current financial debt increased significantly by € 4,502 million, mainly due to the issuance of the notes in September 2019.

Current provisions and liabilities stood at € 2,177 million as of 31 December 2019, a significant decrease compared with 30 April 2019. Current financial debt decreased by € 1,054 million, mainly due to the refinancing of the Syndicated credit facility that was drawn in the previous fiscal year, via the issuance of long-term notes. Trade and other payables decreased by € 3,008 million due to the conversion of shareholder loans into equity in the course of the merger. In contrast, current decommissioning and other provisions increased mainly due to the merger with Dea.

Comparison 31 December 2019 versus 1 May 2019 (unaudited)

Non-current assets as of 31 December 2019 decreased by € 856 million compared to 1 May 2019. The decrease was mainly driven by the change of consolidation method for the WIGA group and depreciation, amortization, impairments, asset disposals and adverse fx movements, partially offset by the significant capital expenditures. Intangible assets amounted to € 7,082 million as of 31 December and include goodwill, exploration assets and other intangible assets. Compared to 1 May 2019 this is a decrease of € 501 million, mainly driven by goodwill impairment, amortization and disposals, which overcompensated the capital expenditures. Property, plant and equipment and investment properties amounted to € 9,932 million, a decrease of € 800 million compared to 1 May 2019. This is mainly due to the change in the consolidation method for WIGA group, depreciation and disposals, which overcompensated the capital expenditures in the reporting period. Investments accounted at equity increased by € 494 million, mainly due to the step-up in the course of the fair valuation of the WIGA group.

Current assets as of 31 December 2019 decreased by € 930 million compared to 1 May 2019. Financial receivables stood at € 181 million, a decrease of € 731 million compared to 1 May 2019. This decrease is mainly related to the receivables under the profit and loss transfer agreements of both legacy companies with the respective shareholders for the previous fiscal year, which were settled in a non-cash way against reduction of capital reserves in the reporting year. Trade and other receivables amounted to € 1,227 million, nearly stable compared to 1 May 2019. In addition, cash and cash equivalents declined in the course of the year and stood at € 814 million as of 31 December 2019.

Equity as of 31 December 2019 decreased by € 1,980 million compared to 1 May 2019, mainly due to merger closing related reductions of capital reserves from payments to shareholders and non-cash settlements of receivables against the shareholders.

Non-current financial debt stood at € 6,028 million, a significant increase compared to 1 May 2019, mainly due to the issuance of notes in September. Decommissioning provisions stood at € 2,815 million, up by € 318 million compared to 1 May 2019, mainly due to additional wells and increased cost estimates, partially offset by the change of consolidation method for WIGA group. Deferred tax liabilities amounted to € 3,477 million, a decrease of € 483 million compared to 1 May 2019, mainly due to fx effects, the change in the consolidation method for the WIGA group and other changes.

Current provisions and liabilities as of 31 December decreased by € 4,134 million compared to 1 May 2019. Current financial debt stood at € 576 million, a decrease of € 3,207 million compared to 1 May 2019, mainly due to the refinancing of the Syndicated credit facility as well as the repayment of external financing of Dea immediately after the merger. Trade and other payables amounted to € 1,096 million, a decrease of € 493 million compared to 1 May 2019, mainly resulting from the change of the consolidation method for the WIGA group.

3.5. Financial position

Financing policy and credit ratings

Wintershall Dea's financial strategy aims to provide a long-term balance between shareholder returns and profitable growth, whilst maintaining a conservative financial profile and balance sheet strength through the commodity price cycle. The group will aim to ensure financial stability through its long-term commitment to its investment grade credit rating. The group is focused on maintaining cash flow discipline and active cash management will be a priority. We manage capital commitments to generate positive cash flow from operations in order to sustain our dividend and investment capacity and create financial flexibility through the economic cycles.

The group's capital allocation framework prioritizes cash as follows: (i) maintenance capital to sustain production, (ii) balance sheet strength and maintaining investment grade rating, (iii) shareholder dividends and (iv) profitable organic/inorganic growth.

Statement of Cash Flows

(€ million)	May – Dec 2019 [1] (WD)	Jan – Apr 2019 [2] (Wintershall only)	Jan – Dec 2019 [3] (unaudited) (WD)	Jan – Dec 2018 [4] (unaudited) (WD)
Cash flow from operating activities	1,115	564	1,866	2,796
Cash flow from investing activities	-1,027	-252	-2,416	-1,803
Cash flow from financing activities	-341	332	804	-694
Change in cash and cash equivalents	-253	644	254	299

1 The reporting period comprises Wintershall Dea group.
2 The comparison period comprises Wintershall group only, excluding Dea.
3 Like-for-like presentation.
4 Like-for-like presentation, excluding cash flows from discontinuing operations at Dea.

Comparison for May-December 2019 with January-April 2019

Cash flow from operating activities

Cash inflow from operating activities increased by € 551 million from € 564 million in the comparison period to € 1,115 million in the reporting period. The increase is mainly due to the different duration of the reporting and comparison periods and the effect from the merger with Dea.

Cash flow from investing activities

Cash outflow from investing activities amounted to € 1,027 million in the reporting period, compared with € 252 million in the previous fiscal year. The increase is mainly due to the different duration of the reporting and comparison periods and the effect from the merger with Dea.

INVESTMENTS (€ million)	May – Dec 2019[1] (WD)	Jan – Apr 2019[2] (Wintershall only)	Jan – Dec 2019[3] (unaudited) (WD)	Jan – Dec 2018[4] (unaudited) (WD)
Capital expenditure				
Northern Europe	**860**	**93**	**1,198**	**870**
Development/production	791	47	1,071	806
Exploration	69	47	127	64
Russia	**28**	**7**	**35**	**61**
Development/production	28	7	35	52
Exploration	-	-	-	9
Middle East/North Africa	**204**	**29**	**329**	**480**
Development/production	194	29	311	328
Exploration	10	-	18	152
Latin America	**70**	**39**	**110**	**156**
Development/production	42	31	73	72
Exploration	28	8	37	84
Midstream	**0**	**0**	**0**	**1**
Other	**2**	**2**	**4**	**2**
	1,164	170	1,676	1,570
Acquisitions	-	0	740	317
Total	**1,164**	**170**	**2,416**	**1,887**

1 The reporting period comprises Wintershall Dea group.
2 The comparison period comprises Wintershall group only, excluding Dea.
3 Like-for-like presentation.
4 Like-for-like presentation.

Capital expenditures (capex) comprise payments for intangible assets, property, plant and equipment and investment property as shown in the consolidated statement of cash flows of the Wintershall Dea group.

Our expenditure for tangible and intangible assets increased significantly in the reporting period compared to the previous fiscal year, mainly due to the timing effect between reporting and comparison periods, as well as due to the effect from the merger with Dea. The majority of the capex was spent in Northern Europe, mainly for our ongoing development projects such as Nova, Dvalin, Njord and Ærfugl in Norway. Moreover, we invested in the Raven field in the Egyptian West Nile Delta project. In addition to spending on development projects, key capex investments were made in existing producing fields in Northern Europe, Russia, Middle East/North Africa and Latin America. In total, our capital expenditure (excluding acquisitions) amounted to € 1,164 million.

From exploration activities, we capitalized € 107 million in the reporting period. This relates to 14 wells drilled in Northern Europe and Latin America, of which 7 were expensed as dry wells in following periods. The remaining 7 wells were either successful or are not yet finalized as of the balance sheet date and are still capitalized at the end of 2019.

Cash flow from financing activities

Cash flow from financing activities amounted to € -341 million in the reporting period, compared with a cash flow from financing activities of € 332 million in the previous fiscal year. Cash flow from financing activities in the reporting period reflects payments to shareholders, the payments and repayments of debt under the Syndicated credit facilities agreement as well as the issuance of the notes.

Free cash flow

(€ million)	May – Dec 2019 [1] (WD)	Jan – Apr 2019 [2] (Wintershall only)	Jan – Dec 2019 [3] (unaudited) (WD)	Jan – Dec 2018 [4] (unaudited) (WD)
Cash flow from operating activities	1,115	564	1,866	2,796
Cash flow from investing activities	-1,027	-252	-2,416	-1,803
Less payments for acquisitions [5]	0	-	740	189
Free cash flow	**88**	**312**	**190**	**1,182**

1 The reporting period comprises Wintershall Dea group.
2 The comparison period comprises Wintershall group only, excluding Dea.
3 Like-for-like presentation.
4 Like-for-like presentation.
5 In 2018 including a repayment of financial receivables from shareholder earmarked for acquisitions.

The free cash flow, which comprises the cash flow from operating activities and the cash flow from investing activities but excludes payments for acquisitions, amounted to € 88 million in the reporting period, compared with € 312 million in the previous fiscal year.

Comparison for January-December 2019 with January-December 2018 (unaudited)

Cash flow from operating activities

Cash inflow from operating activities for the calendar year 2019 amounted to € 1,866 million, a decrease of € 930 million compared with the calendar year 2018. This is mainly due to a lower net result (excluding depreciation, impairments and gains from the deconsolidation of WIGA group), resulting from lower commodity prices, higher integration related costs and non-recurring payments in 2018.

Cash flow from investing activities

Cash outflow from investing activities for the calendar year 2019 amounted to € 2,416 million, an increase of € 613 million compared with the calendar year 2018. This is mainly owing to higher capex and higher payments for acquisitions, partially compensated by higher proceeds from divestitures and the disposal of non-current assets.

Our capital expenditure for the calendar year amounted to € 1,676 million, an increase of € 106 million compared to 2018. The increase was mainly due to higher development capex in Northern Europe, mainly for our Norwegian development projects. This was partially compensated by lower capex for development and production in Middle East/North Africa, since Giza & Fayoum in the Egyptian West Nile Delta came on stream in the first quarter of 2019. In total we capitalized € 182 million for exploration wells, relating to 17 wells drilled in Northern Europe and Latin America, of which 8 were expensed as dry wells in later periods. The remaining 9 wells were either successful or are not yet finalized as of the balance sheet date and are still capitalized at the end of 2019.

Cash outflow for acquisitions amounted to € 740 million, relating to the acquisition of Sierra and the second instalment for the purchase price Ogarrio (Mexico) in the first quarter 2019. Acquisitions in 2018 mainly related to the Ghasha concession in Abu Dhabi/UAE and Ogarrio in Mexico.

Cash flow from financing activities

Cash flow from financing activities for the calendar year 2019 amounted to € 804 million (2018: € -694 million). The increase mainly related to higher external financing via the issuance of notes, partially compensated by higher payments to shareholders.

Free cash flow

Free cash flow for the calendar year 2019 amounted to € 190 million, compared with € 1,182 million in 2018.

4. NON-FINANCIAL PERFORMANCE INDICATORS

The Wintershall Dea group prepares a separate Sustainability report (unaudited) that will be published on the company's website together with the consolidated financial statements of the group. In that Sustainability report, the group will present further details on environmental, social (including health and safety) and governance aspects.

4.1. Employees

The number of employees as at 31 December 2019 of the Wintershall Dea group decreased by 98, from 2,945 as of 1 May 2019, to 2,847 full-time equivalents (FTEs) for all fully and proportionately consolidated companies. The main reason for the decrease is related to restructuring, mainly in Germany and Norway. In addition, the change of the consolidation method for the WIGA group led to a reduction of the consolidated workforce of the group (-16 FTE). In contrast, our workforce in Latin America and Russia increased due to the enlargement of operations.

Through our employer-funded company pension schemes, 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 Wintershall Dea GmbH once a qualifying period has elapsed. The amount of this company pension depends on years of service and remuneration paid. At Wintershall Dea GmbH and some of the German group companies, the basic level of benefits is provided via BASF Pensionskasse VVaG, a legally independent plan. Exceeding levels of occupational pension commitments are financed via pension provisions at the respective group company. 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 Wintershall Dea, 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.

4.2. Occupational safety (unaudited)

We want to prevent anyone who works for us from being harmed in connection with our operations – our goal is zero accidents. Therefore, safety is the first priority of Wintershall Dea. Our globally applicable concepts serve to protect our employees, contractors, assets and the environment as well as the neighbours of our production sites. Regular safety talks, emergency training courses, awareness workshops and seminars take place on a regular basis at all our locations – for contractors too. In addition, periodic occupational safety audits are conducted at our sites. Among the performance measures we track is the Total Recordable Injury Rate per million hours worked (TRIR). In 2019, TRIR amounted to 2.66, compared with 3.17 in 2018.

4.3. 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 Technology and Innovation Department for production engineering and geosciences, for example. The focus of our research activities is on the ongoing improvement of our methods for the exploration, development and production of hydrocarbon deposits.
We are also investigating opportunities in production of hydrogen and Carbon Capture and Storage. Our expenditure on research and development in the reporting period came to a total of € 19 million.

4.4. Additional information regarding reserves (unaudited)

The Wintershall Dea group provides updates on developments in the group's reserves and resources once a year. Reserves as of 31 December 2018/1 January 2019 are mainly certified by independent engineers (93 % of total 2P reserves on working interest basis is certified), while reserves as of 31 December 2019 are internally estimated by trained Wintershall Dea engineers. As such, the reserves and resources information as of 31 December 2018/1 January 2019 may not be directly comparable to the reserves and resources information as of 31 December 2019.

The volumes of reserves are classified in accordance with the Petroleum Resources Management System (PRMS) of the Society of Petroleum Engineers (SPE), World Petroleum Council (WPC) and others, which Wintershall Dea will apply as well in future, as follows:

1P reserves, or "proved reserves", are those quantities of petroleum, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90 % probability that the quantities actually recovered will equal or exceed the estimate.

2P reserves, or "proved plus probable reserves", are 1P reserves plus those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than 1P reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the estimated 2P reserves. In this context, when probabilistic methods are used, there should be at least a 50 % probability that the actual quantities recovered will equal or exceed the 2P reserves estimate.

2C resources or "contingent resources" are those quantities of petroleum which are estimated, on a given date, to be potentially recoverable from known accumulations by application of development projects but which are not currently considered to be commercially recoverable owing to one or more contingencies, of the same technical confidence as probable, but not commercially matured to reserves. It is equally likely that actual remaining quantities recovered we be greater than or less than the estimated 2C resources. In this context, when probabilistic methods are used, there should be at least a 50 % probability that the actual quantities recovered will be equal or exeed the 2C resources estimate.

As at 31 December 2019, the Wintershall Dea group had 2P reserves of 3,826 million barrels of oil equivalent, an increase of 3 % compared to 31 December 2018/1 January 2019 on a like-for like basis.

1P RESERVES

GAS IN MILLION BOE	Northern Europe	Russia	MENA	LATAM	Total Group
1P reserves as of 1 Jan 2019[1]	145	1,611		140	1,896
Merger with Dea	196		104	5	305
Wintershall Dea like-for-like as of 1 Jan 2019	340	1,611	104	146	2,201
Revisions and other changes	40	-88	-27	20	-54
Maturation and discoveries	13	0	79	0	92
Purchase/sale of reserves	0			0	-1
Production	-38	-85	-14	-24	-162
1P reserves as of 31 Dec 2019	355	1,438	141	141	2,076
Thereof equity-acc. companies	*6*	*520*			*525*

LIQUIDS IN MILLION BOE	Northern Europe	Russia	MENA[2]	LATAM	Total Group
1P reserves as of 1 Jan 2019[1]	167	455	15	11	649
Merger with Dea	158		14	10	182
Wintershall Dea like-for-like as of 1 Jan 2019	325	455	29	22	831
Revisions and other changes	3	-28	-7	11	-21
Maturation and discoveries	21	0	119	0	139
Purchase/sale of reserves	0			0	0
Production	-35	-20	-4	-3	-63
1P reserves as of 31 Dec 2019	314	407	136	29	886
Thereof equity-acc. companies	*8*				*8*

TOTAL IN MILLION BOE	Northern Europe	Russia	MENA[2]	LATAM	Total Group
1P reserves as of 1 Jan 2019[1]	312	2,066	15	152	2,545
Merger with Dea	354		118	16	487
Wintershall Dea like-for-like as of 1 Jan 2019	666	2,066	133	167	3,032
Revisions and other changes	44	-115	-35	31	-76
Maturation and discoveries	33		198	0	231
Purchase/sale of reserves	0			0	-1
Production	-73	-106	-19	-28	-225
1P reserves as of 31 Dec 2019	669	1,846	277	170	2,962
Thereof equity-acc. companies	*13*	*520*			*533*

1 No new reserves update was made for 30 April 2019.

2 Excluding Libya onshore.

2P RESERVES[1]

GAS IN MILLION BOE	Northern Europe	Russia	MENA	LATAM	Total Group
2P reserves as of 1 Jan 2019[2]	184	1,846		218	2,248
Merger with Dea	261		159	12	432
Wintershall Dea like-for-like as of 1 Jan 2019	445	1,846	159	230	2,680
Revisions and other changes	40	9	-23	6	32
Maturation and discoveries	13	0	111	0	124
Purchase/sale of reserves	-1			0	-1
Production	-38	-85	-14	-24	-162
2P reserves as of 31 Dec 2019	459	1,770	233	211	2,673
Thereof equity-acc. companies	*8*	*673*			*681*

LIQUIDS IN MILLION BOE	Northern Europe	Russia	MENA[3]	LATAM	Total Group
2P reserves as of 1 Jan 2019[2]	233	499	17	17	765
Merger with Dea	215		25	22	262
Wintershall Dea like-for-like as of 1 Jan 2019	448	499	42	38	1,027
Revisions and other changes	15	-16	2	9	10
Maturation and discoveries	29	0	149	0	178
Purchase/sale of reserves	0			0	0
Production	-35	-20	-4	-3	-63
2P reserves as of 31 Dec 2019	457	463	189	44	1,153
Thereof equity-acc. companies	*12*				*12*

TOTAL IN MILLION BOE	Northern Europe	Russia	MENA[3]	LATAM	Total Group
2P reserves as of 1 Jan 2019[2]	417	2,345	17	235	3,013
Merger with Dea	476	0	185	33	694
Wintershall Dea like-for-like as of 1 Jan 2019	893	2,345	201	268	3,707
Revisions and other changes	55	-6	-21	14	43
Maturation and discoveries	42		261	0	303
Purchase/sale of reserves	-1			0	-1
Production	-73	-106	-19	-28	-225
2P reserves as of 31 Dec 2019	916	2,234	423	254	3,826
Thereof equity-acc. companies	*20*	*673*			*693*

1 2P reserves (proved plus probable reserves) are inclusive of 1P reserves (proved reserves).
2 No new reserves update was made for 30 April 2019.
3 Excluding Libya onshore.

The production for the year was more than offset by reserve additions from organic additions resulting from the maturation of the Ghasha development project in Abu Dhabi/UAE and from additional reserves in producing fields like Norwegian fields Edvard Grieg, Gjøa and Vega as well as the new development Solveig, but partially offset by reduced expected recovery for the Disouq field in Egypt. The reserve replacement ratio was 109 % for 2P reserves and 34 % for 1P reserves, respectively. Our 2C resources as of 31 December 2019 amount to 2,202 million barrels of oil equivalent.

The group has a 1P Reserves Life of 13 years and 2P Reserves Life of around 17 years.

5. FORECAST

5.1. Underlying assumptions

Our guidance is based on forwards for commodity prices and the exchange rates. For 2020, these parameters would be as follows:

- Brent prices of 62 $/bbl
- TTF gas prices of 4.2 $/mmbtu
- $/€ exchange rate of 1.11.

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

5.2. Outlook

The Wintershall Dea group's new medium-term planning (MTP) was prepared and adopted in early February 2020. Our guidance, which does not include potential M&A activities, is based on this MTP.

We continue to focus on optimisation of production from and further development of our existing assets in order to be well positioned during the ongoing volatility in commodity prices that are relevant for us. We are also working on ensuring that all of our key infrastructure maintains high reliability levels in order to achieve consistent delivery of target production levels.

For 2020, we expect our production (adjusted for exclusion of the Libyan onshore production) to be in the range of 600 – 630 thousand boe/d – broadly in line with 2019.

For 2020, we expect development and production capex (excluding acquisitions) to be in the range of € 1.4 – 1.6 billion – broadly in line with the calendar year 2019.

We expect to increase our EBITDAX over the medium term.

We expect free cash flow, comprising cash flow from operating activities and cash flow from investing activities, including disposals but excluding acquisitions, to be positive in 2020 (based on our underlying commodity price assumptions for 2020).

5.3. Opportunities and Risks

Risk management system

Wintershall Dea is developing and finalizing an integrated risk management system based on the internationally recognized COSO framework (Committee of Sponsoring Organizations of the Treadway Commission) and industry best-practices. Overall responsibility for the groupwide risk management is with the Board of Management of Wintershall Dea GmbH. The Board of Management is supported by the corporate unit Risk Management, which designs the risk management process, defines related structures and methodologies and provides the required transparency over risks, opportunities and their response measures at group level.

The goal of Wintershall Dea's risk management is to identify and evaluate risks and opportunities as early as possible and to take appropriate measures in order to seize opportunities, limit business losses and avoid risks that pose a threat to Wintershall Dea's continued existence. Risk management is aligned with the financial framework and integrated into planning, reporting, approval and audit processes in place throughout the group, and gives appropriate consideration to the risk aspect in decisions and business processes at Wintershall Dea.

Corresponding to the quarterly performance dialogues and regular Audit Committee meetings, a report over the relevant risks, opportunities and their response measures is created and submitted to the executive and supervisory bodies to provide an overview over the enterprise risk portfolio. The evaluation of risks and opportunities is linked to the key performance indicators at group level. The materiality and ranking of reported risks and opportunities is performed on the basis of the potential impact and probability of occurrence of each event.

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 assessed the sensitivities of commodity prices. We plan our business using a range of oil and gas price outlooks in order to ensure that the company is well positioned in the event of industry downturns and to capture oil & gas price upside for shareholders.

Holding constant the part of the portfolio that is priced off formulas and indices, such as for example Russia and Egypt, a change in the Brent oil price of -10 % would lead to a change in EBITDAX of approximately € -190 million and a change in free cash flow of € -120 million in the calendar year 2020 and a change in the European gas prices (TTF) of -10 % would result in a change of approximately € -70 million in our EBITDAX and of approximately € -40 million in our free cash flow in the calendar year 2020. Rising oil and gas prices would lead to corresponding opportunities for Wintershall Dea group in its EBITDAX and free cash flow.

The group may, from time to time, use financial instruments and physical delivery contracts to hedge its exposure to these risks or otherwise optimise its business. If the group engages in hedging, the group will be exposed to credit related losses in the event of non-performance by counterparties to the associated financial instruments.

