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WINTERSHALL DEA 1ST QUARTER 2020 RESULTS PRESENTATION

Aleksander Azarnov – SVP Investor Relations

Good afternoon everyone and welcome to our First Quarter Results presentation.

I'm Aleks Azarnov, Wintershall Dea's Head of Investor Relations and together with our CEO Mario Mehren and CFO Paul Smith, will lead you through today's presentation.

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

To start with, Mario will give you some background on the macro backdrop that we currently operate in and then walk you through some of our first quarter highlights. Paul will then continue with the presentation of our financial results and go over the actions that we have taken in response to the current crisis. At the