Additionally, depending on the type of hedging instruments, such practices could limit the group's ability to receive the full benefit of commodity price increases and the group may not be able to find pricing for hedging on suitable terms. The group also engages, but to a limited extent, in natural gas trading for optimisation of sales in its European markets. Any related trading risks are limited and monitored on a daily basis. 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. In previous periods, commodity-price agreements have been concluded for the calendar years 2020 – 2023.

Due to the nature of our portfolio, especially with activities in Russia that are subject to special pricing mechanisms, we are less affected by declining prices than our competitors in the E&P sector. In addition, the midstream business generates stable earnings contributions with partially regulated fees.

Risks and opportunities from exchange rate fluctuations

The group is exposed to market fluctuations in foreign exchange rates. Its reporting currency is the Euro. Revenues are based on several currencies including U.S. dollars, while operational costs and investment may be denominated in other currencies, including, for example, the Norwegian kroner and Russian rouble. The group's net foreign currency exposure (after natural hedges) is hedged actively with linear contracts where feasible to eliminate gains and losses from currency fluctuations in the group's income statement. Significant fluctuations in exchange rates between U.S. dollars, the Euro and our other operational currencies could materially and adversely affect our reported results. According to our current medium-term planning, an appreciation of the $/€ exchange rate of $ 0.1/€ would lead to a decrease of approximately € 210 million in EBITDAX and of approximately € 50 million in free cash flow in the calendar year 2020. Conversely, decreasing exchange rate ratios would lead to opportunities in EBITDAX and free cash flow for the Wintershall Dea 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). In addition to our internal risk mitigation measures, rules and regulations we maintain insurance that we believe is consistent with customary industry practice in the jurisdictions in which we do business, in order to protect our core business against losses and liabilities to third parties.

Wintershall Dea 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. Our workforce is continuously adapted to meet the corresponding requirements and receives development training in all key technical areas. We use the latest drilling and production techniques, are committed to stringent cost management, and focus on the efficiency and profitability of our assets.

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 Integrated Reservoir Management 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 ability to replace produced reserves with competitive exploration and development costs, to tap into new potential and to maintain an appropriate gas and oil reserve life is a fundamental prerequisite for ensuring longterm commercial success. In order to achieve this goal, we concentrate on core regions in which we have developed a high level of regional and/or technological expertise. This allows us to pick up on opportunities at an early stage and to identify regions with above-average discovery expectations. We use an active portfolio management to optimize our license portfolio on an ongoing basis to ensure the highest possible probability of success for exploration with the funds available. The group seeks to maintain and grow its operating capabilities in countries where it can add value through the deep knowledge and experience in engineering, reservoir management, execution and operations of its in-house technical and operating team. By means of strategic partnerships and cooperation with renowned partners such as Gazprom in Russia, Equinor in Norway and ADNOC in Abu Dhabi/UAE we strive to get access to new projects and to benefit from region-specific expertise and influence and implement joint projects on a significant scale.

Liquidity and credit risks

Our principal sources of liquidity are operating cash flows from our producing assets, midstream business and external debt financing. 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 maintenance capital to sustain production, balance sheet strength and maintaining investment grade rating, shareholder returns and profitable organic/inorganic growth. A firm liquidity risk management programme is in place to ensure that the Wintershall Dea group is in a position to meet its payment obligations at all times. The group is committed to ensure financial stability through its long-term commitment to an investment grade credit rating. Its net debt as of 31 December 2019 was € 5,762 million, implying a net debt to EBITDAX ratio of 2.0.

The group will continue to monitor its business performance with the aim to provide a long-term balance between shareholder returns and profitable growth, whilst maintaining a conservative financial profile and a strong balance sheet through the commodity cycle. In the reporting period, Wintershall Dea was in compliance with its obligations under all financing arrangements.

The group's business is exposed to credit risks, meaning that the amounts owed by its customers for products sold or services rendered may not be paid when due, and that some customers may not be able to fulfil their obligations fully and on time, for example, due to insolvency. In such cases, the group seeks to resolve any disputes and recover amounts owed to it in conformity with the laws of the jurisdictions where the group operates, and with established business practices. The group is also exposed to credit risk through its arrangements with suppliers, and its joint venture and other partners. 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, environmental and regulatory risks and opportunities

In the course of its foreign operations, Wintershall Dea is exposed to the political risks prevailing in the relevant countries. The group's investments in its North African and Russian assets, as well as its investment in Ogarrio, Mexico, benefit from investment guarantees provided by the Federal Republic of Germany for direct investments made by German companies in developing and emerging countries. These investment guarantees provide protection against a number of political risks, including expropriation, nationalization, civil wars, wars or other armed conflicts and payment embargoes or moratoria, under certain conditions.

Larger, unexploited oil and gas reserves are often found in less developed regions of the world. In order to reduce the resulting uncertainties, we particularly pay attention to ensure a balanced portfolio when selecting future projects.

In Argentina, macroeconomic turbulences continued throughout 2019. Along with a further devaluation of the Argentine peso, the annual inflation rose by more than 50 % and interest rates more than 40 %. In 2019, the government issued a decree which stipulates certain foreign exchange restrictions, inter alia repatriation of export receivables and restrictions on payments/dividends in foreign currency. On the gas market, gas prices fell in $-terms due to an oversupply and regulatory intervention by the government. In the light of the economic situation and the outcome of the presidential elections, we anticipate continued high volatility and fierce price competition in the Argentine gas market in the course of 2020 which carries risks both for liquidity and earnings.

In Libya, WIAG and Libya's National Oil Corporation (NOC) agreed to convert WIAG's Concessions 96 and 97 to the latest EPSA IV contractual standard, taking retroactive economic effect as of 1 January 2008. The transition to EPSA IV is beneficial for Wintershall Dea as under the interim agreement being previously in place WIAG was only receiving a marketing share to cover its operational expenditures.

The required transfer of operatorship from WIAG to a joint operating company will reduce our operational risks and liabilities, but also restrict our possibility for decision-making within the onshore operations. Due to the political and security situation the country continues to experience a shortage of available qualified foreign personnel and service companies, which remains challenging for the maintenance and, hence, security of assets and infrastructure.

Risks associated with health, safety and environmental protection

Health, safety and environmental protection are a top priority at Wintershall Dea. The exploration and production of gas and oil require activities in increasingly challenging regions with complex reservoir conditions, sensitive habitats and difficult political conditions. Accordingly, the associated risks in the areas of health, safety and environmental protection are becoming increasingly complex. These are minimized by the systematic application of high HSE standards, which are being enhanced and optimized on an ongoing basis as part of our integrated HSE management system.

Risks associated with the midstream business

The group has economic interests in onshore and offshore gas pipelines in Germany and Europe. The onshore pipelines are operated by regulatory unbundled group participations, whereas the offshore pipeline Nord Stream 1 is operated by a third party in which the group has a minority share. The midstream business has historically been a stable source of revenue. The European onshore gas transportation business is heavily regulated. The regulatory framework applicable to the group's participations in natural gas transport has been stable from 2008 to 2018 until the amendment of the EU Gas Directive. However, the risk of further regulatory intervention, both in the general framework and in the operation and expansion of gas pipelines, for example, as part of investment measures ordered under net development plans or in relation to the connection of biogas, cannot be excluded. The group also finances Nord Stream 2 AG. The group's involvement with the Nord Stream 2 project is limited to the provision of loans, being one of the five European financial investors of the project company. End of December 2019, the U.S. Government enacted a bill which offers the possibility to impose sanctions towards certain pipelay contractors of the Nord Stream 2 project. The financing arrangements to which the group is a party are grandfathered under the implementing guidance to the "Countering America's Adversaries Through Sanctions Act" as they were signed prior to August 2017.

Following the decision of the General Court of the European Union (EuG) upon the action brought by Poland for annulment of the 2016 European Commission approval of the Settlement Agreement, the marketing of the OPAL transit capacities is currently limited to 50 % and is based on the exemption from regulation decision of 2009. Federal Republic of Germany has filed an appeal against this EuG decision. It is expected that the relevant parties will enter into discussions targeting a joint way forward to address the requirements of the ruling; thus, increase the level of capacity bookings for the pipeline and, hence, Wintershall Dea's at-equity results.

Integration after the merger

The completion of the merger between Wintershall and Dea and the subsequent integration create significant growth potential for the combined group. The group expects to realize cost savings through the combination of procurement, exploration and research and development functions. The group also intends to optimize cash flow and capital expenditure by actively managing its combined operating portfolio, including by focusing on the most profitable assets and most probable discoveries. In order to manage the risks and opportunities associated with the integration, plans and strategies are in place. A dedicated department is responsible for tracking all relevant measures and to ensure their realization both in time and budget.

Digital transformation

Digitalization is becoming an increasingly influential factor within the value chain of the E&P industry. At Wintershall Dea, digital transformation has been identified as having considerable potential for improving existing processes. This potential includes the ability to create faster and better decision bases, as well as to reduce costs and project terms. In addition, digital transformation holds the promise of better cooperation with stakeholders and an improvement in HSE performance. All digital projects in Wintershall Dea group are steered by the newly established department "Digital Transformation". The implementation of a dedicated digitalization strategy will secure future opportunities and minimize possible competitive disadvantages.

The overall Wintershall Dea 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. From today's perspective, there are no material individual risks threatening the continued existence of Wintershall Dea group as a going concern.

Kassel/Hamburg, 26 February 2020

The Board of Management

Mehren Dijkgraaf Smith Wieland


MITTELPLATE A

CONSOLIDATED FINANCIAL STATEMENTS WITH NOTES

Consolidated Financial Statements of the Wintershall Dea group for the short financial year from 1 May to 31 December 2019

Consolidated Statement of Income

€ million	Note	May – Dec. 2019	Jan. – Apr. 2019[1]
Revenues gas and oil	4	2,932	1,276
Revenues midstream	4	121	73
Revenues other	4	219	180
Net income from equity - accounted investments: gas and oil	2	12	17
Net income from equity - accounted investments: midstream	2	70	44
Other operating income	4	519	10
		3,873	**1,600**
Production and operating expenses	5	-1,298	-655
Production and similar taxes		-110	-36
Depreciation and amortization		-1,053	-295
Net impairment on assets	12	-298	-1,206
Cost of sales midstream		-19	-10
Exploration expenses	6	-148	-76
General and administration expenses		-206	-277
		741	**-955**
Financial income	8	107	38
Financial expenses	8	-247	-42
		-140	**-4**
Income/loss (-) before taxes		**601**	**-959**
Income taxes	9	-286	108
Net income/loss (-)		**315**	**-851**
Net income/loss (-) attributable to shareholders		**285**	**-869**
Net income/loss (-) attributable to non-controlling interests	10	30	18

1 Restated (refer to "changes in financial statement presentation and other restatements")

Consolidated Statement of Comprehensive Income

€ million	Note 17	May – Dec. 2019	Jan. – Apr. 2019
Net income/loss (-)		**315**	**-851**
Actuarial gains/losses		-47	-24
Actuarial gains/losses from equity investments		0	0
Items that will not be reclassified to income statement at a later date, recognized directly in equity		**-47**	**-24**
Unrealized gains/losses on currency translation		33	151
Unrealized gains/losses on currency translation from equity investments		15	32
Fair value changes in derivatives designated in cash flow hedges		11	-
Fair value changes in derivatives designated in cash flow hedges from equity investments		6	2
Income and expenses that will be reclassified to the statement of income at a later date, recognized directly in equity		**65**	**185**
Other comprehensive income (net of tax)		**18**	**161**
Total comprehensive income		**333**	**-690**
Total comprehensive income attributable to shareholders		303	-708
Total comprehensive income attributable to non-controlling interests		30	18

Consolidated Balance Sheet

€ million	Note	31-12-2019	30-04-2019 [1]	01-01-2019 [1]
Assets				
Non-current assets				
Goodwill	12	2,580	1,072	1,572
Exploration assets	12	1,577	140	140
Other intangible assets	12	2,925	745	712
Property, plant and equipment, and investment property	12	9,932	6,311	6,368
Equity-accounted investments	13	2,685	2,191	2,566
Other financial assets		5	2	2
Financial receivables	15	1,064	905	820
Derivative instruments	25	72	-	-
Other receivables	16	135	50	76
Deferred tax assets	9	96	224	136
		21,071	**11,640**	**12,392**
Current assets				
Inventories	14	227	143	137
Financial receivables	15	181	731	646
Trade and other receivables	16	1,227	803	262
Derivative instruments	25	57	17	11
Income tax assets	9	83	19	5
Cash and cash equivalents		814	889	219
		2,589	**2,602**	**1,280**
Total assets		**23,660**	**14,242**	**13,672**

1 Restated (refer to "changes in financial statement presentation and other restatements")

€ million	Note	31-12-2019	30-04-2019 [1]	01-01-2019 [1]
Equity and Liabilities				
Equity				
Subscribed capital	17	189	105	105
Capital reserve	17	6,152	1,173	1,266
Retained earnings and other comprehensive income	17	1,948	1,686	1,805
Shareholders' equity		8,289	2,964	3,176
Non-controlling interests		-	154	136
		8,289	**3,118**	**3,312**
Non-current liabilities				
Pension provisions	18	579	344	307
Decommissioning provisions	19	2,815	1,633	1,487
Other provisions	19	230	199	85
Financial debt	20	6,028	1,526	1,001
Derivative instruments	25	22	-	0
Income tax liabilities	9	8	1	33
Other liabilities	21	35	20	16
Deferred tax liabilities	9	3,477	1,312	1,483
		13,194	**5,035**	**4,412**
Current liabilities				
Decommissioning provisions	19	58	27	27
Other provisions	19	317	103	45
Financial debt	20	576	1,630	1,267
Trade and other payables	21	1,096	4,104	4,415
Derivative instruments	25	51	35	29
Income tax liabilities	9	79	190	165
		2,177	**6,089**	**5,948**
Total equity and liabilities		**23,660**	**14,242**	**13,672**

1 Restated (refer to "changes in financial statement presentation and other restatements")

Consolidated Statement of Changes in Equity

(Note 17)

					Other comprehensive income				
€ million	Subscribed capital of Wintershall Dea GmbH	Capital reserves of Wintershall Dea GmbH	Retained earnings and net retained profit	Remeasure-ment of benefit plans	Foreign currency translation	Cash flow hedges	Share-holders' equity	Non-con-trolling interests	**Total**
As of 01-05-2019	**105**	**1,173**	**2,699**	**-143**	**-834**	**-36**	**2,964**	**154**	**3,118**
Other comprehensive income	-	-		-47	48	17	18	0	18
Net income/loss (-)	-	-	285				285	30	315
Total comprehensive income	-	-	285	-47	48	17	303	30	333
Changes in scope of consolidation	-	-	-	-	-	-	-	-132	-132
Capital increase/ decrease	84	4,979	-	-	-	-	5,063	-	5,063
Dividend distribution	-	-	-	-	-	-	-	-52	-52
Other changes	-	-	-41	-	0	-	-41	-	-41
As of 31-12-2019	**189**	**6,152**	**2,943**	**-190**	**-786**	**-19**	**8,289**	**-**	**8,289**
As of 01-01-2019	**105**	**1,266**	**3,134**	**-119**	**-1,017**	**-38**	**3,331**	**136**	**3,467**
Restatement IAS 8			-155				-155		-155
As of 01-01-2019 (restated)	**105**	**1,266**	**2,979**	**-119**	**-1,017**	**-38**	**3,176**	**136**	**3,312**
Other comprehensive income	-	-	-	-24	183	2	161	-	161
Net income/loss (-)	-	-	-869	-	-	-	-869	18	-851
Total comprehensive Income	-	-	-869	-24	183	2	-708	18	-690
Capital increase/ decrease	-	-93	-	-	-	-	-93	-	-93
Profit and loss transfer	-	-	589	-	-	-	589	-	589
Dividend distribution	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	-	-
As of 30-04-2019	**105**	**1,173**	**2,699**	**-143**	**-834**	**-36**	**2,964**	**154**	**3,118**

Consolidated Statement of Cash Flows

(Note 20)

€ million	May – Dec. 2019	Jan. – Apr. 2019
Net income/loss (-)	**315**	**-851**
Amortization/depreciation/impairment losses/ reversal of impairment losses	1,378	1,533
Changes in provisions	-214	206
Changes in deferred taxes	196	-295
Gains (-)/losses from disposals of non-current assets	54	-22
Gains (-)/losses from deconsolidation	-427	0
Other non-cash income/expenses	-135	-98
Changes in working capital	51	89
Changes in other balance sheet items	-103	2
Cash flow from operating activities	**1,115**	**564**
Payments for intangible assets, property, plant and equipment and investment property	-1,164	-170
Payments for financial assets	0	0
Payments for acquisitions	-	-
Proceeds from the disposal of non-current assets	191	1
Proceeds from divestitures	116	-
Payments for financial receivables	-170	-83
Cash flow from investing activities	**-1,027**	**-252**
Payments to shareholders from capital reserves	-1,400	-324
Distribution to non-controlling interests	-52	-
Proceeds from shareholder loans	-	51
Repayment of shareholder loans	-242	-682
Proceeds from bonds	3,986	-
Proceeds from debt to banks	3,393	2,251
Repayments of debt to banks	-5,657	-
Change in financial liabilities (related parties)	-328	-951
Repayment of lease liabilities	-41	-13
Cash flow from financing activities	**-341**	**332**
Change in cash and cash equivalents	**-253**	**644**
Effects of foreign exchange rates changes, consolidation-related changes and other changes in value	178	26
Cash and cash equivalents at beginning of reporting period	**889**	**219**
Cash and cash equivalents at end of reporting period	**814**	**889**
Supplementary information on cash flows from operating activities		
Income tax paid (less refunds)	303	206
Interest paid	23	12
Interest received	51	29
Dividends received	110	-

NOTES TO THE FINANCIAL STATEMENTS

Note 1 – Summary of accounting policies

General information

Wintershall Dea GmbH is a German limited company (registration court: Local Court (Amtsgericht) of Lüneburg; entry no.: HRB 200519) and has its registered office in Celle, Lower Saxony, Germany. The headquarters are in Kassel (Friedrich-Ebert-Strasse 160 in 34119 Kassel) and Hamburg (Überseering 40 in 22297 Hamburg), Germany. The nature of the operations and principal activities is the exploration and production of natural gas and oil and other resources, along with the resulting products and co-products, and to trade in all of the resources and commodities, as well as to operate natural gas pipeline systems. The consolidated financial statements will be filed electronically with the operator of the German Government Gazette and promulgated therein after their filing.

Wintershall Dea declared the period from 1 May until 31 December 2019 a short fiscal year in order to bring the financial year back into line with the calendar year. Since the short fiscal year only comprises an 8 months period and the preceding financial year comprised a 4 months period and since the business is also subject to seasonal effects, amounts presented in the financial statements in the year-to-year comparison are not entirely comparable.

Effective 1 May 2019, pursuant to the merger contemplated by the Business Combination Agreement, dated as of 27 September 2018, Wintershall Dea Deutschland AG (formerly DEA Deutsche Erdoel AG) was merged with and into Wintershall Dea GmbH. As a result, Wintershall Dea Deutschland AG became a subsidiary of Wintershall Dea GmbH. Wintershall Dea Deutschland AG and subsidiaries are included in Wintershall Dea's consolidated tax groups and related income tax returns within certain jurisdictions effective with the date of the merger.

As the comparative figures do not comprise Wintershall Dea Deutschland AG and subsidiaries, reporting and preceding period are not directly comparable.

Basis of Presentation

The group consolidated financial statements of Wintershall Dea GmbH and its subsidiaries ("WD Group" or the "Group") have been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) applicable in the European Union (EU), and in accordance with the supplementary accounting regulations pursuant to section 315e (1) of the German Commercial Code (HGB). IFRSs are only applied after they have been adopted by the EU. All IFRSs and pronouncements of the International Financial Reporting Interpretations Committee (IFRIC) that are binding for the 2019 short fiscal year have been applied.

The consolidated financial statements have been prepared in Euro (€). All amounts, including the figures for previous years, are generally reported in millions of Euro (€ million). Exceptions to this rule are explicitly marked in the text (individual figures are shown in thousands of Euro – € thousands). The change in presentation from Euro thousands to Euro millions does not result in any loss of information. The statement of income is prepared in accordance with a modified cost-of-sales method which also considers certain items based on the nature of expenses (e.g. depreciation and amortization). Various items of the Consolidated Statement of Income and Consolidated Balance Sheet are combined to improve the transparency of presentation. These items are shown and explained separately in the Notes.

The consolidated financial statements have been prepared on a historical cost basis except for certain items that have been measured at fair value as described in "Significant accounting policies and assumptions".

The financial statements of the consolidated companies were prepared as of the balance sheet date of the consolidated financial statements. The accounting policies applied essentially correspond to those applied in the previous year. This does not apply to changes resulting from the application of new or revised accounting standards and the harmonization of accounting policies as a result of the merger (refer to "Changes in accounting policies" and "Changes in financial statement presentation").

Consolidation principles

The consolidated financial statements include the accounts of WD Group and its subsidiaries over which the company has control. The scope of consolidation is based on the application of IFRS 10 and IFRS 11. According to IFRS 10, a group consists of a parent company and its subsidiaries, which are controlled by the parent company. WD Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. A subsidiary is deconsolidated from the date that control is lost.

According to IFRS 11, which regulates the accounting of joint arrangements, a distinction must be made between joint ventures and joint operations. In the case of a joint venture, the parties that have joint control of a legally independent company have rights to the net assets of that arrangement. In joint operations, the parties that have joint control have direct rights to the assets and obligations for the liabilities relating to the arrangement. Companies whose corporate governance structures classify them as joint arrangements are analyzed to determine if they meet the criteria for joint ventures or joint operations in accordance with IFRS 11. Should the arrangement be structured through a separate vehicle, its legal form, contractual arrangements and all other facts and circumstances are reviewed. There are joint arrangements in the course of development and production activities as well as for the midstream business.

Associated companies are entities that are not subsidiaries, joint ventures or joint operations, and over whose operating and financial policies significant influence can be exercised. In general, this applies to companies in which WD Group has an investment of between 20 % and 50 %. Such investments are accounted for in the consolidated financial statements in accordance with the equity method and are initially recognized at cost. Equity-accounted income is reported as part of revenues and other income.

In addition to Wintershall Dea GmbH, the consolidated financial statements include all material subsidiaries in full, and one joint operation on a pro rata basis. Companies whose business is dormant or of low volume and are therefore of minor importance for the presentation of a true and fair view of the net assets, financial position and results of operations, are not consolidated, but rather are reported under "Other financial assets". These companies are carried at amortized cost and are written down in the event of an impairment. The aggregated assets as well as equity of these companies amount to less than 2.5 % of both corresponding values at Group level.

The financial statements of the domestic and foreign companies included in the consolidated financial statements of WD Group are uniformly recognized and measured in accordance with the principles described herein. For companies accounted for using the equity method, material deviations in measurement resulting from the application of other accounting principles are adjusted for.

Expenses and earnings as well as accounts receivable and payable between the consolidated subsidiaries are eliminated in full. For joint operations, they are proportionally 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.

In accordance with IFRS 3, cost of an acquisition is measured at the fair value of the assets acquired and liabilities 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. Finally, the acquisition cost is compared with the proportional share of the net assets acquired at fair value. The resulting positive differences are capitalized as goodwill. Negative differences are recognized directly in profit or loss.

The incidental acquisition costs of a business combination are recognized in the income statement under general and administrative expenses. 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.

Foreign currency translation

Foreign currency 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 recognized in the income statement under financial result.

The financial statements of Group companies with functional currencies different from the Group's presentation currency (Euro) are translated using the closing 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 recognized 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 recognized in other comprehensive income.

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

	Balance sheet date		Average	
EUR 1 =	31-12-2019	30-04-2019	May – Dec. 2019	Jan. – Apr. 2019
Argentina (ARS)	67.21	49.15	57.99	45.32
Brazil (BRL)	4.52	4.41	4.47	4.37
UK (GBP)	0.85	0.86	0.88	0.87
Norway (NOK)	9.86	9.67	9.92	9.71
Russia (RUB)	69.96	72.21	71.53	74.33
USA (USD)	1.12	1.12	1.11	1.13
Mexico (MXN)	21.2	-	21.49	-

Changes in accounting policies

The International Accounting Standards Board (IASB) has not adopted new International Financial Reporting Standards (IFRS), new Interpretations and amendments to existing standards, which became effective for the Group as of May 1, 2019.

New accounting policies

Since 1 May 2019, the IASB has issued the following standards and amendments which are not expected to have any material effects on the Group's consolidated financial statements:

STANDARDS, INTERPRETATIONS AND AMENDMENTS	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

Significant accounting policies and assumptions

Realization of revenues

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

At WD Group revenues primarily consist of gas and oil sales. Gas and oil revenues are recognized 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 gas and oil supply via pipeline, when passing agreed delivery points.

Gas storage and gas transportation contracts contain a stand-ready obligation for providing storage or transportation services over an agreed period. Revenues are recognized as WD Group satisfied contractual performance obligations by transferring the services to its customers. Gas storage and midstream businesses are part of the consolidated financial statements until their deconsolidation in the reporting period (refer to Note 3 "Acquisitions and Divestitures").

Revenues and expenses from gas and oil concessions are often allocated based on defined formula via exploration and production sharing agreements between the state and one or more development and production companies. The proceeds due under these contracts are reported as revenue.

As it applies the simplification rule set out in IFRS 15, the Group does not adjust the amount of the agreed consideration to reflect the effects of a material financing component if, on the contract start date, it is expected that the period between the transfer of the goods or services to the customer and the date on which the customer is expected to pay for those goods or services will be one year or less.

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.

Under the liability method, deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. This also comprises temporary differences arising from business combinations, except for goodwill. Deferred tax assets and liabilities are calculated using the country-specific tax rates applicable for the period in which the asset is realized, or the liability settled. Tax rate changes enacted or substantively enacted on or before the balance sheet date are taken into consideration.

Deferred tax assets are recognized 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 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 Group believes it is probable the company will realize 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.

Deferred tax assets are offset against deferred tax liabilities provided they are related to the same tax authority and have the same maturities.

Changes in deferred taxes in the balance sheet are recognized as deferred tax expense/income if the underlying transaction is also recognized in profit or loss. For those effects which have been recognized in equity, changes to deferred tax assets and tax liabilities are also recognized directly in equity.

Intangible assets

Intangible assets include capitalized exploration expenditure, other intangible assets such as cost recovery rights, license rights in the production phase, commercial and technical software and goodwill.

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 capitalized during this phase includes, for example, concession acquisition costs, licenses 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 capitalized only if they were successful, in the sense that they led in particular to the discovery of oil and gas deposits. Costs for geological and geophysical investigations are generally reported under exploration expenses. 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 capitalized is not subject to scheduled amortization/depreciation. At least once a year, all exploration wells are assessed from an economic, technical and strategic viewpoint to see if development is still intended. If this is not the case, the capitalized expenses for the respective well are written off. With the start of production, it is amortized/depreciated according to the unit-of-production method (refer to Property, Plant and Equipment). Exploration wells for which no reserves could be proven are shown as an asset disposal and are expensed under exploration expenses.

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 license 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 3 to 10 years. The useful economic life and amortization methods are subject to annual review.

The intangible asset from the marketing agreement for natural gas from the Yuzhno Russkoye natural gas field is amortized in accordance with WD Group's share of the volume produced and marketed.

Goodwill is not subject to systematic amortization. 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 and investment property

Property, plant and equipment comprise land and buildings, gas and oil assets, other plant, machinery and equipment as well as fixtures and fittings and office equipment. They are valued at amortized acquisition or production cost. Borrowing costs that can be directly allocated to the acquisition or production of an asset are capitalized 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 also includes the estimated cost of deinstallation 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.

Gas and oil assets are generally depreciated using the unit-of-production method. Basically, in the case of capitalized 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, except for land and similar rights, is depreciated using the straight-line method.

The estimated useful lives and depreciation methods of property, plant and equipment are based on historical values, plans and estimates. The depreciation methods, useful lives and residual values are reviewed at each balance sheet date. The typical useful lives of WD Group's non-production-related property, plant and equipment are as follows:

USEFUL LIVES	Years
Buildings	6 – 50
Technical plant and machinery	1 – 25
Factory and office equipment	1 – 23

Leases

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.

The present value for future lease payments is generally recognized 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 recognized 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 assets are shown under intangible assets or property, plant and equipment and are generally depreciated on a straight-line basis over the lease term. Right-of-use assets, that are allocated to the asset category "gas and oil 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 with a maximum amount of € 5 thousand 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 recognized on a straight-line basis over the lease term as expense in the income statement.

Impairment test

An impairment loss is recognized for intangible assets as well as for property, plant and equipment and investment properties if the recoverable amount of the asset is less than it's 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 amortized 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 carrying amount net of amortization or depreciation. Impairment losses are reported net of reversals of impairment losses as net impairments on assets.

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/license or groups of concessions/licenses. 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 a peer group.

The goodwill impairment test is based on groups of cash-generating units. At WD Group, these largely correspond to the business units. If there is a need for an impairment, the existing goodwill is, if necessary, completely written off. Goodwill impairments are reported under net impairments on assets. Impairment losses on goodwill are not reversed.

Equity-accounted investments

The carrying amounts of these companies are increased/reduced annually based on the pro rata share of net income, dividends and other changes in equity. These effects are recognized within the equity result. Should there be indications of a reduction in the value of an investment that is not only temporary, an impairment is recognized in net impairments on assets.

Inventories

Inventories are carried at cost of acquisition or production or at the lower net realizable 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 realizable value of previously impaired inventories has increased, the resulting reversal is recognized in the same expense item in which the original impairment was recorded.

Financial assets and financial liabilities

Financial assets and financial liabilities are recognized in the consolidated balance sheet when WD Group becomes a party to a financial instrument. Financial assets are derecognized when WD Group no longer has a contractual right to the cash flows from the financial asset or when the financial asset is transferred together with all material risks and rewards of ownership. Financial liabilities are derecognized when the contractual obligations expire, are discharged or cancelled. Regular-way purchases and sales of financial instruments are accounted for using the settlement date as a general rule.

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. If pricing on an active market is available, for example in the form of share prices, these are used as the basis for the measurement. Otherwise, the measurement is based on internal measurement models using current market parameters or external measurements, for example, from banks. These internal measurements predominantly use the net present value method and option pricing models.

Except for financial assets measured at fair value through profit or loss, this requires the recognition of impairments for expected credit losses, independent of whether there any actual default events and specific valuation allowances if there is evidence of a permanent need for impairment. If this evidence no longer exists, the impairment is reversed in the statement of income up to the carrying amount of the asset had the default event not occurred. Valuation allowances are generally recognized in separate accounts.

The classification and measurement of financial assets are based, on the one hand, on what is known as the cash flow condition (exclusively cash flows from interest and principal repayments), i.e. the specific structure of the contractually agreed cash flows from an individual financial asset. On the other hand, they also depend on the business model based on which portfolios of financial assets are managed. Based on these two criteria, the WD Group uses the following measurement categories for financial assets:

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

Financial assets are classified as at amortized 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.

Except for trade accounts receivables from 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 revenues are recognized 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 amortized cost using the effective interest method or at fair value through profit or loss.

For financial assets measured at amortized costs expected credit losses are recognized. The assessment of credit losses is carried out on a forward-looking basis. Impairment losses according to IFRS 9 are presented in the respective line item for the operating functions in the income statement. Reversals of impairment losses are credited against the same line item.

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 amortized costs

Financial liabilities are measured at its fair value less, 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 amortized cost using the effective interest method or at fair value through profit and loss.

Financial guarantees of the WD Group are contracts that require compensation payments to be made to the guarantee holder if a debtor fails to make payment when due under the terms of a transaction entered into with the holder of the guarantee. Financial guarantees issued by the WD Group are measured at fair value upon initial recognition. In subsequent periods, these financial guarantees are carried at the higher of amortized cost or the best estimate of the present obligation as of the reporting date.

Derivative financial instruments

Derivatives are initially recognized 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 derivatives that are designated as cash flow hedges is recognized as other comprehensive income within equity. The gains or losses relating to the ineffective portion are recognized 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, 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 recognized 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 utilization demand and held for this purpose (own-use contracts) are not accounted for 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.

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 recognized 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 recognized 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. 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 the operating functional areas and the interest expenses/income are reported in financial expenses

Results of the remeasurement of defined-benefit plans are fully recognized 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.

The defined benefit plans comprise the participation in a legally independent multi-employer plan provided by BASF Pensionskasse VVaG, which is financed by employer and employee contributions as well as the return on plan assets. After Wintershall Dea GmbH is no longer a 100 % subsidiary of BASF, sufficient information is not available to continue defined benefit accounting for this multi-employer plan. Therefore, the company accounts for the plan as if it was a defined contribution plan.

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.

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 amortization cease 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:

Gas and oil reserves

Natural gas and oil reserves are applied to determine the recoverable amount in the framework of the impairment test as well as for the production-related depreciation and amortization using the unit-of- production method. Reserves are estimated by the Group's own qualified engineers and geoscientists applying standardized 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 on an annual basis.

Impairment tests

Key assumptions within impairment tests for intangible assets (including goodwill) and property, plant and equipment and equity-accounted investments relate to estimated reserves, forecasts for market prices of natural gas and crude oil, production forecasts and discount rates.

The company's in-house forecasts of the long-term development of gas and oil prices are based on empirically sound analyses of global gas and oil supply and global gas and oil demand. Long-term estimates also include assumptions on inflation, production volumes and costs, as well as energy efficiency and substitution of energy sources. Gas and oil price estimates are regularly checked for plausibility based on external sources and studies. The discount rates are based on weighted average cost of capital taking into consideration specific country risks.

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 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 recognized 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, 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.

Leases

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 regards 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 Group operates is considered. 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 financial statement presentation and other restatements

As a result of the merger and in order to be more aligned with peers, the presentation of the consolidated financial statements has been adjusted. Reclassifications of prior period amounts have been made to improve comparability and conform to the presentation that has been adopted by WD Group.

Consolidated Statement of Income

The Company adjusted the presentation of consolidated statement of income. The adjustment can be classified in four categories:

a. **More detailed split of presented line items**
The consolidated income statement provides a more detailed split of presented line items especially with regard to revenues and net income from equity-accounted investments.

b. **Less detailed split of presented line items**
The former break-down of the financial result was replaced by the less detailed line items "financial income" and "financial expenses".

c. **Allocation of former line items into functional areas and allocation from functional areas into separate line items**
Income and expenses previously reported as other operating income and expenses as well as distribution and research costs were mainly allocated to the individual functional areas under the new structure. By contrast, depreciation and amortization, impairments and reversal of impairments on assets were allocated from the individual functional areas into separate line items. In addition, the total item cost of sales was allocated to "production and operating expenses", "production and similar taxes", "cost of sales midstream" as well as "general and administration expenses".

d. **Accounting adjustments**
Foreign currency gains and losses and related income and expenses from derivative financial instruments as well as net impairments on financial receivables are no longer shown in the operating result but are instead recognized as financial result.

Consolidated Balance Sheet

The Company reclassified exploration assets from "property, plant and equipment" to "intangible assets". In addition, non-current provisions from income taxes have been reclassified from "other provisions" to "income tax liabilities" and liabilities from other taxes have been reclassified from current "tax liabilities" to "trade and other payables". Overlift liabilities have been reclassified from "other provisions" to "trade and other payables".

€ million	30-04-2019	01-01-2019
Exploration assets	140	140
Provisions from income taxes	1	33
Liabilities from other taxes	56	57
Overlift liabilities	29	5

In addition, "financial receivables" and "derivative instruments" were separated from "other receivables", "decommissioning provisions" were separated from "other provisions" and "financial debt" and "derivative instruments" were separated from "other liabilities".

With regard to fixed assets a new structure of asset classes was introduced (see Note 13). Besides the reclassification of exploration wells and exploration rights to a separate asset class under intangibles, "machinery and technical equipment" as well as "construction in progress" are reclassified to "gas and oil assets", where they relate to gas and oil operations, or to "other plant, machinery and equipment", where they relate to other operations (e.g. gas transportation business), respectively. Right of use assets are no longer shown as a separate asset class but are instead allocated to the individual asset classes.

Moreover, the Company made a further adjustment according to IAS 8.41. The adjustment relates to the calculation method and disclosure of deferred taxes in Argentina and was carried out retrospectively with the following impact on the Consolidated Balance Sheet.

	30-04-2019			01-01-2019		
€ million	Before restatement	Restatement amount	After restatement	Before restatement	Restatement amount	After restatement
Deferred tax assets	270	-46	224	129	7	**136**
Deferred tax liabilities	-1,203	-109	-1,312	-1,321	-162	**-1,483**
Retained earnings and other comprehensive income	-1,841	155	-1,686	-1,960	155	**-1,805**

Note 2 - Scope of consolidation

There are 50 fully and 1 partially consolidated companies (30 April 2019: 18; refer to Note 32). Although Wintershall Dea has no power over relevant activities of ZAO Gazprom YRGM Trading, it is entitled to the company's results on the basis of the profit distribution agreements and controls the company as principal.

NUMBER OF CONSOLIDATED COMPANIES

At the beginning of the year	**18**
First-time consolidations[1]	41
Deconsolidation[1]	-6
Merged	-2
At the end of the year	**51**

1 Refer to Note 3 Acquisitions and Divestitures

There are 7 joint ventures and 7 material associated companies that are accounted for using the equity method (30 April 2019: 10).

Joint operations

A large part of the activities in the Exploration & Production business area are carried out in the context of joint operations, which are in parts managed in separate companies. 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

Joint operations that are not managed in separate companies are mainly in Germany, Norway and Argentina.

The Group's shares in joint operations are accounted for by recognizing its respective share in assets and liabilities as well as its income and expenses. The joint operation AO Achimgaz, Novy Urengoy/Russia is operated jointly with Gazprom to produce natural gas and condensate. Wintershall Dea holds a 50 % interest in the company and controls the company jointly with Gazprom. As a result, the company was classified as a joint operation within the meaning of IFRS 11 and hence is proportionally consolidated.

Joint ventures and associated companies

The main joint ventures accounted for using the equity method are WIGA Transport Beteiligungs-GmbH & Co. KG, Kassel (50 % interest) and its subsidiaries ("WIGA Group") and Wintershall Noordzee B.V., Rijswijk/Netherlands (50 % interest), both of which are operated with the partner Gazprom. The WIGA Group comprises the previously fully consolidated subsidiaries WIGA Transport Beteiligungs-GmbH & Co. KG, W&G Transport Holding GmbH and Opal Gastransport GmbH Co. KG as well as W&G Infrastruktur Finanzierungs-GmbH, GASCADE Transport GmbH and NEL Gastransport GmbH which were previously shown as equity-accounted investment ("W&G Infrastruktur Group"). The deconsolidation of the mentioned companies took place as of 30, November 2019. The WIGA Group comprises the onshore gas transportation activities in Germany.

WIGA TRANSPORT BETEILIGUNGS- GMBH & CO. KG, KASSEL (GROUP, 100 %) (IN THE PREVIOUS YEAR ONLY W&G INFRASTRUKTUR FINANZIERUNGS-GMBH - GROUP,	May – Dec. 2019/31-12-2019	Jan. – Apr. 2019/30-04-2019
€ million		
Balance sheet		
Non-current assets	2,823	1,703
Current assets	516	447
of which marketable securities, cash and cash equivalents	0	-
Assets	**3,339**	**2,150**
Equity	796	494
Non-current liabilities	1,050	1,400
thereof financial indebtedness	400	924
Current liabilities	1,493	256
thereof financial indebtedness	-	**4**
Equity and liabilities	**3,339**	**2,150**
Statement of income [1]		
Revenue	585	332
Depreciation and amortization	-58	-30
Interest expenses	-8	-3
Income taxes	-13	-7
Net income (loss) for the year	79	53
Carrying amount as of the beginning of the year	**646**	**630**
Proportional net income for the year	40	26
Total comprehensive income	**40**	**26**
Capital measures/withdrawals/changes in the scope of consolidation/other adjustments	520	-
of which additions	1,195	-
of which disposals	-675[2]	-
Other adjustments recognized in profit or loss	-19	-10
Carrying amount according as of the end of the year	**1,187**	**646**

1 Including the period December for the previously fully consolidated subsidiaries WIGA Transport, W&G Transport Holding and Opal Gastransport

2 Disposal of the equity-accounted investment "W&G Infrastructure Group"

WINTERSHALL NOORDZEE B.V. RIJSWIJK/ NETHERLANDS (100 %)	May – Dec. 2019/31-12-2019	Jan. – Apr. 2019/30-04-2019
€ million		
Balance sheet		
Non-current assets	658	591
Current assets	75	82
of which marketable securities, cash and cash equivalents	29	37
Assets	**733**	**673**
Equity	79	123
Non-current liabilities	467	470
thereof financial indebtedness	-	45
Current liabilities	187	80
thereof financial indebtedness	124	-
Equity and liabilities	**733**	**673**
Statement of income		
Revenue	60	49
Depreciation and amortization	-71	-508
Interest expenses	-1	-
Income taxes	46	-6
Net income (loss) for the year	-44	-471
Carrying amount as of the beginning of the year	**61**	**297**
Proportional net income for the year	-22	-236
Total comprehensive income	**-22**	**-236**
Capital measures/withdrawals/changes in the scope of consolidation/other adjustments	-	-
of which withdrawals (includes profit transfer)	-	-
Other adjustments recognized in profit or loss	-	-
Carrying amount according as of the end of the year	**39**	**61**

The tables below contain summarized financial information for material associated companies accounted for using the equity method:

› OAO Severneftegazprom, Krasnoselkup/Russia (Wintershall Dea's share 25 %, economic participation 35 %)

OAO SEVERNEFTEGAZPROM, KRASNOSELKUP/RUSSIA (100 %)	May – Dec. 2019/31-12-2019	Jan. – Apr. 2019/30-04-2019
€ million		
Balance sheet		
Non-current assets	884	857
Current assets	258	228
of which marketable securities, cash and cash equivalents	79	94
Assets	**1,142**	**1,085**
Equity	851	790
Non-current liabilities	195	178
Current liabilities	97	118
Equity and liabilities	**1,142**	**1,085**
Statement of income		
Revenue	472	242
Depreciation and amortization	-49	-25
Interest income	4	2
Interest expenses	-5	-2
Income taxes	-18	-10
Net income for the year	65	31
Carrying amount as of the beginning of the year	**310**	**271**
Proportional net income for the year	23	10
Proportional change in other comprehensive income	14	29
Total comprehensive income	**37**	**39**
Capital measures/dividends/changes in the scope of consolidation/other adjustments	-9	-
of which dividends (includes profit transfer)	-9	-
Carrying amount according as of the end of the year	**338**	**310**

› Nord Stream AG, Zug/Switzerland (Wintershall Dea's share 15.5 %)

NORD STREAM AG, ZUG/SWITZERLAND (100 %)	May – Dec. 2019/31-12-2019	Jan. – Apr. 2019/30-04-2019
€ million		
Balance sheet		
Non-current assets	5,067	5,264
Current assets	586	1,128
of which marketable securities, cash and cash equivalents	231	544
Assets	**5,653**	**6,392**
Equity	2,350	2,658
Non-current liabilities	2,789	3,300
thereof financial indebtedness	2,789	3,272
Current liabilities	514	434
thereof financial indebtedness	514	379
Equity and liabilities	**5,653**	**6,392**
Statement of income		
Revenue	715	359
Depreciation and amortization	-182	-114
Interest income	-	-
Interest expenses	-99	-52
Income taxes	-15	-5
Net income for the year	312	170
Carrying amount as of the beginning of the year	**427**	**398**
Proportional net income for the year	50	27
Proportional change in other comprehensive income	6	2
Total comprehensive income	**56**	**29**
Capital measures/dividends/changes in the scope of consolidation/other adjustments	-103	-
of which dividends (includes profit transfer)	-103	-
Carrying amount according as of the end of the year	**380**	**427**

› Wintershall AG, Kassel, in which Libyan exploration and production activities (onshore) are carried out jointly with Gazprom Libyen Verwaltungs GmbH.

WINTERSHALL AG, KASSEL (100 %)	May – Dec. 2019/31-12-2019	Jan. – Apr. 2019/30-04-2019
€ million		
Balance sheet		
Non-current assets	597	641
Current assets	107	220
of which marketable securities, cash and cash equivalents	1	9
Assets	**704**	**861**
Equity	185	190
Non-current liabilities	341	517
thereof financial indebtedness	80	4
Current liabilities	178	154
thereof financial indebtedness	51	13
Equity and liabilities	**704**	**861**
Statement of income		
Revenue	69	54
Depreciation and amortization	-36	-18
Interest income	-	-
Interest expenses	-	-
Income taxes	-49	2
Net income for the year	-5	-
Carrying amount as of the beginning of the year	**97**	**97**
Proportional net income for the year	-3	-
Proportional change in other comprehensive income	-	-
Total comprehensive income	**-3**	**-**
Capital measures/dividends/changes in the scope of consolidation/other adjustments	-	-
of which dividends (includes profit transfer)	-	-
Carrying amount according as of the end of the year	**94**	**97**

Wintershall Aktiengesellschaft (WIAG) and Libya's National Oil Corporation (NOC) have signed in December 2019 two Exploration and Production Sharing Agreements (EPSAs) for Areas 91 (former Concession 96) and 107 (former Concession 97) in the onshore Sirte Basin. WIAG and NOC will establish a joint operating company (JOC) named "Sarir Oil Operations" (51 % NOC, 49 % WIAG) that following a transitional 6-month period of continued WIAG operatorship shall assume operational responsibility in both contract areas.

› Wintershall Wolga Petroleum GmbH, Kassel (Wintershall Dea's share 100 %)
The equity investment comprises the Holding company Wintershall Wolga Petroleum GmbH and it's 50 % interest in the operating joint venture Wolgodeminoil LLC

WINTERSHALL DEA WOLGA PETROLEUM GMBH, KASSEL (50 % Shareholder of Wolgodeminoil LLC)	May – Dec. 2019/31-12-2019	Jan. – Apr. 2019/30-04-2019
€ million		
Balance sheet		
Non-current assets	10	13
Current assets	38	50
of which marketable securities, cash and cash equivalents	30	31
Assets	**48**	**63**
Equity	18	32
Non-current liabilities	4	3
thereof financial indebtedness	-	-
Current liabilities	26	28
thereof financial indebtedness	17	15
Equity and liabilities	**48**	**63**
Statement of income		
Revenue	50	27
General administrative expenses	-4	-2
Other interest and similar income	1	-
Income taxes	-3	-2
Net income for the year	9	6
Carrying amount as of the beginning of the year	**36**	**27**
Proportional net income for the year	9	6
Proportional change in other comprehensive income	1	3
Total comprehensive income	**10**	**9**
Capital measures/dividends/changes in the scope of consolidation/other adjustments	-17	-
of which dividends (includes profit transfer)	-17	-
Carrying amount according as of the end of the year	**36**	**36**

› Achim Development, Novy Urengoi/Russia and Achim Trading, Moscow/Russia

Wintershall Dea's share in both companies is 18.01 % and the economic participation amounts to 25.01 %. Partner in both companies is Gazprom.

The limited liability company Achim Development comprises blocks IV/V of the Achimov Formation.

The limited liability company Achim Development comprises blocks IV/V of the Achimov Formation. The joint stock company Achim Trading will market the production of Achimov IV/V. The carrying amount of the investments as of 31 December 2019 was € 610 million (previous year: € 612 million). Economic activity will not commence until the start of production of blocks IV/V, which is scheduled for 2020. As a result, no relevant financial information has to be presented for the reporting period in accordance with IFRS 12. As of 31 December 2019 assets for Achim Development were € 705 million and for Achim Trading € 1 million.

Note 3 – Acquisitions and divestitures

Merger with Wintershall Dea Deutschland AG (formerly DEA Deutsche Erdoel AG)

Effective 1 May 2019, BASF SE and LetterOne Holdings S.A. completed the merger of Wintershall Dea GmbH and Wintershall Dea Deutschland AG ("Dea") contemplated by the Business Combination Agreement, dated as of 27 September 2018, by and among the BASF SE (BASF), BASF Handels- und Exportgesellschaft mbH (BHE), LetterOne Holdings S.A. (LetterOne), L1E Acquisitions GmbH (L1E Acquisitions) and Wintershall Dea GmbH. BASF and BHE jointly held all shares in Wintershall Dea. L1E Acquisitions, an indirect 100 % subsidiary of LetterOne, held all shares in Wintershall Dea Deutschland AG.

With the merger, BASF and LetterOne combined the Wintershall business with the Dea business in Wintershall Dea GmbH as jointly owned company upon the terms and conditions set out in the Business Combination Agreement. The main objective was to increase competitiveness and future viability by pooling forces. Wintershall Dea has the strength, know-how and international footprint to make inroads in the global market and seize great opportunities.

As part of the transaction, LetterOne has contributed all shares in Wintershall Dea Deutschland AG into Wintershall Dea GmbH against issuance of new shares. Furthermore, Wintershall Dea took over a loan liability from LetterOne towards Wintershall Dea Deutschland AG of EUR 1.7 billion.

BASF holds 67 %, and LetterOne holds 33 % of the ordinary shares of Wintershall Dea. In addition, BASF holds Preference Shares in Wintershall Dea resulting from an equity contribution, which convert into ordinary shares at IPO or May 1, 2022, whichever is earlier. The aggregate amount of Preference Shares held by BASF corresponds to an amount which results in an arithmetical participation of the registered share capital in Wintershall Dea of 72.7 % for BASF and 27.3 % for LetterOne. Wintershall Dea is jointly controlled by BASF and LetterOne as set out in the corporate governance.

Allocation of Purchase Price

Based on an evaluation of IFRS 3 "Business Combinations", Wintershall was determined to be the acquirer in the merger. As consideration for the contribution of all shares in Wintershall Dea Deutschland AG, equity interest of Wintershall Dea GmbH (51,716,445 ordinary shares) have been issued to LetterOne. The fair value of the consideration is based on the equity value of Wintershall Dea Deutschland AG and its subsidiaries as of 1 May 2019. Transaction and integration costs directly related to the merger were recognized as general and administration expenses. For the reporting period an amount of € 30 million was recorded.

Wintershall Dea has applied the acquisition method of accounting with respect to the assets and liabilities of Wintershall Dea Deutschland AG and its subsidiaries, which have been measured at fair value as of 1 May 2019. The fair values represent management's best estimate and require a complex series of judgments about future net cash flows, discount rates and other factors. Inputs were generally determined by considering historical data, supplemented by current and anticipated market conditions, and growth rates.

The table below presents the fair value that was allocated to Wintershall Dea Deutschland AG's assets and liabilities based upon fair values as determined by Wintershall Dea. The Company estimated the fair value of acquired assets and liabilities as of the date of acquisition based on information currently available.

The preliminary allocation, which had been presented in the quarterly financial statements, was adjusted during the 12 months remeasurement period. The adjustment of the consideration was mainly due to improved knowledge about the reservoir of some concessions gathered from new information and data received and/or interpreted.

ASSETS ACQUIRED AND LIABILITIES ASSUMED ON 1 MAY 2019

	Estimated fair value	
€ million	Adjusted PPA	Initial PPA
Fair values of assets acquired		
Exploration assets	1,372	1,621
Other intangible assets	2,482	2,560
Property, plant and equipment and investment property	4,421	4,461
Inventories	83	84
Financial assets and financial receivables	1,886	1,886
Trade and other receivables (incl. derivatives)	500	477
Income and deferred tax assets	217	166
Cash and cash equivalents	171	171
Total assets	**11,132**	**11,426**
Fair values of liabilities assumed		
Provisions	1,496	1,472
Financial debt	2,204	2,204
Trade and other payables (incl. derivatives)	573	581
Income tax liabilities	132	133
Deferred tax liabilities	2,647	2,766
Total liabilities	7,052	7,156
Net assets (consideration for the merger)	**4,080**	**4,270**

The acquired goodwill amounts to € 1,772 million and is mainly resulting from the recognition of deferred taxes. None of the goodwill recognized is expected to be deductible for tax purpose.

The consolidated income statement includes revenues of € 847 million and net income of € -344 million for the acquired companies.

Ghasha Concessions United Arab Emirates

On 25 November 2018, Wintershall Dea Middle East GmbH had signed an accession agreement to the concession agreement with the Abu Dhabi National Oil Company (ADNOC) and the Supreme Petroleum Council of the United Arab Emirates to acquire a 10 % stake in the Ghasha concession in the United Arab Emirates. The acquisition was classified as a joint arrangement accounted for by analogy to IFRS 11 joint operation. Due to a lack of sufficient information the purchase price of € 156 million was not allocated to the acquired assets as of 30 April 2019

After obtaining all relevant information, the purchase price allocation was carried out during the 12 months remeasurement period in November 2019.

€ million	Estimated fair value
Fair values of assets acquired	
Other intangible assets	23
Property, plant and equipment	133
Total net assets	**156**

Divestiture of storage business

As of 28 May 2019, Wintershall Dea has signed a contract for the sale of the oil storage in Blexen. The sale was completed on 24 June 2019 with economic effective date 1 January 2019. The storage business was not classified as discontinued operation as it does not represent a separate major line of business.

In connection with the sale, a purchase price of € 40 million was paid to Wintershall Dea. After deduction of disposed cash and cash equivalents the net inflow from divestures amounted to € 33 million. The disposal of the company led to a gain on deconsolidation in the amount of € 38 million. No cumulative other comprehensive income was recorded for the storage business.

The following assets and liabilities were derecognized:

€ million	
Non-current assets	15
Current assets	7
thereof cash and cash equivalents	7
Non-current liabilities	19
Current liabilities	1

Divestiture Gullfaks AS

The sale of Gullfaks AS was completed on 20 December 2019. Gullfaks AS was the owner of the office building in Norway. As the building was leased afterwards the transaction was classified as a sale and lease back transaction according to IFRS 16.

In connection with the sale, a purchase price of € 82 million (net of cost) was paid to Wintershall Dea. The sales and lease back transaction resulted in a gain on deconsolidation of € 4 million. The deconsolidation gain included € 13 million of foreign currency losses that were reclassified from equity.

The following assets and liabilities were derecognized:

€ million	
Non-current assets	62
Current assets	2
thereof cash and cash equivalents	0
Non-current liabilities	1
Current liabilities	3

Deconsolidation of the gas transportation business (WIGA-Group)

The onshore gas transportation activities of the Group in Germany are bundled under the holding company WIGA Transport Beteiligungs-GmbH & Co. KG (WIGA), which is owned by Wintershall Dea with 50.02 and GAZPROM Germania GmbH (GPG, 49.98 %). Historically, the results of WIGA were fully consolidated into WD Group's financial statements. The same applies to WIGA's subsidiaries W&G Transport Holding GmbH (WGTH) and OPAL Gastransport GmbH & Co. KG (OGT). The remaining subsidiaries W&G Infrastruktur Finanzierungs-GmbH, GASCADE Gastransport GmbH and NEL Gastransport GmbH were consolidated according to the equity method.

As a result of the merger between Wintershall and Dea, Wintershall Dea and GPG agreed to an adjustment of the corporate governance in WIGA with effect from 1 December 2019 which resulted in al loss of Wintershall Dea's control over WIGA and led to joint control of Wintershall Dea and GPG. This in turn led to a deconsolidation of the previously fully consolidated subsidiaries of the WIGA Group in WD Group's consolidated financial statements. The whole WIGA Group is recognized as an equity investment as from 1 December 2019 onwards triggering a re-evaluation of WIGA including WIGA subsidiaries.

The fair value of the WIGA equity investments amounted to € 1,195 million as of 1 December 2019. The deconsolidation and recognition as equity investments led to a gain of deconsolidation in the amount of € 385 million.

The following assets and liabilities were derecognized:

€ million	
Non-current assets	1,620
Current assets	49
thereof cash and cash equivalents	1
Non-current liabilities	359
Current liabilities	742

The following assets and liabilities which had previously been eliminated within WD Group were recognized:

€ million	
Non-current assets (previously eliminated)	200
Current liabilities (previously eliminated)	574

The consolidated income statements include revenues and expenses for WIGA, W&G Transport Holding and OPAL for the period May until November 2019. For the period of December the proportional net income is recognized as "net income from equity accounted investments".

Major asset sales

In September, Wintershall Dea completed the sale of interest in certain non-operated oil and gas assets in Emsland and Grafschaft Bentheim in Germany.

In November, Wintershall Dea sold a 45 % interest share in the Aguada Federal block situated in the Neuquén basin (Argentina) to ConocoPhillips. Wintershall Dea, as the operator, will retain a 45 % share in the block. ConocoPhillips also acquired a 50 % share in the nearby Bandurria Norte block from Wintershall Dea. Wintershall Dea retained the other 50 % and remains the operator of the block.

In December, Wintershall Dea sold its interest in its Norwegian infrastructure projects in the Nyhamna terminal and in the Polarled pipeline. This disposal of the infrastructure assets led to loss of € 46 million. This was mainly due to a loss of € 51 million from the partial disposal of the goodwill allocated to Norway.

Note 4 – Sales revenues and other income

REVENUES	May – Dec. 2019	Jan. – Apr. 2019
€ million		
Revenues gas		
Gas sales own production	931	327
Gas sales trading	588	491
Gas derivatives	23	4
	1,542	**822**
Revenues oil		
Oil sales own production	1,348	431
Oil sales trading	27	23
Oil derivatives	15	-
	1,390	**454**
Total revenues gas and oil	**2,932**	**1,276**
Revenues midstream	121	73
Revenues other	219	180
Total	**3,272**	**1,529**

As from the reporting period, gas and oil (crude oil/condensate) revenues from own production also include service fees for extraction services in Russia. In the previous year, these revenues were shown under "revenues other". In the reporting period, "revenues other" mainly comprise revenues from construction services to Achim Development.

Gains and losses from gas derivatives and oil swaps are not considered sales revenues according to IFRS 15.

Other operating income

Other operating income mainly include gains from deconsolidation as well as gains from asset disposal.

Note 5 – Production and operating expenses

PRODUCTION AND OPERATING EXPENSES	May – Dec. 2019	Jan. – Apr. 2019
€ million		
Production costs	391	148
Change over-/underlift	-2	30
Transport fees and leases	181	55
Development costs	16	11
Cost of trade goods	561	425
Other cost of sales	123	2
Other costs	28	-16
Total	**1,298**	**655**

Production costs also comprise extraction services in Russia. In the previous year the production cost also included construction services for Achim Development. As from the reporting period those costs are shown under "other cost of sales".

Cost of trade goods covers the trading activities for oil and gas. The corresponding revenues are shown under "gas and oil sales trading". The trading activities of the Russian subsidiary YRGM Trading are shown net of cost under "gas sales trading".

Other costs mainly comprise net impairments on operating receivables (gains of € 25 million), losses from disposals of fixed assets of € 56 million and restructuring cost (gains of € 3 million).

Note 6 – Exploration

Exploration expenses in the income statement (€ 148 million) 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 expenses.

Provisions comprise commitments from exploration (mainly working programs) amounting to € 136 million.

The cash flow from operating activities attributable to exploration amounts to € 107 million. In addition, the cash flow from investment activities by the exploration division amounts to € 77 million.

Note 7 – Additional discolosure: Personnel expenses and employees

Total personnel expenses included in production and other operating expenses, exploration expenses and general administration expenses are as follows:

PERSONNEL EXPENSES	May – Dec. 2019	Jan. – Apr. 2019
€ million		
Wages and salaries	245	68
Social security and other benefits	31	7
Expenses relating to post-employee benefits	47	4
Total	**323**	**79**

As of 31 December 2019, the Group had 2,847 employees in fully consolidated and partially consolidated companies (30 April 2019: 2,004 employees).

NUMBER OF EMPLOYEES	31-12-2019	30-04-2019
WD Group	**2,847**	**2,004**
of which trainees	63	52
of which employees on fixed-term contracts	129	161

Note 8 – Financial Result

FINANCIAL RESULT	May – Dec. 2019	Jan. – Apr. 2019
€ million		
Interest income from third parties	73	35
Interest income from related parties	2	2
Foreign currency exchange gains, net	-	-
Gains from financial derivatives, net	24	-
Income from investments	3	-
Other financial income	5	1
Financial income	**107**	**38**
Interest expenses to third parties	92	8
Interest expenses to related parties	0	6
Less capitalized borrowing costs	-24	-
Foreign currency exchange losses, net	128	1
Losses from financial derivatives, net	-	7
Interest from addition to provisions	37	12
Net impairment on financial receivables	-1	0
Other financial expenses	15	8
Financial expenses	**247**	**42**
Total financial result	**-140**	**-4**

Interest income and expense relate to assets and liabilities measured at amortized cost.

Note 9 – Income taxes

In Germany, a uniform corporate income tax rate of 15.0 %, as well as a solidarity surcharge of 5.5 % thereon, are levied on all distributed and retained earnings. In addition to corporate income tax, income generated in Germany is subject to a trade tax that varies depending on the municipality in which the company is represented. The weighted average trade tax rate in 2019 was 15.0 % (previous year: 15.0 %).

The 30 % tax rate used to calculate deferred taxes for German group companies remained unchanged in 2019. The income of foreign Group companies is assessed using the tax rates applicable in their respective countries. The foreign Group companies use the following tax rates for the deferred tax calculation:

TAX RATES FOR THE DEFERRED TAX CALCULATION

Norwegian Group company	78 % / 22 %
Mexican Group companies	30 %
Dutch Group companies	25 % / 65 %
Russian Group companies	20 %
Argentine Group company	25 %

TAX EXPENSE	May – Dec. 2019	Jan. – Apr. 2019
€ million		
Income taxes current year (Corporate income tax, solidarity surcharge and trade taxes)	-144	-229
Income taxes for previous years	31	50
Current income tax expense	**-113**	**-179**
from changes in temporary differences	-191	287
from changes in tax loss carry forwards/unused tax credits	18	0
from changes in the tax rate	0	0
Deferred tax expenses	-173	287
Income taxes	**-286**	**108**

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

RECONCILIATION TO THE EFFECTIVE TAX EXPENSE AND THE TAX RATE

	May – Dec. 2019	Jan. – Apr. 2019
€ million		
Result before taxes	**601**	**-959**
Expected corporate income tax based on German corporate income tax rate (15 %)	-90	144
Solidarity surcharge	0	0
Trade income tax	8	-9
Effect of different tax rates on income of foreign group companies	-131	337
Taxes for previous years	31	50
Withholding tax and dividends	-24	0
Tax effects on		
Gain from deconsolidation	64	-
Expenses not deductible for tax purposes	-7	0
Changes in tax loss carry forwards	-30	-
Goodwill impairments and disposal	-40	-79
Net income from equity-accounted investments	12	-61
Miscellaneous	-79	-274
Effective income taxes	**-286**	**108**
Effective income tax rate	**48 %**	**11 %**

Income tax assets and liabilities

Income tax assets and 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 income tax liabilities also comprise provisions for uncertain tax positions.

Deferred tax assets and liabilities

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

DEFERRED TAX ASSETS AND LIABILITIES MAY – DEC. 2019	01-05-2019[1], net	Effects recognized in income	Business combinations/ deconsolidations	Effects recognized in OCI: cash flow hedges	Effects recognized in OCI: Remeasurement of benefit plan	Effects recognized in OCI: Foreign currency translation	31-12-2019, net	Deferred tax assets	Deferred tax liabilities
€ million									
Intangible assets	-140	125	-1,773	-	-	62	-1,726	47	1,773
Property, plant and equipment	-1,877	-285	-1,081	-	-	85	-3,158	4	3,162
Inventories, receivables and financial assets	65	-47	-94	-7	-	1	-82	9	91
Pension provisions	60	7	51	-	29	-2	145	164	19
Other provisions liabilities and financial liabilities	802	239	342	-12	-	-8	1,363	1,391	28
Other	1	-18	26	-	-	-	9	14	5
Tax loss carry forwards	1	18	49	-	-	-	68	68	-
Deferred tax assets (liabilities) before netting	**-1,088**	**39**	**-2,480**	**-19**	**29**	**138**	**-3,381**	**1,697**	**5,078**
Netting (same tax jurisdictions)								-1,601	-1,601
Deferred tax assets (liabilities) after netting								**96**	**3,477**

1 Restated (refer to “changes in financial statement presentation”)

DEFERRED TAX ASSETS AND LIABILITIES JAN. – APR. 2019	01-01-2019[1], net	Effects recognized in income	Cash flow hedges and remeasure-ments of benefit plans (OCI)	Foreign currency translation (OCI)	30-04-2019[1], net	Deferred tax assets	Deferred tax liabilities
€ million							
Intangible assets	-131	2	-	-11	-140	6	146
Property, plant and equipment	-2,016	176	-	-37	-1,877	38	1,915
Inventories, receivables and financial assets	55	10	-	-	65	75	10
Pension provisions	49	1	10	-	60	65	5
Other provisions, liabilities and financial liabilities	694	98	-	10	802	807	5
Other	1	-	-	-	1	1	-
Tax loss carry forwards	1	-	-	-	1	1	-
Deferred tax assets (liabilities) before netting	**-1,347**	**287**	**10**	**-38**	**-1,088**	**993**	**2,081**
Netting (same tax jurisdictions)						-769	-769
Deferred tax assets (liabilities) after netting						**224**	**1,312**

1 Restated (refer to "changes in financial statement presentation")

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

Deferred tax assets as a rule comprise capitalized tax credit claims resulting from the expected utilization of loss carry forwards in subsequent years. The realization 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 € 533 million (previous period: € - million).

Of the total amount of deferred tax assets and deferred tax liabilities, € 127 million (previous period: € 101 million) and € 118 million (prior period: € 380 million) are expected to be realized within twelve months.

Current income taxes for current and prior periods are measured at the amount which is expected to be paid to or be refunded from the tax authorities taking into account the tax rates applicable in the countries of the respective Group companies being effective at balance sheet date. The Group companies are liable for taxation in several countries. When assessing the group-wide tax receivables and tax liabilities the interpretation of tax law may create uncertainty. There is a potential risk that tax authorities and Group companies interpret tax rules differently. Changes in assumptions of tax law interpretations which may as an example result from revised jurisprudence are recognized in the measurement of uncertain tax receivables and liabilities in the respective period. Uncertain tax receivables and liabilities are recognized if their probability is more likely than not. Uncertain tax positions are recognized and measured at expected value if their probability is not more likely.

Tax loss carry forwards

The deferred tax assets result from domestic and foreign activities. In the fiscal year under review, there were tax loss carry forwards of € 106 million (previous year: € 1 million) in Germany and € 177 million (previous year: € - million) in Mexico, on which deferred taxes € 68 million (previous year € 0.4 million) were recognized.

Note 10 – Non-controlling interest

NON-CONTROLLING INTERESTS	May – Dec. 2019	Jan. – Apr. 2019
€ million		
Non-controlling interests in profits or loss	30	18

All Group companies with non-controlling interests were deconsolidated as of 1 December 2019 (refer to Note 3). The following table shows the equity interest as of 30 April 2019:

		30-04-2019 Equity interest[1]	
GROUP COMPANY	PARTNER	%	€ million
WIGA Transport Beteiligungs-GmbH & Co. KG,			
W&G Transport Holding GmbH,	GAZPROM Germania GmbH, Berlin	49.97	154
OPAL Gastransport GmbH & Co. KG			

1 Partners' equity interest in W&G Transport Holding GmbH and OPAL Gastransport GmbH & Co. KH: 50.02 % voting rights and share of earnings: 49.97 %

Note 11 – Segment reporting

The group's business is conducted in 6 segments:

- E&P Northern Europe
- E&P Russia
- E&P Middle East/North Africa (MENA)
- E&P Latin America (LATAM)
- Midstream
- Other

The 4 E&P segments are further divided into 11 divisions, based on countries in the respective region. The E&P segments comprise exploration and appraisal, field development and production activities in the following divisions:

- E&P Northern Europe: Germany, Norway and Denmark/the Netherlands/UK
- E&P Russia: Russia
- E&P Middle East/North Africa: Egypt, Libya, Algeria and United Arab Emirates (UAE)
- E&P Latin America: Argentina, Mexico and Brazil

The Midstream segment comprises the onshore and offshore gas transportation activities in Europe.

The segment "Other" includes the Board of Management, corporate functions, inter alia Strategy, Global Exploration, Technology & Innovation, Digital, holding companies as well as trading activities managed by headquarter.

The accounting policies for the operating segments are the same as the group's accounting policies described in Note 1.

The consolidation column includes the elimination of inter-segment sales, mainly resulting from the gas trading activities between the headquarter and the business segment. Sales between the segments are made at prices that approximate market price.

The internal performance measure "adjusted EBITDAX" (EBITDAX) is disclosed as a measure of profit and loss for each reporting segment. EBITDAX is not a recognized measure under IFRS.

	May – December 2019							
€ million/mboed	E&P Northern Europe	E&P Russia	E&P Middle East/North Africa[3]	E&P Latin America	Midstream	Other	Consolidation	Total
External sales revenues	1,623	375	274	348	123	529	-	3,272
Inter-segment revenues	36	-	-	0	-	2	-38	-
Segment revenues	1,659	375	274	348	123	531	-38	3,272
Depreciation and amortization	-763	-18	-84	-157	-27	-4	-	-1,053
Net impairment on assets	-48	-	-6	-244	-	0	-	-298
Exploration expenses	-71	-	-1	-77	-	1	-	-148
Income tax	-156	-44	-51	7	-8	-34	-	-286
Net result	32[4]	195	81	-301	514[5]	-206	-	315
EBITDAX	1,025	246	215	220	170	-97	-	1,779
thereof net income from equity-accounted investments	-22	21	-	-	77	6	-	82
Capital expenditure (without acquisitions)[1]	860	28	204	70	0	2	-	1,164
Production (mboed)[2, 6]	198	284	55	78	-	-	-	615
thereof gas	104	229	42	68	-	-	-	443
thereof oil	94	55	13	10	-	-	-	172

1 Cash outflows for intangible assets, property, plant and equipment and investment property
2 On working interest basis, including proportional production from at equity valued companies
3 All excluding Libyan onshore
4 Including gains from deconsolidation (€ 42 million)
5 Including gains from deconsolidation (€ 385 million)
6 Production (mboed) is not an IFRS measure.

€ million/mboed	January – April 2019							
	E&P Northern Europe	E&P Russia	E&P Middle East/North Africa[3]	E&P Latin America	Midstream	Other	Consol-idation	Total
External sales revenues	682	240	-	141	74	392	-	1,529
Inter-segment revenues	1	-	-	-	-	8	-9	-
Segment revenues	683	240	-	141	74	400	-9	1,529
Depreciation and amortization	-192	-9	0	-48	-15	-31	-	-295
Net impairment on assets	-972	-234	-	-	-	-	-	-1,206
Exploration expenses	-27	-	0	-36	-	-13	-	-76
Income tax	52	-39	-3	65	-13	46	-	108
Net result	-882	-55	23	71	97	-105	-	-851
EBITDAX	429	216	-1	91	105	-55	-	785
thereof net income from equity-accounted investments	1	16	0	-	44	-	-	61
Capital expenditure (without acquisitions)[1]	94	7	29	39	0	1	-	170
Production (mboed)[2, 4]	127	300	2	69	-	-	-	499
thereof gas	61	243	-	63	-	-	-	367
thereof oil	66	58	2	6	-	-	-	132

1 Cash outflows for intangible assets, property, plant and equipment and investment property
2 On working interest basis, including proportional production from at equity valued companies
3 All excluding Libyan onshore
4 Production (mboed) is not an IFRS measure

External sales revenues are allocated to the following divisions:

EXTERNAL SALES REVENUES	May – Dec. 2019	Jan. – Apr. 2019
€ million		
Norway	1,135	514
Germany	473	168
UK/Denmark/Netherlands	15	-
Northern Europe	**1,623**	**682**
Russia	**375**	**240**
Egypt	161	-
Libya	78	-
Algeria	35	-
Middle East/North Africa	**274**	**-**
Argentina	299	141
Mexico	49	-
Latin America	**348**	**141**
Midstream	**123**	**74**
Other	**529**	**392**
Total	**3,272**	**1,529**

EBITDAX

EBITDAX derived from the profit/loss (-) before taxes and adjusted by the following item:

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

b. Income and expenses attributable to exploration but excluding depreciation, amortization, 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. Depreciation, amortization and net impairment on assets as shown in the income statement.

d. Acquisition, disposal and restructuring costs and further identified items as stated below. 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. Realized and unrealized foreign exchange gains and losses (including hedging results).

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

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

EBITDAX	May – Dec. 2019	Jan. – Apr. 2019
€ million		
Income/loss (-) before taxes	**601**	**-959**
Interest and other financing costs	6	-9
Exploration expenses	146	75
Depreciation, amortization and net impairment on assets	1,350	1,502
Acquisition, disposal and restructuring costs and identified items [1]	-425	187
Realized and unrealized gains/losses from foreign currency valuation and financial derivatives	103	8
Gains/losses attributable to the disposal of fixed assets	11	-22
Pension items	-13	3
EBITDAX	**1,779**	**785**

1 Includes the following identified items: May – Dec. 2019: including restructuring costs € -33 million, acquisition cost € 5 million, integration cost € 30 million, gain from deconsolidation of 2 subsidiaries € -42 million, the change of consolidation method from WIGA Group € -385 million
Jan. – Apr. 2019: including restructuring cost € 180 million, integration cost € 7 million

Note 12 – Intangible assets, property, plant and equipment and investment property

INTANGIBLE ASSETS	Exploration	Other intangible assets	Goodwill	Total
€ million				
Cost of acquisition and production				
As of 01-05-2019	225	1,288	1,204	2,717
Changes in scope of consolidation	1,372	2,482	1,772	5,626
Additions	128	57	-	185
Disposals	-126	-48	-396	-570
Transfers	201	-146	0	55
Currency effects	-31	-48	0	-79
As of 31-12-2019	**1,769**	**3,585**	**2,580**	**7,934**
Accumulated amortization				
01-05-2019	85	543	132	760
Changes in scope of consolidation	-	-	-	0
Amortization/depreciation	3	170	-	173
Impairment	39	4	212	255
Disposals	-9	-11	-345	-365
Transfers	75	-58	-	17
Currency effects	-1	12	1	12
As of 31-12-2019	**192**	**660**	**0**	**852**
Net carrying amount as of 31-12-2019	**1,577**	**2,925**	**2,580**	**7,082**

INTANGIBLE ASSETS	Exploration	Other intangible assets	Goodwill	Total
€ million				
Cost of acquisition and production				
As of 01-01-2019	225	1,203	1,702	3,130
Changes in scope of consolidation	-	-	-	-
Additions	-	1	-	1
Disposals	-	0	-532	-532
Transfers	-	-	-	-
Currency effects	-	84	34	118
As of 30-04-2019	**225**	**1,288**	**1,204**	**2,717**
Accumulated amortization				
01-01-2019	85	492	130	707
Changes in scope of consolidation	-	-	-	-
Amortization/depreciation	-	16	-	16
Impairment	-	-	527	527
Disposals	-	0	-527	-527
Transfers	-	-	-	-
Currency effects	-	35	2	37
As of 30-04-2019	**85**	**543**	**132**	**760**
Net carrying amount as of 30-04-2019	**140**	**745**	**1,072**	**1,957**

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY	Land and buildings [1]	Gas and oil assets	Other plant, machinery and equipment	Fixtures and fittings and office equipment	Total
€ million					
Cost of acquisition and production					
As of 01-05-2019	160	11,793	1,548	86	13,587
Changes in scope of consolidation	-38	4,360	-1,098	10	3,234
Additions	50	1,512	2	7	1,571
Disposals	-13	-149	-447	-6	-615
Transfers	18	-112	19	5	-70
Currency effects	-2	-161	4	0	-159
As of 31-12-2019	**175**	**17,243**	**28**	**102**	**17,548**
Accumulated amortization					
As of 01-05-2019	56	6,703	448	69	7,276
Changes in scope of consolidation	-14	0	-376	-2	-392
Amortization/depreciation	10	854	38	6	908
Impairment	1	42	-	-	43
Disposals	-10	-56	-93	-3	-163
Transfers	0	-51	0	0	-51
Currency effects	0	-5	0	0	-5
As of 31-12-2019	**43**	**7,487**	**17**	**69**	**7,616**
Net carrying amount as of 31-12-2019	**132**	**9,756**	**11**	**33**	**9,932**

1 Land and buildings include investment property.

	Land and buildings [1]	Gas and oil assets	Other plant, machinery and equipment	Fixtures and fittings and office equipment	Total
€ million					
Cost of acquisition and production					
As of 01-01-2019	149	11,285	1,526	84	13,044
Changes in scope of consolidation	-	-	-	-	0
Additions	9	363	22	1	395
Disposals	-	-59	-	-	-59
Transfers	-	-	-	-	-
Currency effects	2	204	-	1	207
As of 30-04-2019	**160**	**11,793**	**1,548**	**86**	**13,587**
Accumulated amortization					
01-01-2019	53	6,122	433	67	6,675
Changes in scope of consolidation	-	-	-	-	-
Amortization/depreciation	3	291	15	2	311
Impairment	-	209	-	-	209
Disposals	-	-	-	-	-
Transfers	-	-	-	-	-
Currency effects	-	81	-	-	81
As of 30-04-2019	**56**	**6,703**	**448**	**69**	**7,276**
Net carrying amount as of 30-04-2019	**104**	**5,090**	**1,100**	**17**	**6,311**

1 Land and buildings include investment property.

Borrowing cost

In connection with the acquisition and production of qualified assets, in the reporting period borrowing costs amounting to € 24 million (prior year: € 0 million) were capitalized as part of acquisition and production costs. In the reporting period, the financing cost rate applied in this context was between 1.3 % and 1.5 % (previous year: 1.5 %).

Impairment testing

Impairment tests of individual cash-generating units are performed when impairment triggers are identified. External triggering events include, for example, changes in oil and gas prices and in the estimated reserves. Changes in production processes or physical damage to assets constitute internal indicators of impairment. The goodwill test needs to be carried out annually and was performed in the fourth quarter 2019 on the basis of business units.

Impairment is recognized when the book value of an asset or a cash-generating unit, including goodwill, exceeds the recoverable amount. The recoverable amount corresponds to the fair value less cost of disposal (level 3 in fair value hierarchy). For producing licenses and licenses in development phase the recoverable amount is estimated based on discounted future after tax cash flows. For the reporting period impairment losses amount to € 298 million (thereof goodwill impairment € 212 million). The asset impairments relate to producing assets in Germany (€ 47 million) and an exploration license in Mexico (€ 39 million). Below is an overview of the key assumptions applied for the impairment test as of 31 December 2019.

Oil and gas prices

Forecasted oil and gas prices are based on the current oil and gas price scenario of the Group taking into account management's estimates and available market data. The oil and gas price scenario includes an oil price of 62.00 USD/bbl and a gas price of 4.20 USD/mmbtu for the year 2020.

Discount rate

The discount rates applied are based on weighted average cost of capital taking into consideration the individual functional currency and specific country risks. The beta factor is based on publicly available market data about the identified peer group. For the impairment test in 2019, the applied discount rates range between 6.0 % and 11.6 %.

For the goodwill impairment test of the business units to which a material part of the goodwill was allocated, Germany/Denmark and Norway, an interest rate of 6.0 % or 6.9 % was applied, respectively.

Goodwill impairment

The goodwill is allocated the following groups of cash generation units:

GOODWILL	31-12-2019	30-04-2019
€ million		
Germany/Denmark	338	56
Argentina	120	120
Middle East	6	6
Netherlands	10	10
Norway	1,658	459
Achimgaz	237	237
Gazprom YRGM Trading	184	184
Egypt	27	-
Algeria	-	-
Mexico	-	-
Total	**2,580**	**1,072**

The goodwill resulting from the merger with Wintershall Dea Deutschland AG was allocated as follows:

GOODWILL	
€ million	
Germany/Denmark	281
Norway	1,253
Egypt	27
Algeria	6
Mexico	204
Total	**1,772**

The goodwill related to the business units Algeria and Mexico was completely impaired in the reporting period. The goodwill in Norway was partly disposed (€ 51 million) due to the sale of infrastructure assets.

Sensitivities

Oil and gas prices, production volumes and discount rates are considered to be the most critical input parameters or assumptions for the goodwill impairment test. In these items, sensitivity analysis was carried out. In accordance with IAS 36.134 f, the analysis was focused on the business units Norway and Germany/Denmark only.

After determining the corresponding recoverable amounts of the business units by assessing reasonable deviations (-20 % on prices, -20 % on production and +0.5 % on WACC) for the stated 3 critical input parameters, no indication was seen for the business unit Germany/Denmark that in any case the carrying amount would exceed the recoverable amount, and subsequently triggering a goodwill impairment. For Norway, this is also valid for sensitivity assessments on production volumes and the discount rate. Only in the case of a significant decrease in projected oil and gas prices, there may exist a possibility of an impairment risk for allocated goodwill. The recoverable amount of the business unit Norway exceeds its carrying amount by € 1.2 billion in the reporting period. The recoverable amount would correspond to the carrying amount of the business unit if the oil and gas price forecasts were approximately 18 % lower.

Cashflows for validation purposes are derived from life of field sheets, which reflect production volumes and cost elements for the remaining expected economic lifetime of an gas or oil field and end with the year of the field abandonment or with the contractual expiration of the production license.

Note 13 – Equity-accounted investments

DEVELOPMENT OF EQUITY-ACCOUNTED INVESTMENTS	May – Dec.. 2019	Jan. – Apr. 2019
€ million		
Net carrying amount at the beginning	2,191	2,566
Additions	1,195	-
Disposals	-675	-
Dividends	-129	-
Proportional net income of the period	82	61
Proportional other comprehensive income	6	2
Impairments	-	-470
Currency effects	15	32
Net carrying amount at the end	**2,685**	**2,191**

Note 14 – Inventories

INVENTORIES	31-12-2019	30-04-2019
€ million		
Raw materials, consumables and supplies, merchandise	207	126
Work in process and finished goods	20	17
Total	**227**	**143**

Note 15 – Financial receivables

	31-12-2019		30-04-2019	
FINANCIAL RECEIVABLES	non-current	current	non-current	current
EUR million				
Loans to related parties	212	-	151	-
Other loans	852	-	754	-
Financial receivables from cashpooling	-	16	-	16
Other	-	165	-	715
Total	**1,064**	**181**	905	**731**

Note 16 – Trade and other receivables

	31-12-2019		30-04-2019	
TRADE AND OTHER RECEIVABLES	non-current	current	non-current	current
€ million				
Trade accounts receivable				
Trade accounts receivable from sales revenues	-	629	-	500
Other trade accounts receivable	-	89	-	51
	-	**718**	**-**	**551**
Other receivables				
Receivables from pensions	0	-	-	-
Receivables from other taxes	-	81	-	11
Prepaid expenses	2	55	2	47
Underlift receivable	-	30	-	11
Miscellaneous other receivables and assets	133	343	48	183
	135	**509**	**50**	**252**
Total	**135**	**1,227**	**50**	**803**

Note 17 – Equity of parent

Subscribed capital and capital reserves

As of 31 December 2019, the subscribed capital of Wintershall Dea GmbH amounts to € 189 million and is divided into 156,716,500 ordinary shares with a single voting right and a nominal value of € 1.00 each and 32,721,027 preference shares with a nominal value of € 1.00 each. The shares in the Company are held by BASF Handels-und Exportgesellschaft mbH and L1E Funding GmbH. The original shareholder L1E Acquisitions GmbH was merged into L1E Funding GmbH. In the reporting period, Wintershall Dea GmbH increased its registered share capital from € 105 million by € 84 million to € 189 million by issuance of 51,716,445 ordinary shares and 32,721,027 preference shares with a nominal amount of € 1.00 each.

Changes in capital reserves of the company result from the contribution of Wintershall Dea Deutschland AG and the assumption of the loan from Letterone, the contribution of a BASF loan to capital reserves and addition and withdrawals from capital reserves.

Retained earnings

The Group's retained earnings include the net income and losses of consolidated subsidiaries and equity-accounted investments, as adjusted for the purposes of consolidation.

Other comprehensive income

Other comprehensive income comprises gains/losses from currency translation adjustments, gains/losses from changes in fair value of hedging instruments as well as actuarial gains and losses from defined benefit plans.

Note 18 – Provisions for pensions and similar obligations

In addition to state pension plans, most employees are granted company pension benefits from either defined contribution or defined benefit plans. Benefits generally depend on the length of service, compensation or contributions, and take into consideration the legal framework of labor, tax and social security laws of the countries where the companies are located. To limit the risks of changes in financial market conditions as well as demographic developments, employees have, for a number of years now, been almost exclusively offered defined contribution plans for future years of service.

Description of the defined benefit plans

The typical plan structure in the individual countries is described in the following. Different arrangements may exist, in particular due to the assumption of plans as part of acquisitions; these do not, however, have any material impact on the description of plans in the individual countries.

Wintershall Dea Group companies in Germany and Switzerland participate in the BASF Group's pension plans. BASF Pensionskasse VVaG provides a basic level of benefits, a legally independent plan which is financed by employer and employee contributions, as well as the return on plan assets. Some of the benefits financed via BASF Pensionskasse VVaG are subject to adjustments that must be borne by its member companies to the extent that these cannot be borne by BASF Pensionskasse VVaG due to the regulations imposed by the German supervisory authority. In 2004, the basic benefit plan was closed for newly hired employees at German Wintershall Dea companies and replaced by a defined contribution plan. Occupational pension commitments that exceed the basic level of benefits are financed via pension provisions at the German group companies. The benefits are largely based on modular plans. Furthermore, employees are given the option of participating in various deferred compensation schemes. The Group Pension Committee of BASF SE monitors the risks associated with all of the Group's pension plans and issues guidelines regarding the governance and risk management of pension plans, particularly with regard to the financing of pension commitments and the portfolio structure of existing plan assets.

Following the merger with Dea, BASF SE is no longer providing required plan information from BASF Pensionskasse regarding allocation of assets to WD Group for year-end closing. As a result, and in accordance with IAS 19.36, WD Group accounts for BASF Pensionskasse as multi-employer defined benefit plan with no access to asset allocation and hence as defined contribution plan within its consolidated financial statements for the first time on 31 December 2019.

For Wintershall Dea Norge AS, there is a statutory obligation to provide occupational pension benefits. For employees whose remaining length of service until retirement on 1 January 2016 was 15 years or less, a final salary commitment continues to apply after the closure of the plan. Employees whose remaining length of service as of this date was more than 15 years and employees who joined the company after this date are entitled to benefits under a defined contribution pension plan. Both pension plans are funded via Nordea Liv AS.

With the merger, WD Group assumed WD Deutschland AG's pension plans in Germany and Norway. Wintershall Dea Deutschland AG and its subsidiaries manage its company pension plans on its own. With regard to the German pension plan assets have been transferred to WillisTowers Watson Treuhand GmbH 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 GmbH 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. In Norway, participations in employee benefit pension plans, which are placed and administered in a Norwegian insurance company, were assumed in the course of the merger.

Actuarial assumptions

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

KEY ASSUMPTIONS (%)	31-12-2019 Germany	31-12-2019 Norway	31-12-2019 Switzer-land	30-04-2019 Germany	30-04-2019 Norway	30-04-2019 Switzer-land
Discount rate	1.05	1.80	0.90	1.40	2.60	0.90
Pension growth	1.50	0.70	-	1.50	0.80	-

The assumptions used to determine the present value of the entitlements as of 30 April 2019 are used in the following fiscal year to determine the expenses for pension plans.

The valuation of the defined benefit obligation in generally performed using the most recent actuarial mortality tables as of 1 December 2019

ACTUARIAL MORTALITY TABLES AS OF 31-12-2019

Germany	Heubeck Richttafeln 2018G
Norway	K2013
Swizerland	BVG 2015 generational tables

Sensitivity of pension obligations

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

	Impact on defined benefit obligations	
CHANGE IN ACTUARIAL ASSUMPTIONS	31-12-2019	30-04-2019
Discount rate		
Increase by 0.5 percentage points	-83	-40
Reduction by 0.5 percentage points	94	44
Pension growth		
Increase by 0.5 percentage points	66	28
Reduction by 0.5 percentage points	-60	-26

Explanation of the amounts in the statement of income and the statement of financial position.

COMPOSITION OF EXPENSES FOR PENSION BENEFITS	May – Dec. 2019	Jan. – Apr. 2019
€ million		
Expenses for defined benefit plans	36	5
Expenses for defined contribution plans	6	1
Expenses for pension benefits (recognized in result from operating activities)	42	**6**
Net interest cost	10	2
Expenses for pension benefits (recognized in the financial result)	10	**2**

The interest for the net balance sheet amount at the beginning of the year is offset within the financial result. This corresponds to the difference between the interest cost on the present value of the entitlements and the standardized return on the pension assets. The expected contribution payments and benefits paid in the course of the fiscal year are taken into account when determining the interest. The net interest expense for the fiscal year is based on the actuarial interest rate and the present value of the entitlements at the beginning of the year.

	Present value of defined benefit obligations	Fair value of plan assets	Total
€ million			
As of 01-05-2019	**523**	**179**	**344**
Current service cost	36	-	36
Interest expense/(income)	10	5	5
	46	**5**	**41**
Remeasurements			
Return on plan assets, excluding amounts already recognized in interest income	-	14	-14
Actuarial gains/losses			
thereof effect of changes in financial assumptions	88	-	88
thereof effect of changes in demographic assumptions	-1	-	-1
thereof effect of experience adjustments	3	-	3
	90	**14**	**76**
Effect of exchange rate differences	-1	0	-1
Contribution to the funded plans:			
Employer	0	17	-17
Employee	1	-1	2
Benefit payments	-27	-19	-8
Effects from other events	0	0	0
Changes in scope of consolidation	610	426	184
Change in estimate[1]	-193	-151	-42
As of 31-12-2019	**1,049**	**470**	**579**

1 Change from defined benefit plan to multi-employer plan accounted for as defined contribution plan

	Present value of defined benefit obligations	Fair value of plan assets	Total
€ million			
As of 01-01-2019	**481**	**174**	**307**
Current service cost	5	-	5
Interest expense/(income)	3	0	3
	8	**0**	**8**
Remeasurements			
Return on plan assets, excluding amounts already recognized in interest income	0	5	-5
Actuarial gains/losses			
thereof effect of changes in financial assumptions	39	-	39
thereof effect of experience adjustments	-1	-	-1
	38	**5**	**33**
Effect of exchange rate differences	1	0	1
Contribution to the funded plans:			
Employer	0	1	-1
Employee	1	1	0
Benefit payments	-7	-2	-5
Effects from other events	1	-	1
As of 30-04-2019	**523**	**179**	**344**

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 recognized as provisions for pensions and similar obligations in the balance sheet. Of the present value of defined benefit obligations, € 935 million (30 April 2019: € 479 million) refer to benefit obligations in Germany and € 112 million (30 April 2019: € 42 million) to benefit obligations in Norway.

The funding of the plans was as follows:

PENSION PLAN ASSET COVERAGE	31-12-2019		30-04-2019	
	Present value of entitlements	Pension assets	Present value of entitlements	Pension assets
€ million				
Unfunded pension plans	**339**	**0**	248	-
Funded pension plans	**710**	**470**	275	179
Total	**1,049**	**470**	**523**	**179**

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.

As of 1 December 2019, the weighted average duration of obligations amounted to 18.0 years (30 April 2019: 16.1 years).

Explanation regarding plan assets

The assumed pension assets for the Wintershall Dea Deutschland AG German pension plan 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. Comprehensive Asset-Liability- Management-Studies (ALM-Study) are being conducted on a regular basis. 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. In order to further increase diversification, the asset allocation war further refined by the addition of a new asset class in 2019.

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 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.

COMPOSITION OF PLAN ASSETS (FAIR VALUE)	31-12-2019			
	Germany	thereof active market	Norway	thereof active market
€ million				
Equity instruments	142	100 %	1	100 %
Interest-bearing instruments	278	100 %	21	100 %
Assets held by insurance company	-	-	19	100 %
Other	2	100 %	5	100 %
Total	**422**	**422**	**46**	**46**

Contributions into the CTA in 2020 will be processed in a magnitude that achieves a constant funding level. The amount to be contributed will depend amongst other things on plan-asset performance and interest rate developments.

The plan assets from the BASF Pensionskasse had the following structure. The amounts shown in brackets denote the part of the asset class for which there is an active market.

COMPOSITION OF PLAN ASSETS (%)

€ million	30-04-2019	
Equities	25 %	(100)
Debt instruments	50 %	(85)
thereof vis-à-vis sovereign debtors	11 %	(91)
thereof vis-à-vis other debtors	39 %	(84)
Real estate	6 %	(2)
Alternative investments	15 %	(-)
Cash and money market-related investments	4 %	(100)
Total	**100 %**	**(70)**

The debt instruments asset class comprised promissory notes and covered bonds (Pfandbriefe), as well as corporate and government bonds. Government bonds primarily relate to bonds from countries with the highest credit ratings, such as the United States, the United Kingdom, Germany and Switzerland. Corporate bonds mainly comprise bonds from creditworthy debtors, although a conscious decision has been made to also hold high-yield bonds to a limited extent. Alternative investments largely comprise investments in private equity, absolute return funds and secured corporate loans.

Defined contribution plans and government pensions
For defined contribution plans, expenses of € 6 million (prior period: € 1 million) were incurred in the reporting period.

Since Wintershall Dea GmbH has no required information from the BASF Group, it accounts for the BASF Pensionskasse as multi-employer defined benefit plan with no access to asset allocation and hence as defined contribution. As a consequence the existing pension provisions have mainly been realized in the reporting period with impact on profit or loss. The remaining provision of € 40 million covers the obligation for future pension adjustment. Other future supplementary payment obligations may occur through an unexpected need for funding. Since these obligations are neither predictable nor probable they are not included in the pension provisions of the company.

The company contribution to the multi-employer plan is a certain percentage of the employee contribution. This percentage is the same for all participating employers, including those outside the BASF Group. It takes into account the differences between the actuarial estimates and the actual values for the factors used to determine liabilities and contributions. For the next annual reporting period the company expect contributions in the amount of € 4 million to the plan.

Note 19 – Decommissioning and other provsions

DECOMMISSIONING AND OTHER PROVISIONS	31-12-2019		30-04- 019	
	non-current	current	non-current	current
€ million				
Decommissioning provisions	**2,815**	**58**	**1,633**	**27**
Other provisions				
Employee obligations	169	167	144	73
Litigation risks, damage claims	0	0	0	1
Other	61	150	55	29
	230	**317**	**199**	**103**
Total	**3,045**	**375**	**1,832**	**130**

Decommissioning obligations pertain mainly to anticipated costs for filling wells and removing production equipment after production activities have come to an end. In order to determine the present value, discount rates of between 0.0 % and 6.56 % were applied in the reporting period (previous year: 0.4 % to 8.6 %). The expected settlement of the provisions depends on the ratio of produced reserves to expected reserves and varies within a range of less than one year up to approximately 30 years.

Provisions for employee obligations include, in particular, obligations to pay long-service bonuses and anniversary bonuses, variable remuneration including the associated social security contributions and provisions due to restructuring measures/for early retirement and phased-in early retirement models.

The following table shows the development of decommissioning and other provisions by category. Other changes mainly include changes in value due to translation.

DEVELOPMENT OF DECOMMISSIONING AND OTHER PROVISIONS	As of 01-05-2019	Additions	Utilization	Reversal	Change in scope of consolidation	Other changes	As of 31-12-2019
€ million							
Decommissioning provisions	**1,660**	**541**	**-22**	**-73**	**757**	**10**	**2,873**
Other Provisions							
Employee obligations	217	63	-45	-68	168	1	336
Litigation risks, damage claims	1	0	-	-1	0	0	0
Other	84	9	-106	-22	246	0	211
	302	**72**	**-151**	**-91**	**414**	**1**	**547**
Total	**1,962**	**613**	**-173**	**-164**	**1,171**	**11**	**3,420**

Note 20 – Financial debt

FINANCIAL DEBT	31-12-2019 non-current	31-12-2019 current	30-04-2019 non-current	30-04-2019 current
€ million				
Bonds	4,000	12	-	-
less transaction cost	-16	-	-	-
	3,984	12	-	-
Debt to banks	1,879	2	1,252	1,511
less/plus transaction cost and embedded derivatives	8	-	-	-16
	1,887	2	1,252	1,495
Financial liabilities to related parties	0	496	200	106
Lease liabilities	157	66	74	29
Total	**6,028**	**576**	**1,526**	**1,630**

Bonds
On 25 September 2019, Wintershall Dea Finance B.V. (fully owned subsidiary of Wintershall Dea GmbH) issued bonds in the amount of € 4,000 million. The bonds transaction comprised of four tranches.

Wintershall Dea Finance B.V. on-lent the net proceeds to Wintershall Dea GmbH and Wintershall Dea Norge AS which, in turn, used it to repay Facility A under the Syndicated Credit Facilities Agreement, to finance transaction costs incurred in connection with the take-out financing and for general corporate purposes.

The arrangement fee has been capitalised as a reduction of the loan amount and is being amortized over the expected life applying the effective interest method.

BONDS	%	Maturity	Currency	Nominal value	Fair Value 31-12-2019	Carrying amount 31-12-2019
€ million						
Bond 2019/2023	0.452	2023	EUR	1,000	1,003	**996**
Bond 2019/2025	0.840	2025	EUR	1,000	1,013	**996**
Bond 2019/2028	1.332	2028	EUR	1,000	1,020	**996**
Bond 2019/2031	1.823	2031	EUR	1,000	1,046	**996**
Total				**4,000**	**4,081**	**3,984**

The fair value was determined using quoted prices in an active market. The Group's repayment obligation remains unchanged at € 4,000 million.

Debt to banks

Following the merger with Wintershall Dea Deutschland AG, the previous financing (BASF group financing) was replaced by an external financing arrangement via a consortium of banks (Syndicated Credit Facilities Agreement). The first tranche was drawn on 30 April 2019 and the second tranche was drawn on 2 May 2019. As of 31 December 2019, a nominal amount of € 1,879 million was utilized (Facility B and C). Facility A with a nominal amount of € 2,286 million and USD 1,575 million was fully repaid in September 2019.

For the remaining Facilities B and C of the Syndicated Credit Facilities Agreement, margins over the applicable Euribor and Libor rate apply.

An arrangement fee of € 16 million has been capitalized as a reduction of the loan amount in April 2019. In addition, the financing facility comprises embedded derivatives which are required to be separated. The positive fair value of the embedded derivatives of € 18 million was initially recognized as an increase in the loan amount. Both amounts are being amortized over the term of the loans with corresponding impact on the financial result. Refer to Note 25 – Financial Instruments for more information.

BREAKDOWN OF DEBT TO BANKS (INCL. ACCRUED INTEREST)	Term	Interest rate	Currency	Nominal value (contract currency)	31-12-2019 (€ million)	30-04-2019 (€ million)
Facility A	fully repaid fully repaid	0.3 % 3.02 %	EUR USD	- -	- -	415 1,054
Facility B	04/2022 04/2022	0.6 % 2.46 – 3.32 %	EUR USD	584 400	586 358	106 270
Facility C	04/2024 04/2024	0.75 % 2.61 – 3.47 %	EUR USD	584 400	587 358	106 270
Banking facility	deconsolidated[1]	0.9 %	EUR	1,650	-	502
Overnight draft facility Argentina	-	46.5 – 95 %	ARG	-	-	24
Total					**1,889**	**2,747**

1 Deconsolidated as part of the disposal of the WIGA Group.

Credit facility

A revolving credit facility in the total amount of € 900 million and a tenor of 5-years with additional extension options for up to 2 years was agreed with the bank consortium which can be utilised if necessary. The facility is currently undrawn.

Reconciliation according to IAS 7

€ million	30-04-2019	Cash flows from repay-ments/ proceeds	Change in scope of consolidation	Foreign exchange effects	Changes in accrued interest	Other changes	31-12-2019
Bonds	-	3,986	-	-	12	-2	3,996
Debt to banks	2,747	-2,264	1,394	-11	8	15	1,889
Financial liabilities to related parties	306	-570	-163	-1	-1	925	496
Lease liabilities	103	-41	68	-1	-	94	223
Total	**3,156**	**1,111**	**1,299**	**-13**	**19**	**1,032**	**6,604**

The reconciliation breaks down the changes in financial liabilities into cash-effective and non-cash-effective changes. The cash flows from repayments/proceeds presented above correspond to the figures in cash flows from financing activities.

Note 21 – Trade payables and other liabilities

	31-12-2019		30-04-2019	
TRADE PAYABLES AND OTHER LIABILITIES	non-current	current	non-current	current
€ million				
Trade accounts payable	**-**	**451**	**-**	**346**
Liabilities from other taxes	3	72	0	56
Prepayments - contract liabilities	12	149	11	62
Deferred income	-	1	1	6
Liabilities related to social security	-	2	-	3
Liabilities from acquisitions/divestures	-	6	-	-
Other miscellaneous liabilities	20	415	8	3,631[1]
Other liabilities	**35**	**645**	**20**	**3,758**
Total	**35**	**1,096**	**20**	**4,104**

1 Including loans/cash pooling liabilities

Note 22 – Leases

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 capitalized right-of-use-assets are allocated to the following asset classes:

RIGHT-OF-USE-ASSETS	Additions May-Dec. 2019	31-12-2019	30-04-2019
€ million			
Exploration	21	19	-
Land and buildings	60	63	9
Gas and oil assets	78	129	91
Other technical equipment and machinery	0	0	-
Other equipment, operating and office equipment	1	1	1
Total	**160**	**212**	**101**

The following amounts have been recognized in the income statement:

LEASE EXPENSE	May – Dec. 2019	Jan. – Apr. 2019
€ million		
Depreciation right of use assets	37	14
Interest expenses on lease liabilities	4	1
Expense relating to short-term leases	3	1
Expense relating to leases of low-value assets (not including short-term leases)	0	0
Expense from variable lease payments (not included in lease liability)	1	0
Total	**45**	**16**

The depreciation of the right-of-use-assets is allocated to the following asset classes for the reporting periods:

DEPRECIATION RIGHT-OF-USE-ASSETS	May – Dec. 2019	Jan. – Apr. 2019
€ million		
Exploration	2	-
Land and buildings	5	1
Gas and oil assets	30	13
Other technical equipment and machinery	0	-
Other equipment, operating and office equipment	0	0
Total	**37**	**14**

Some of the lease contracts contain price-adjustment clauses as well as extension 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.

The cash flow statement comprises cash outflows for leases amounting to € 49 million. In addition to the cash payments for the interest and principal portions of recognized lease liabilities, amounts reported in the cash flow statement also include payments for unrecognized 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.

Note 23 – Other financial obligations

Contingent liabilities
WD Group is subject to statutory liability with regard to participations in various joint ownerships. If the amount of the obligation is unlimited, the amount of the principal liability as of the balance sheet date is decisive. In cases of joint and several liability, the full amount must be stated; in the case of pro rata liability, the corresponding share is to be stated. Other contingent liabilities relate to legal disputes.

Obligations from purchase contracts
As of 31 December 2019, the Group has commitments from firm contracts for property, plant and equipment as well as from field development projects in the amount of € 489 million.

Furthermore, WD Group is committed to a certain number of exploration wells and seismic in the context of exploration licenses. The estimated expenditures amount to € 188 million.

The obligations from purchase contracts resulted primarily from long-term purchase commitments for natural gas. The firm purchase commitment amounted to € 3,559 million as of 31 December 2019 (30 April 2019: € 4,763 million).

OBLIGATIONS ARISING FROM PURCHASE CONTRACTS	31-12-2019	30-04-2019
€ million		
2019	-	660
2020	783	1,122
2021	928	1,097
2022	1,022	1,049
2023	821	830
2024	1	5
2025 and maturities extending beyond this	4	-
Total	**3,559**	**4,763**

Note 24 – Risks and legal disputes and proceedings

In 2009, the German grid agency (Bundesnetzagentur, BNetzA) decided to largely exempt the OPAL capacities from regulation for 22 years from the time of commissioning, with entry on German territory and exit in the Czech Republic. The European Commission (EU-COM) made this exemption subject to usage restrictions for companies with a dominant position on the Czech gas market. In order to enable full booking of the OPAL capacities, the companies OPAL Gastransport GmbH & Co. KG (OGT), PAO GAZPROM, OOO Gazprom Export and the BNetzA concluded a settlement agreement on 11 May 2016, which EU-COM approved on 28 October 2016 subject to conditions. The conditions imposed by EU-COM are implemented in the settlement agreement newly signed by the contracting parties on 28 November 2016. Due to pending appeals (main proceedings and summary proceedings), the settlement agreement concluded in 2016 could initially only be implemented in January 2017. The state of Poland and the partly state-owned Polish company Polskie Górnictwo Naftowe i Gazownictwo SA, Warsaw, Poland (PGNiG SA), its German trading subsidiary PGNiG Supply & Trading GmbH (PGNiG S & T) and the Urkainian Naftogaz (only lawsuit) have filed suit and urgent applications against EU-COM and BNetzA. Both, the General Court of the European Union (EuG) and the Düsseldorf Higher Regional Court (OLG) issued interim injunctions at the end of 2016, which as a result suspended further implementation of the settlement agreement until a decision is made in the summary proceedings. On 21 July 2017, the CFI reversed the interim injunctions issued at the end of 2016 and dismissed the urgent applications. Subsequently, both the OLG Düsseldorf and the BNetzA suspended their decisions. Since August 2017, the partially regulated transit capacities have been marketed. On 11 October 2017, the OLG Düsseldorf dismissed the urgent applications of PGNiG. In December 2017 and March 2018 respectively, the CFI dismissed the actions for annulment brought by PGNiG S & T, Naftogaz and PGNiG SA against EU-COM's approval of the OPAL settlement agreement as inadmissible.

By decision of the EuG of 10 September 2019, the approval of EU-COM of 28 October 2016 to the public law settlement agreement was declared null and void. In accordance with the BNetzA's decision of 13 September 2019, which follows the decision of the EuG, OGT is no longer permitted to market the interconnection capacities offered under the terms of the settlement agreement of 28 October 2016, or to carry out any transports based on such capacities already booked. The Federal Republic of Germany, as a party to the proceedings, filed an appeal against the decision of the European Court of Justice (ECJ) on 20 November 2019.

On 9 January 2019, several private E & P companies including Deutsche Erdoel México S. de R.L. de C.V. (DEM) and Sierra O & G Exploracíon y Produccíon S. de R.L. de C.V. (Sierra) were summoned as interested third parties in a constitutional challenge (Amparo) filed by indigenous groups in relation to certain offshore blocks which were awarded as part of CNH bid rounds 1.1, 2.1 and 3.1.

The law suit is challenging among others, the constitutionality of the Hydrocarbons Law., the CNH bid rounds and, consequently, the PSCs which have been awarded. The Amparo has been filed against certain governmental authorities (Office of the President, SENER, CNH etc.). It specifically mentioned, inter alia, blocks 30 (round 3.1 DEM) and 2 (round 1.1, Sierra).

The main argument of the petitioners is that, according to indigenous laws, customs and traditions, they consider themselves as owners of the offshore territory affected by the public bid procedures and related awards. The petitioners claim that the awards transgressed the indigenous right to preserve their territories, the use of the natural resources and the respect for their property and possessions.

Amparo proceedings usually take 2 to 3 years. The Amparo court's decision is subject to an appeal before a Federal Circuit Court of Appeals. The Court of Appeals' decision is final and binding.

In addition, Wintershall Dea GmbH and its participating interests are regularly involved as defendants or other parties in judicial and arbitration proceedings, as well as official proceedings. On the basis of the knowledge available at present, these proceedings have no significant impact on Wintershall Dea's economic situation.

Provisions for legal risks and trial costs are included in other provisions (refer to Note 19) and amount to € 0 million (previous year: € 1 million). Further provisions for legal risks were not to be considered.

Note 25 – Reporting on financial instruments

Financial risks

Operating in an international environment, WD Group is exposed to credit, liquidity, interest rate and market risks (price and currency risks) within the ordinary course of its business. The subsidiaries are subject to a strict risk management regime. The scope of action, responsibilities and controls is regulated in binding, internal corporate instructions. Financial derivatives are used exclusively to hedge the risk related to underlying transactions, not for speculative purposes.

Foreign currency risks

Changes in exchange rates could lead to losses in the value of financial instruments and adverse changes in future cash flows. Foreign currency risks from financial instruments result from the translation at the closing rate of financial receivables, loans, cash and financial liabilities into the functional currency of the respective group company.

The Group monitors and manages foreign currency exposure on a daily basis aiming to eliminate income statement effects of currency fluctuations. Currency risks are monitored both on group and entity levels and the Group's net foreign currency exposure (after natural hedges) is actively hedged where feasible with linear contracts.

The sensitivity analysis is conducted by simulating a 10 % depreciation respectively of the functional currency against the other currencies. The effect on WD Group's result before taxes would have been € -84 million, € 84 million respectively, as of 31 December 2019 as against € -118 million, € 118 million respectively, as of 30 April 2019. The currency exposure as of 31 December 2019 came to € 811 million as against € 1.299 million as of 30 April 2019. In order to hedge against currency risks, linear products with symmetrical sensitivity were used in particular.

	31-12-2019			30-04-2019		
EXPOSURE AND SENSITIVITY BY CURRENCY	Exposure	Sensitivity (-10 %)	Sensitivity (-10 %)	Exposure	Sensitivity (-10 %)	Sensitivity (-10 %)
€ million						
RUB	411	-37	37	485	-44	44
ARS	44	-4	4	-22	2	-2
USD	753	-69	69	460	-42	42
EUR	1,289	-117	117	1,561	-142	142
GBP	-44	3	-3	-8	8	-8
NOK	-1647	141	-141	-1,101	100	-100
MXN	5	-1	1	-	-	-
Total	**811**	**-84**	**84**	**1,299**	**-118**	**118**

In order to hedge against currency risks, linear products with symmetrical sensitivity were used in particular.

Interest rate risks

Interest rate risks arise due to potential changes in prevailing market interest rates, which can lead to changes in the fair value of fixed-rate instruments and in interest payment fluctuations for variable-rate instruments. These risks are relevant to WD Group's financing activities but are not of material significance for WD Group's operating activities.

The variable interest rate risk position amounted to € -1,874 million as of 31 December 2019 (€ -2,821 million as of 30 April 2019). An increase in all relevant interest rates by one percentage point would have lowered the result before taxes by € -12 million as of 31 December 2019 (€ -5 million as of 30 April 2019).

EXPOSURE AND SENSITIVITY BY CURRENCY	31-12-2019		30-04-2019	
	Exposure	Sensitivity	Exposure	Sensitivity
€ million				
Loans	-1,874	-12	-2,821	-5
Total	**-1,874**	**-12**	**-2,821**	**-5**

Commodity price risks

The Groups revenue, cash flows and profitability depend substantially on prevailing international and local commodity prices. Any resulting adverse changes in market prices could have a negative impact on Wintershall Dea's earnings and equity.

Commodity price risks arise in the ordinary course of business for contracted gas purchase and supply agreements. Wintershall Dea counters the specific price risks associated with these trading transactions, which result from the valuation of the gas agreements concluded in the event of an adverse change in market prices, by imposing and constantly monitoring limits on the type and scope of the transactions concluded. Commodity price risks related to production are assessed regularly and mitigated when necessary in accordance with the Group's hedging policy.

All hedging transactions exclusively serve the purpose of reducing risks from planned transactions exposed to commodity prices and associated with a high degree of certainty. The Group continues hedging oil and gas price risks by exception when required to protect its investment grade rating. This serves to ensure sufficient debt capacity and thus to provide the management with flexibility to adapt its strategy in situations of critically low commodity prices. Amounts to be hedged depend on the Group's financial situation, its commodity price exposures, and commodity market conditions. The maximum hedge volume is set to 75 %, 50 %, and 25 % of efficiently hedgeable exposure for a one, two, and three-year horizon, respectively.

Existing hedges as of 31 December 2019, include physical gas forward sales to stabilize parts of gas revenues until 2023, and Dated Brent Crude Oil swaps to stabilize parts of the Group's oil sales until 2022. For the latter, the German oil production currently serves as a hedge item for achieving the hedging target. The contracted price is defined via a price formula. Regression analysis shows a high correlation between Dated Brent oil prices and contracted prices and provides the basis for the determination of the optimal hedge ratio.

Wintershall Dea carries out value-at-risk analyses for the existing commodity derivatives. Using the value-at-risk analysis, we continually quantify market risk and forecast the maximum possible loss within a given confidence interval over a defined period. The value-at-risk calculation is based on a confidence interval of 95 % and a holding period of one day. Wintershall Dea uses the exponentially weighted variance-covariance approach. Wintershall Dea uses value-at-risk in conjunction with other risk management tools. Besides value at risk, the Group sets volume-based limits, as well as exposure and stop-loss limits.

€ thousand	Exposure	Value-at-risk
Natural gas	-357	145

The exposure corresponds to the net amount of all long and short positions in the commodity category in question. Since Brent dated oil swaps are used for hedging purposes only and are highly effective as a hedging instrument, considered together with the respective designated quantities of the German oil production, they constitute no exposure and value-at-risk.

Default or credit risks

Default or credit risks arise when contractual partners do not fulfil their obligations. The Group is exposed to credit risks from its operating activities (primarily trade accounts receivable) and from its financing activities, including deposits with banks and financial institutions, favorable derivative financial instruments (positive fair value) and other financial receivables. Credit risk is managed on a group basis. To manage credit risk, the WD 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 management 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 reasons to believe that a customer will not repay his liability towards WD 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 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.

Trade accounts receivables, other receivables and financial receivables and deposits with banks are subject to the expected credit loss model.

For all trade accounts receivables, WD Group applies the simplified approach according to IFRS 9. 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 1 year is 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. If the term of the financial instrument is shorter than 12 months, the lifetime expected credit loss is applied.

The loss allowance was determined as follows:

VALUATION ALLOWANCES FOR RECEIVABLES (FINANCIAL INSTRUMENTS)		As of 01-05-2019	Addition	Reversal	Reclassification between stages	Translation effect	As of 31-12-2019
€ million							
Trade receivables third party		**19**	**23**	**-29**	**0**	**0**	**13**
of which	Stage 2	3	22	-28	6	0	3
	Stage 3	16	1	-1	-6	0	10
Financial receivables		**63**	**1**	**-1**	**-**	**-**	**63**
of which	Stage 1	2	-	-1	-	-	1
	Stage 2	-	-	-	-	-	-
	Stage 3	61	1	-	-	-	62
Other receivables		**-**	**0**	**0**	**-**	**-**	**0**
of which	Stage 1	-	-	-	-	-	-
	Stage 2	-	0	0	-	-	0
	Stage 3	-	-	-	-	-	-
Total		**82**	**24**	**-30**	**0**	**0**	**76**

VALUATION ALLOWANCES FOR RECEIVABLES (FINANCIAL INSTRUMENTS)		As of 01-01-2019	Addition	Reversal	Reclassification between stages	Translation effect	As of 30-04-2019
€ million							
Trade receivables third party		**14**	**13**	**-8**	**-**	**0**	**19**
of which	Stage 2	4	3	-4	-	0	3
	Stage 3	10	10	-4	-	0	16
Financial receivables		**63**	**0**	**-**	**-**	**-**	**63**
of which	Stage 1	2	0	-	-	-	2
	Stage 2	0	-	-	-	-	0
	Stage 3	61	-	-	-	-	61
Total		**77**	**13**	**-8**	**-**	**0**	**82**

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

Changes recognized in income include valuation allowances. Changes not affecting income result from changes in the scope of consolidation, translation-related changes in value and the derecognition of impaired receivables.

In the current economic environment, there are no signs of any significant changes in the credit quality of receivables. In the reporting period, valuation allowances of € 23 million were recognized on trade receivables and valuation allowances of € 29 million were reversed. In the previous year, specific valuation allowances of € 13 million were recognized on trade receivables and specific valuation allowances of € 8 million were reversed.

Liquidity risks

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 Group is optimized. Centralized financial planning for the WD Group is the basis of the liquidity risk management. Financial planning for the respective currencies is performed for the following twelve months on a monthly basis and for the following two months on a daily basis.

The Group monitors its liquidity risk by reviewing the 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, it is ensured that there is sufficient liquidity to meet operational funding requirements and debt servicing.

Maturity analysis

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows.

Derivatives are included in the maturity analysis, provided they have negative fair values and therefore represent a liability. Commodity derivatives that are settled in cash are shown based on their net cash flows. Commodity derivatives that are generally based on future physical delivery and therefore do not result in an outflow of cash are not included. Foreign currency derivatives are shown based on their gross cash outflows. Derivatives with positive fair values are assets and are therefore not taken into account. Other financial liabilities include trade and other liabilities within the scope of IFRS 7. They are essentially non-interest-bearing and due within one year. As a result, their carrying amount corresponds to the sum of future cash flows.

Other financial liabilities include trade and other liabilities within the scope of IFRS 7. They are essentially non-interest-bearing and due within one year. As a result, their carrying amount corresponds to the sum of future cash flows.

31-12-2019	≤1 year	1 – 5 years	>5 years	Total
€ million				
Bonds	12	1,000	3,000	4,012
Debt to banks	2	1,879	-	1,881
Financial liabilities to related parties	496	-	-	496
Lease liabilities	69	122	41	232
Commodity derivative liabilities	9	-	-	9
Foreign currency derivative liabilities[1]	987	-	1,046	2,033
Trade and other payables in the scope of IFRS 7	818	-	-	818
Total	**2,393**	**3,001**	**4,087**	**9,481**

1 The shown cash outflows are offset by cash inflows of a comparable amount.

30-04-2019	≤1 year	1 – 5 years	>5 years	Total
€ million				
Debt to banks	1,510	1,252	-	2,762
Other financial liabilities/other liabilities	3,622	74	-	3,696
Total	**5,132**	**1,326**	**-**	**6,458**

Classes and categories of financial instruments

For financial receivables, trade and other receivable and cash and cash equivalents the carrying amount approximates the fair value. The balance sheet item "other financial assets" mainly includes affiliated companies and equity investment which are not fully consolidated or recognized as equity-accounted investments for materiality reasons. Other investments shown under this position are not material and are therefore also recognized at cost. For financial debt, other than bonds, trade and other payables, and other liabilities the carrying amount approximates the fair value.

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

	Carrying amount				
	Amortised costs	FVPL [1]	Fair value (in hedge relationship)	Beyond the scope of IFRS 9 / IFRS 7	Total 31-12-2019
€ million					
Financial receivables	1,245	-	-	-	1,245
Trade and other receivables	1,064	23	-	275	1,362
Derivative financial assets	-	99	30	-	129
Cash and cash equivalents	814	-	-	-	814
Bonds	3,996	-	-	-	3,996
Debt to banks	1,889	-	-	-	1,889
Financial liabilities to related parties	496	-	-	-	496
Lease liabilities	223	-	-	-	223
Trade and other payables/liabilities	838	-	-	293	1,131
Derivative financial liabilities	-	59	14	-	73

1 Fair value through profit and loss

FAIR VALUE HIERARCHY	Total 31-12-2019	Level 1[1]	Level 2[2]	Level 3[3]
€ million				
Other receivables	23	-	-	23
Derivative financial assets	129	-	129	-
thereof commodity derivatives	72	-	72	-
thereof currency derivatives	26	-	26	-
thereof embedded derivatives	31	-	31	-
Derivative financial liabilities	73	-	73	-
thereof commodity derivatives	52	-	52	-
thereof currency derivatives	21	-	21	-

1 The fair value was determined on the basis of listed (unadjusted) prices for identical assets or liabilities on active markets.
2 The fair value was determined based on parameters for which directly or indirectly quoted prices on active markets were available.
3 The fair value was determined based on parameters for which there was no observable market data.

	Carrying amount				
	Amortised costs	FVPL[1]	Fair value (in hedge relationship)	Beyond the scope of IFRS 9 / IFRS 7	Total 30-04-2019
€ million					
Financial receivables	1,636	-	-	-	1,636
Trade and other receivables	791	-	-	62	853
Derivative financial assets	-	17	-	-	17
Cash and cash equivalents	889	-	-	-	889
Debt to banks	2,747	-	-	-	2,747
Financial liabilities to related parties	306	-	-	-	306
Lease liabilities	103	-	-	-	103
Trade and other payables/liabilities	4,101	-	-	23	4,124
Derivative financial liabilities	-	35	-	-	35

1 Fair value through profit and loss

FAIR VALUE HIERARCHY	Total 30-04-2019	Level 1[1]	Level 2[2]	Level 3[3]
€ million				
Derivative financial assets	17	-	17	-
thereof commodity derivatives	12	-	12	-
thereof currency derivatives	5	-	5	-
Derivative financial liabilities	35	-	35	-
thereof commodity derivatives	34	-	34	-
thereof currency derivatives	1	-	1	-

1 The fair value was determined on the basis of listed (unadjusted) prices for identical assets or liabilities on active markets.
2 The fair value was determined based on parameters for which directly or indirectly quoted prices on active markets were available.
3 The fair value was determined based on parameters for which there was no observable market data.

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.

No transfers between the levels occurred during the current and previous year.

The other receivables of € 23 million as of 31 December 2019 comprise the fair value of contingent consideration resulting from the Sierra Oil & Gas purchase agreement. This receivable was part of the assets acquired in the course of the merger with Dea. The valuation has not affected profit or loss in the reporting period.

Offsetting financial assets and financial liabilities

OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES AS OF 31-12-2019	Offset amounts			Amounts that cannot be offset		
	Gross amount	Amount offset	Net amount	Due to global netting agreements	Relating to financial collateral	Potential net amount
€ million						
Derivatives with a positive fair value	199	-100	99	-	-	99
Derivatives with a negative fair value	159	-100	59	-	-	59

OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES AS OF 30-04-2019	Offset amounts			Amounts that cannot be offset		
	Gross amount	Amount offset	Net amount	Due to global netting agreements	Relating to financial collateral	Potential net amount
€ million						
Derivatives with a positive fair value	37	-20	17	-5	-	12
Derivatives with a negative fair value	55	-20	35	-5	-	30

The table “offsetting of financial assets and financial liabilities” shows the extent to which financial assets and financial liabilities were offset in the balance sheet, as well as potential effects from the offsetting of instruments subject to a legally enforceable global netting agreement (primarily in the form of EFET agreements for gas purchase and supply agreements that have been concluded) or a similar agreement.

Deviations from the derivatives with positive fair values and derivatives with negative fair values reported in derivative instruments assets and derivative instruments liabilities at the end of 2019 arose from derivatives not subject to any netting agreements as well as from embedded derivatives and are therefore not included in the table above.

Derivative financial instruments and hedge accounting

WD Group is exposed to currency, interest rate and commodity price risks during the normal course of business. These risks are hedged using derivative instruments as necessary in accordance with a centrally defined strategy. Hedging is only employed for underlying items from the operating business, cash investments, financing, as well as for planned capital measures. The risks associated with the hedged items and the derivatives are constantly monitored.

Where derivatives have a positive market value, the Group is exposed to credit risks from derivative transactions in the event of nonperformance of the other party. To minimize the default risk on derivatives with positive market values, transactions are exclusively conducted with creditworthy banks and partners and are subject to predefined credit limits.

The contracting and execution of derivative financial instruments for hedging purposes are conducted according to internal guidelines and are subject to strict control mechanisms.

FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS	31-12-2019	30-04-2019
€ million		
Foreign currency derivatives	5	5
of which designated hedging instruments as defined by IFRS 9 (hedge accounting)	-4	-
Commodity derivatives	20	-23
of which designated hedging instruments as defined by IFRS 9 (hedge accounting)	20	-
Interest derivative (Embedded derivative)	31	-
Total	**56**	**-18**

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.

Fair values of derivative financial instruments are determined using customary market valuation methods taking into account public market data available on the measurement 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 Group. The exposure calculation implied all derivatives and is based on a Monte Carlo approach by using market values and market- based default probabilities.

Commodity derivatives

The group has designated oil-sales 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 derivatives that are designated as cash flow hedges is recognized as other comprehensive income within equity. The gains or losses relating to the ineffective portion are recognized immediately in profit or loss. 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.

Derivatives related to the gas trading business are recognized at fair value through profit and loss and disclosed based on a net risk exposure in accordance with IFRS 13.48.

Foreign currency derivatives

In the context of the Group's ordinary net foreign currency exposure derivatives are recognized at fair value through profit and loss.

Wintershall Dea Finance B.V. has partly on-lent the net proceeds from the bond transactions to Wintershall Dea Norge AS. The transfer of funds was done via USD intercompany loans. In order to hedge the foreign currency risk from future USD repayments, the company entered into cross currency swaps. The future cash flows resulting from the repayment of the intercompany loans have been designated as hedged items. The spot elements and the forward elements of the cross currency swaps have been separated, whereas only the value changes of the spot elements have been designated as hedging instruments. The forward elements are recognized as cost of hedging in other comprehensive income and are reclassified to profit or loss on a systematic (linear) basis. Hedge ineffectiveness is immediately recognized in profit or loss.

Interest derivatives

In the context of financing activities, embedded derivatives have been identified which are required to be separated. The contractual terms of the credit facilities entered into by the company contain early termination options as well as in individual cases extension options within the discretion of the company. Early termination and extension options represent embedded derivatives which have to be separated and measured at fair value through profit and loss. Changes in fair value are based on changes of interest rates and company's own credit risk. To determine the fair value an option pricing model is used, taking into account simulations of interest rates and company's own credit risk.

Effects of hedge accounting on financial positions and performance

	31.12.2019 / May – Dez. 2019	
	Commodity derivatives (oil-sales derivatives)	Foreign currency derivatives
€ million		
Carrying amount		
Derivative assets	29	1
Derivative liabilities	9	5
Nominal amount	505	1.402
Maturity date	01/2020 – 12/2022	09/2023 – 09/2028
Average price or rate	61,5 USD/bbl	1,10 USD/€
Amounts recognized in profit or loss or other comprehensive income		
Change in fair value of hedging instrument recognized in OCI	-49	-14
Reclassified from OCI to profit or loss	15	25

The changes in fair value of foreign currency derivatives in other comprehensive income are completely related to cost of hedging.

Gains or losses from commodity derivatives are reclassified from other comprehensive income to revenues and gains and losses from foreign currency derivatives are reclessified to financial income/expense.

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 the hedging instrument. With regard to commodity derivatives, sources of ineffectiveness result from CVA/DVA adjustments and from a change in the correlation of the hedged item and the hedging instrument. For foreign currency derivatives (cross currency swap), ineffectiveness relates to the exclusion of intercompany interests from the hedging relationship.

Hedge ineffectiveness as of 31 December 2019 is calculated as follows:

	May – Dec. 2019	
	Commodity derivatives	Foreign currency derivatives
€ million		
Change in fair value of the hedging instrument	62	-4
Change in fair value of the hedged item	-62	-32
Hedge ineffectiveness	**0**	**-15**

Note 26 – Capital structure management

The objective of capital structure management is to maintain the financial flexibility needed to further develop the business portfolio and take advantage of strategic opportunities. The objectives of the company's financial policy are to ensure solvency, limit financial risks and optimize the cost of capital.

The Group aims to ensure financial stability through its long-term commitment to an investment grade credit rating. The Group is focused on maintaining cash flow discipline and active cash management will be a priority.

The Group manages capital commitments to generate positive cash flow from operations to sustain its investments, service debt, pay dividends and create financial flexibility through the economic cycles.

Moreover, the shareholders continue to evaluate the optimal capital structure and strategy for the Group.

NET DEBT	31-12-2019	30-04-2019
€ million		
Cash and cash equivalents	-814	-889
Financial receivables from cashpooling	-16	-
Bonds	3,995	-
Debt to banks	1,889	2,746
Financial liabilities from cashpooling	485	445
Lease liabilities	223	103
Net Debt	5,762	**2,405**

Note 27 – Share price-based compensation program and BASF incentive share program

Share price-based compensation program

Following the merger, the share price-based compensation program (BASF: long-term incentive (LTI) program/ Wintershall Dea: BASF option program (BOP)) has been terminated and existing option rights for active employees have been settled in the reporting period. For remaining obligations towards retired and former employees returning to BASF a provision in the amount of € 391 thousand was recognized as of 31 December 2019. As of 30 April 2019 the number of held options was 285,647 and the provision amounted to € 2 million.

BASF employee participation program

The "plus" employee participation program is open to all employees except the executives who are entitled to take part in the BOP. The program was launched in 1999. Employees who participate in the "plus" incentive share program acquire shares in BASF from their variable compensation. For every 10 BASF shares purchased as part of the program, a participant receives one BASF share at no cost after one, three, five, seven and ten years of holding these shares. As a rule, the first and second block of ten shares entitles the participant to receive one BASF share at no extra cost in each of the next 10 years.

The right to receive free BASF shares lapses if a participant sells the individual investment in BASF shares, if the participant stops working for a group company or one year after retirement. The number of free shares to be granted amounted to 13,872 as of the reporting date for the short fiscal year (previous year: 12,319).

The free shares to be provided are measured at the fair value on the date on which the employees acquire the subscription right by way of their investment. Fair value is determined on the basis of the BASF share price, taking into account the present value of dividends, which are not paid during the term of the program. The weighted-average fair value on the grant date amounted to €68.21 for the 2019 program.

Note 28 – Related party disclosures

A related party is a natural person or legal entity that can exert influence on the Wintershall Dea Group or over which the Wintershall Dea Group exercises control, joint control or a significant influence.

As of 1 May 2019, Wintershall Dea is jointly controlled by BASF and LetterOne. Therefore, BASF and LetterOne and its subsidiaries are considered as related parties. In addition, related parties include non-consolidated subsidiaries, joint ventures and associated companies. Until 30 April 2019, Wintershall Dea was controlled by BASF and its subsidiaries.

The following tables show the volume of business with related parties that are included in the consolidated financial statements at amortized cost or accounted for using the equity method.

REVENUES WITH RELATED PARTIES	May – Dec. 2019	Jan. – Apr. 2019
€ million		
Non-consolidated subsidiaries	2	1
Joint ventures/associated companies	124	5
Shareholders and their affiliates	240	214
Total	**366**	**220**

TRADE ACCOUNTS RECEIVABLE FROM/ TRADE ACCOUNTS PAYABLE TO RELATED PARTIES	Trade accounts receivable		Trade accounts payable	
	31-12-2019	30-04-2019	31-12-2019	30-04-2019
€ million				
Non-consolidated subsidiaries	1	1	1	1
Joint ventures/associated companies	52	10	4	6
Shareholders and their affiliates	42	42	4	4
Total	**95**	**53**	**9**	**11**

FINANCIAL AND OTHER RECEIVABLES FROM/ LIABILITIES TO RELATED PARTIES	Financial and other receivables		Financial and other liabilities	
	31-12-2019	30-04-2019	31-12-2019	30-04-2019
€ million				
Non-consolidated subsidiaries	31	40	2	0
Joint ventures/associated companies	362	168	484	439
Shareholders and their affiliates	1	594	9	3,094
Total	**394**	**802**	**495**	**3,533**

Revenues with, as well as trade accounts receivable from, and trade accounts payable to related parties mainly comprised transactions with the company's own products, as well as other typical business transactions.

Other receivables and liabilities resulted mainly from financing transactions, outstanding dividend payments and profit and loss transfer agreements, as well as other financing-related and operating transactions.

The financial and other receivables from shareholders and their affiliates decreased mainly due to the settlement of the receivable from profit and loss transfer against the capital reserve. The shareholder loan from BASF of € 3,000 million was contributed to equity in the course of the merger (see Note 3).

Cash-effective changes in financial liabilities to related parties (see "Consolidated Statement of Cash Flows") are mainly related to liabilities from cashpooling.

All transactions are subject to market terms and conditions.

Related persons are the members of the Board of Management and Supervisory Board of WD Group 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.

REMUNERATION PAID	May – Dec. 2019	Jan. - Apr. 2019
€ thousand		
Short-term benefits	3,474	1,080
Post-employment benefits	28,902	27,412
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payment	-	-
Total	**32,376**	**28,492**

For more information on the members of the Board of Executive Directors and the Supervisory Board, see Note 29.

Note 29 – Compensation received by the board of directors and supervisory board

The compensation paid to the management amounted to € 6,115 thousand in the reporting period (Jan. – Apr. 2019: EUR 1,060 thousand).

In the reporting period ended 31 December 2019, no option rights were granted to active members of the Board of Management. As of 31 December 2019, 5,724 option rights were granted to former members of the Board of Management. Together with the option rights granted in previous years, former members of the Board of Executive Directors hold a total of 64,850 option rights.

COMPENSATION MANAGEMENT BOARD	May – Dec. 2019	Jan. - Apr. 2019
€ thousand		
Total compensation paid to the Board of Management	3,413	1,060
Provisions for Long-Term/Short-Term Incentive Plants (LTI/STI)	2,702	-
Total remuneration Board of Management	**6,115**	**1,060**
Compensation paid to the Supervisory Board	61	20
Pension expenses for members of the Management Board	1,322	1,437
Total compensation paid to former members of the Management Board	631	358
Pension provisions for former members of the Management Board and their surviving dependents	26,949	25,617

Note 30 – Services provided by the external auditor

WD Group recognized the following fees as expenses for services rendered by the auditor of the consolidated financial statements, KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main (KPMG AG) and companies belonging to KPMG's international network. In the previous year, the presented fees only comprise services rendered by KPMG AG.

SERVICES PROVIDED BY THE AUDITOR	May – Dec. 2019	Jan. – Apr. 2019
€ thousand		
Audit services	1,726	732
thereof KPMG AG	922	732
Other services	1,219	14
thereof KPMG AG	1,028	14
Total	**2,945**	**746**

The auditor's services mainly The auditor's services mainly include services for the annual audit of the financial statements and other services.

The audit services expenses related to the audit of the consolidated financial statements of the WD Group, as well as the legally required financial statements of Wintershall Dea GmbH and the subsidiaries and joint operations included in the consolidated financial statements. Fees for other services mainly include project-related audits in connection with regulatory requirements as well as other confirmation services and the issuance of a Comfort Letter.

Note 31 - Events after the balance sheet date

No events subject to mandatory disclosure occurred after the balance sheet date that have not been reflected in the consolidated financial statements.

Note 32 – WD Group list of shares held pursuant to section 313(2) of the german commercial code (HGB)

The list of consolidated companies and the complete list of all companies in which WD Group holds shares as required by section 313(2) HGB and information on the exemption of subsidiaries from accounting and disclosure obligations are an integral component of the audited consolidated financial statements submitted to the electronic Federal Gazette (Bundesanzeiger).

I. Companies included the consolidated financial statements on a full or proportional basis, or accounted for using the equity method

FULLY CONSOLIDATED SUBSIDIARIES

COMPANY	Registered office	Share of capital (%)
Europe		
Wintershall Dea GmbH (formerly: Wintershall Holding GmbH)	Kassel	100.00
E&A Internationale Explorations- und Produktions-GmbH [4]	Kassel	100.00
Wintershall Dea Vermögensverwaltungsgesellschaft mbH (formerly: Wintershall Vermögensverwaltungsgesellschaft mbH [4]	Kassel	100.00
Wintershall Dea Middle East GmbH (formerly: Wintershall Middle East GmbH) [4]	Kassel	100.00
Wintershall Dea TSC GmbH & Co. KG	Kassel	100.00
Wintershall Dea TSC Management GmbH	Kassel	100.00
Wintershall Dea Deutschland AG (formerly: DEA Deutsche Erdoel AG)	Hamburg	100.00
DEA E&P GmbH [4]	Hamburg	100.00
DEA Cyrenaica GmbH [4]	Hamburg	100.00
DEA North Africa/Middle East GmbH [4]	Hamburg	100.00
Wintershall Dea Suez GmbH (formerly: DEA Suez GmbH) [4]	Hamburg	100.00
Wintershall Dea Nile GmbH (formerly: DEA Nile GmbH) [4]	Hamburg	100.00
Wintershall Dea WND GmbH (formerly: DEA WND GmbH) [4]	Hamburg	100.00
DEA Trinidad & Tobago GmbH	Hamburg	100.00
Wintershall Dea Algeria GmbH (formerly: DEA Suriname GmbH) [4]	Hamburg	100.00
Wintershall Dea Immobilien Management GmbH	Hamburg	100.00
Wintershall Dea Immobilien GmbH & Co. KG	Hamburg	100.00
Wintershall Dea Schweiz AG (formerly: Wintershall Oil AG)	Zug, Switzerland	100.00
DEA Global Limited	London, Great Britain	100.00
Wintershall Dea Norge AS (formerly: Wintershall Norge AS)	Stavanger, Norway	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

I. Companies included the consolidated financial statements on a full or proportional basis, or accounted for using the equity method

FULLY CONSOLIDATED SUBSIDIARIES

COMPANY	Registered office	Share of capital (%)
Sierra Oil&Gas Management Holdings B.V.	Amsterdam, Netherlands	100.00
Wintershall Dea Nederland B.V. (formerly: Wintershall Nederland B.V.)	Rijswijk, Netherlands	100.00
Wintershall Dea Nederland Transport and Trading B.V. (formerly: Wintershall Nederland Transport and Trading B.V)	Rijswijk, Netherlands	100.00
Wintershall Petroleum (E&P) B.V.	Rijswijk, Netherlands	100.00
Wintershall Dea Finance B.V.	Rijswijk, Netherlands	100.00
Russia		
ZAO Gazprom YRGM Trading	Krasnoselkup, Russian Federation	25.00[1]
Latin America		
Wintershall Dea Argentina S.A. (formerly: Wintershall Energía S.A.)	Buenos Aires, Argentina	100.00
Deutsche Erdoel México S. de R.L. 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
DEM México Erdoel, S.A.P.I. de C.V.	Mexico-City, Mexico	100.00
Sierra Oil&Gas S. de R.L. de C.V.	Mexico-City, Mexico	100.00
Sierra O&G Exploracíon y Produccíon 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
Sierra Offshore Exploracíon S. de R.L. de C.V.	Mexico-City, Mexico	100.00
Perote Energia, 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
Coronado Energia, 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
Nevada Energia, 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 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
Itza Energia, S. de R.L. de C.V.	Mexico-City, Mexico	100.00
Wintershall Dea do Brasil Exploração e Produção Ltda (formerly: Wintershall do Brasil Exploração e Produção Ltda)	Rio de Janeiro, Brazil	100.00
North America		
Sierra Oil&Gas Holdings, L.P.	Ontario, Canada	100.00
Paricutin Energia, LLC	Houston, USA	100.00

PROPORTIONALLY CONSOLIDATED JOINT OPERATIONS

COMPANY	Registered office	Share of capital (%)
Russia		
AO Achimgaz	Novy Urengoi, Russian Federation	50.00

JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD

COMPANY	Registered office	Share of capital (%)
Europe		
WIGA Transport Beteiligungs-GmbH & Co. KG	Kassel	50.02
W&G Transport Holding GmbH	Kassel	50.02
OPAL Gastransport GmbH & Co. KG	Kassel	50.02
W&G Infrastruktur Finanzierungs-GmbH	Kassel	50.02
NEL Gastransport GmbH	Kassel	50.02
GASCADE Gastransport GmbH	Kassel	50.02
Wintershall Noordzee B.V.	Rijswijk, Netherlands	50.00

ASSOCIATED COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

COMPANY	Registered office	Share of capital (%)
Europe		
Wintershall Dea Wolga Petroleum GmbH (formerly: Wintershall Wolga Petroleum GmbH)	Kassel	100.00
Wintershall AG	Celle	51.00
Nord Stream AG	Zug, Switzerland	15.50 [2]
Russia		
Joint Stock Company Achim Trading	Moscow, Russian Federation	18.01 [2]
Limited Liability Company Achim Development	Novy Urengoi, Russian Federation	25.01
OAO Severneftegazprom	Krasnoselkup, Russian Federation	25.00 [3]
Limited Liability Company Joint Venture “Wolgodeminoil”	Wolgograd, Russland	50.00

II. Associated companies not consolidated due to immateriality

SUBSIDIARIES NOT CONSOLIDATED DUE TO IMMATERIALITY

COMPANY	Registered office	Share of capital (%)
Europe		
Wintershall Libyen Oil&Gas GmbH	Kassel	100.00
Wintershall Dea Deutschland GmbH (formerly: Wintershall Venture GmbH)	Kassel	100.00
Wintershall Dea Russia GmbH (formerly: Wintershall Russland GmbH)	Kassel	100.00
Wintershall Dea Technology Ventures GmbH	Kassel	100.00
Nordkaspische Explorations- und Produktions GmbH	Kassel	100.00
WIGA Verwaltungs-GmbH	Kassel	50.02
OPAL Verwaltungs-GmbH	Kassel	50.02
Wintershall Dea Global Support B.V. (formerly: Wintershall Global Support B.V.)	Rijswijk, Netherlands	100.00
Wintershall Dea Exploration and Production International C.V. (formerly: Wintershall Exploration and Production International C.V.)	Rijswijk, Netherlands	100.00
AWIAG Limited	Birkirkara, Malta	100.00
DEA Ukraine LLC (in liquidation)	Kiev, Ukraine	100.00
Latin America		
Wintershall Dea do Brasil Servicos Ltda. (formerly: Wintershall do Brasil Servicos Ltda.)	Rio de Janeiro, Brazil	100.00
Wintershall Dea BM-C-19 Ltda. (formerly: Wintershall BM-C-19 Ltda.)	Rio de Janeiro, Brazil	100.00
Wintershall Dea BM-ES-1 Ltda. (formerly: Wintershall BM-ES-1 Ltda.)	Rio de Janeiro, Brazil	100.00
DEA Petróleo e Gás do Brasil Ltda.	Rio de Janeiro, Brazil	100.00
Wintershall Chile Ltda.	Santiago de Chile, Chile	100.00
North America		
DEA México Holdings GP Ltd.	N. Brunswik, Canada	100.00

JOINT VENTURES NOT ACCOUNTED FOR USING THE EQUITY METHOD DUE TO IMMATERIALITY

COMPANY	Registered office	Share of capital (%)
Europe		
Erdgas Münster GmbH	Münster	33.66

1 Fully consolidated due to IFRS 10
2 Wintershall Dea exerts a significant influence over financial and corporate policy.
3 Share of result totals 35 % via an additional preference share.
4 Application of Section 264 (3) of the German Commercial Code (HGB).

Note 33 – Members of the supervisory board

Supervisory Board

Dr. Hans-Ulrich Engel (Chairman)
Deputy Executive Chairman BASF SE,
Ludwigshafen am Rhein

Lord Edmund John Philip Browne of Madingley
(Deputy Chairman)
Executive Chairman L1 Energy (UK) LLP,
London, United Kingdom

Michael Winkler (Deputy Chairman)
Union Secretary, Union of Mining, Chemical and Energy Industries (IG Bergbau, Chemie, Energie)

Birgit Böl
Chairman of the Joint Works Council
Wintershall Dea GmbH

Sabine Brandt
Consultant for HSE, Erdölwerke Barnstorf

Michael Heinz
Member of the Board of Management BASF SE,
Ludwigshafen am Rhein

Saori Dubourg
Member of the Board of Management BASF SE,
Ludwigshafen am Rhein

Dr. Wolfgang Haas
President Legal, Tax, Insurance and Intellectual property,
BASF SE, Ludwigshafen am Rhein

German Khan
Director LetterOne Holdings S.A.,
London, United Kingdom

Management Board

Mario Mehren
CEO

Thilo Wieland
Region Russia, Latin America and Transportation

Paul Robert Smith
(since 1 May 2019)
CFO

Hugo Dijkgraaf
(since 1 May 2019)
CTO

Maria Moræus Hanssen
(since 1 May 2019 until 31 December 2019)
Deputy CEO and COO

Kassel/Hamburg, 26 February 2020

The Management Board

Mehren Dijkgraaf Smith Wieland


wintershall dea
Visitor

Declaration by the Board of Directors and statement of responsibility pursuant to sections 297 (2) and 315 (1) of the German Commercial Code (HGB)

The Board of Directions of Wintershall Dea GmbH is responsible for preparing the annual financial statements and the group management report of the Wintershall Dea Group (up until 16 May 2019: Wintershall Group).

The consolidated financial statements of Wintershall Dea Group for the short fiscal year ending 31 December 2019 were prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards (IASB), London, and adopted by the European Union.

We have established effective internal control and management systems to ensure that the group management report and the consolidated financial statements of the Wintershall Dea Group comply with the applicable accounting standards and to ensure due and proper corporate reporting.

The risk management system that we have established is designed to allow the Board of Directors to identify material risks at an early stage so that it can take appropriate measures to counteract them if necessary. The reliability and functionality of the internal control and risk management system are reviewed by the Internal Audit department throughout the Group on an ongoing base.

To the best of our knowledge, and in accordance with the applicable accounting principles, the consolidated financial statements of the Wintershall Dea Group give a true and fair view of the net assets, financial position and results of operations of the Wintershall Dea Group. Furthermore, the group management report of the Wintershall Dea Group provides a true and fair view of Group's business development, including the business results and situation of the Wintershall Dea Group, together with a description of the principal opportunities and risks associated with the expected development of the Wintershall Dea Group.

Kassel/Hamburg, 26 Februar 2020

Mehren

Smith

Wieland

Dijkgraaf

INDEPENDENT AUDITOR'S REPORT

To Wintershall Dea GmbH, Celle

We have audited the consolidated financial statements of Wintershall Dea GmbH (Up until 16 May 2019: Wintershall Holding GmbH), Celle and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2019, and the consolidated statement of income, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the short fiscal year from 1 May to 31 December 2019, and notes to the consolidated financial statements including a segment reporting as well as a summary of significant accounting policies. In addition, we have audited the group management report of Wintershall Dea GmbH for the short fiscal year from 1 May to 31 December 2019. In accordance with German legal requirements, we have not audited the content of those components of the group management report specified in the "Other Information" section of our auditor's report.

The group management report contains cross-references to a separate sustainability report marked as unaudited and not required by law. In accordance with German legal requirements, we have not audited the content of these cross-references or the information to which they refer.

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 Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2019, and of its financial performance for the short fiscal year from 1 May to 31 December 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 opinion on the group management report does not cover the content of those components of the group management report specified in the "Other Information" section of the auditor´s report. The group management report contains cross-references to a separate sustainability report marked as unaudited and not required by law. Our audit opinion does not cover these cross-references or the information to which they refer.

Pursuant to Section 322 (3) 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 the group management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Section 317 HGB and the German Generally Accepted Standards of 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 evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Other Information

Management respectively supervisory board are responsible for the other information. The other information comprises the following components of the group management report, whose content was not audited:

› information extraneous to group management reports and marked as unaudited.

The other information also includes the remaining parts of the annual report, which is expected to be made available to us after the date of this auditor's report.

The other information does not include the consolidated financial statements, the group management report information audited for content and our auditor's report thereon.

Our 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 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 information audited for content or our knowledge obtained in the audit, or

› otherwise appears to be materially misstated.

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

Management is 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 Section 315e (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, management is 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, management is 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, management is 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, management is 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 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 Section 317 HGB and in compliance with the German generally accepted standards for the audit of financial statements 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 judgement and maintain professional scepticism 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 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 controls.

- 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 opinion on the effectiveness of these systems.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 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 Section 315e (1) HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express 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 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 management in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management 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 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.

Frankfurt am Main, 27 February 2020
KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Janz
Wirtschaftsprüfer
[German Public Auditor]

Wetzel
Wirtschaftsprüfer
[German Public Auditor]

REPORT OF THE SUPERVISORY BOARD OF WINTERSHALL DEA GMBH

FOR THE SHORT FISCAL YEAR FROM 1 MAY TO 31 DECEMBER 2019

In the short fiscal year, the Supervisory Board performed the duties incumbent on it under the law and the Articles of Association and continuously monitored the management of the Company. During the period under review, the Management Board regularly informed the Supervisory Board about the company's activities and certain matters of corporate policy, both in meetings and in writing. The business policy intended by the Management Board as well as the situation and development of the company were discussed in detail. The Chairman of the Supervisory Board also discussed key business matters with the Management Board and was informed about the situation and development of the company in individual discussions.

An ordinary meeting was held in the short fiscal year in Hamburg. In an additional written circulation procedure, Dr. Hans-Ulrich Engel was elected Chairman and Lord Browne of Madingley was elected as 1st Deputy Chairman of the Supervisory Board. The further members of the Supervisory Board are Michael Winkler as further Deputy Chairman, Michael Heinz, Dr. Wolfgang Haas, Saori Dubourg, German Khan, Birgit Böl and Sabine Brandt. In addition, the Supervisory Board resolved to revise its rules of procedure as a whole.

The Supervisory Board monitored the accounting processes, the effectiveness of the internal control system, the risk management system and the internal audit system as well as the audit of the financial statements and dealt with the selection and independence of the auditor.

Furthermore, the Supervisory Board dealt with the course of business, production, cost and revenue development as well as the earnings situation, corporate planning and all significant transactions of the company. In addition, the Supervisory Board received reports relating to the market environment for oil and gas prices, measures to hedge business risks, corporate development, the business model and corporate strategy. Furthermore, the Supervisory Board was informed about HSE statistics and, as part of HSEQ reporting, about occupational and process safety. The financial results and the placement of a debut bond were also discussed in detail. The integration following the merger with DEA was another key topic.

The financial statements and the consolidated financial statements for Wintershall Dea GmbH for the short fiscal year from 1 May to 31 December 2019, the management reports of the Wintershall Dea GmbH Group and Wintershall Dea GmbH were audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt, the elected and appointed auditors. The auditors issued an unqualified audit opinion. The financial statements and the consolidated financial statements for Wintershall Dea GmbH for the short fiscal year from 1 May to 31 December 2019, the management reports of the Wintershall Dea GmbH Group and Wintershall Dea GmbH as well as the respective auditor's reports were handed out to the Supervisory Board in good time prior to the balance sheet meeting on March 13, 2020.

The auditor took part in the discussion of the annual financial statements and the consolidated financial statements for the short fiscal year. He reported about material findings of his audit and was available to answer questions. The Supervisory Board noted the report and the explanations. The Supervisory Board approved the audit results regarding the financial statements and consolidated financial statements for the short financial year from 1 May to 31 December 2019.

The Supervisory Board examined the financial statements, the consolidated financial statements and the management reports for the short fiscal year compiled by the Management Board for the Wintershall Dea GmbH Group and for Wintershall Dea GmbH. The final audit did not give rise to any objections. The Supervisory Board approved the annual financial statements and the consolidated financial statements for the short fiscal year from 1 May to 31 December 2019.

Ms. Maria Moræus Hanssen resigned from her office as Deputy Chairperson and member of the Management Board with effect from 31 December 2019. The Supervisory Board thanks Ms. Hanssen for her dedicated and successful work.

The Supervisory Board would like to thank the members of the Management Board, the Works Councils and all employees for their commitment and the work they have done.

Kassel, 13 March 2020

For the Supervisory Board
Dr. Hans-Ulrich Engel, Chairman

Key definitions and glossary of technical and financial terms

1, 2, 3

1P Reserves or proved reserves
those quantities of petroleum, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations

2C resources or contingent resources
those quantities of petroleum which are estimated, on a given date, to be potentially recoverable from known accumulations by application of development projects but which are not currently considered to be commercially recoverable owing to one or more contingencies

2P reserves or proved plus probable reserves
1P reserves plus those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than 1P reserves

A

Achimov IV & V
Block 4A and 5A Achimov formation of the Urengoy oil, gas and condensate field

ADNOC
Abu Dhabi National Oil Company

AG
Aktiengesellschaft – German Stock Corporation

ANP
Agencia Nacional de Petroleo, Gas Natural and Biofuels

ATS
Asgard Transportation System

B

BHE
BASF SE, a European stock corporation (Societas Europaea, SE)

BOP
BASF Options Program

C

CACPF
Cañadón Alfa central processing facilities

CAGTP
Cañadón Alfa gas treatment plant

CAPEX
Capital Expenditures

CCS
Carbon Capture & Storage

CDP
Carbon Disclosure Project

COA
Contract of Affreightment

COSO
Committee of Sponsoring Organizations of the Treadway Commission

CRA Regulation
Regulation (EU) No 513/2011

CSR
Corporate Social Responsibility

CSSF
Commission de Surveillance du Secteur Financier

CTA
Contractual Trust Arrangements – a legal model within the framework of company pension schemes for separating pension obligations from the balance sheet by means of direct commitments

COP 21
21st Conference of the Parties

D

DVA
Debt valuation adjustment

E

EBITDAX
Earnings before interest, taxes, depreciation, amortization and exploration expenses is a measure of a company's operating performance in the oil and gas industry

ECB
European Central Bank

EEA
European Economic Area

EFET
European Federation of Energy Traders

EnWG
German Energy Industry Act

EOR
Enhanced Oil Recovery

EPSA
Exploration and Production Sharing Agreements

ESP
Electric submersible pumps

EuG
General Court of the European Union

F

F&D
Finding and Development

FEED
Front End Engineering Design

FID
Final Investment Decision

FLAGS pipeline
Far North Liquids and Associated Gas System

FNA
Federal Network Agency – Bundesnetzagentur

FPSO
Floating Production Storage and Offloading unit

FVPL
Fair Value through Profit or Loss

FTE
Full-Time Equivalents

G

GECF
Forum Gas exportierender Länder

GHG
Green House Gas

GRI
Global Reporting Initiative

H

HBG
Handelsgesetzbuch (Commercial Law)

HSEQ
Health, Safety, Environment & Quality

I

IAS
International Accounting Standards

IASB
International Accounting Standards Board

IEA
International Energy Agency

IFRS
International Financial Reporting Standards as issued by the International Accounting Standards Board and adopted by the European Union

IG BCE
Industriegewerkschaft Bergbau, Chemie, Energie

ILO
International Labour Organization

IOGP
International Association of Oil and Gas Producers

ITO
Independent Transmission Operator

J

JOA
Joint Operating Agreement

L

LTIF
Lost Time Incident Frequency Rate

LTI
Long-Term Incentive

M

MTP
Medium Term Planning

N

NBP
National Balancing Point (UK), virtual trading point for natural gas

NGL
Natural Gas Liquids

Net RAB
Net Regulated Asset Base

No-Flare
No Flaring von Gas

Nord Stream
The Nord Stream pipeline owned and operated by Nord Stream AG

O

OCI
Other Comprehensive Income

OGCI
Oil and Gas Climate Initiative

R

RAB
Regulated Asset Base

S

SAGE
Scottish Area Gas Evacuation

SPE
Society of Petroleum Engineers

SDG
United Nations Sustainable Development Goals

SGS
IInspection, verification, testing and certification company, Schweiz

Shareholders
BASF and LetterOne

T

TCFD
Task Force on Climate-related Financial Disclosures

TPFA
Transportation, Processing and Fractionation

TRIR
Total Recordable Injury Rate per million hours worked

TSO
Transmission System Operator

TTF
Title Transfer Facility (Netherlands), virtual trading point for natural gas

U

Upstream (business)
Exploration and production of crude oil and natural gas

The U.S. Securities Act
the United States Securities Act of 1933

W

WDO
Joint Venture Wolgodeminoil (Wintershall Dea/RITEK)

WI
Working interest

WIAG
Wintershall Aktiengesellschaft

WIGA
WIGA Transport Beteiligungs-GmbH & Co. KG

Y

YPF
Yacimientos Petrol´ıferos Fiscales

Imprint

Published by
Wintershall Dea GmbH
Friedrich-Ebert-Straße 160
34119 Kassel, Germany

Wintershall Dea GmbH
Überseering 40
22297 Hamburg, Germany

www.wintershalldea.com

Concept and layout
Wintershall Dea GmbH,
Friedrich-Ebert-Straße 160, 34119 Kassel, Germany

Jung von Matt/BRAND IDENTITY GmbH,
Glashüttenstraße 38, 20357 Hamburg, Germany

Publication date
18 March 2020

The German version of this report is legally binding. The company cannot be held responsible for any misunderstanding or misinterpretation arising from this translation.

The annual report 2019 is both available in German and English.

The annual report 2019 is available as pdf on the internet:
https://wintershalldea.com/en/investor-relations

Contact

Investor Relations
T +49 40 6375-2856
ir@wintershalldea.com
https://wintershalldea.com/en/investor-relations

Corporate Communications
T +49 561 301-3301
press@wintershalldea.com
https://wintershalldea.com/en/newsroom

Picture credits
title and page 1: Alejandro Kirchuk
page 7: Frank Schinski
page 9: Achim Multhaupt
page 19: Bernd Schölzchen
page 25: Jung von Matt
page 27: Thomas Sola/Statoil
page 29: C3 Visual Lab
page 31: Bjørn Ivo Krokeide/Statoil
page 32: Thor Oliversen
page 35: Dominik Obertreis
page 36: Hans-Jürgen Burkard
page 38/39: Justin Jin
page 41: Anton Kositsyn
page 42: BP
page 45: Picasa
page 47: Silvia Razgova
page 48: Ignacio Coló
page 57: GASCADE Gastransport GmbH
page 61: Christian O. Bruch
page 71: Screenstory
page 75: Alejandro Kirchuk
page 76/77: Alejandro Kirchuk
page 78/79: Achim Multhaupt
page 80/81: Achim Multhaupt
page 82/83: Alejandro Kirchuk
page 84/85: Rolf Skjong
page 89: Thor Oliversen
page 103: DEA
page 125: Herbert Ohge
page 218: Thor Oliversen

Wintershall Dea GmbH
Friedrich-Ebert-Straße 160
34119 Kassel
T +49 561 301-0

Überseering 40
22297 Hamburg
T +49 40 6375-0

info@wintershalldea.com
www.wintershalldea.com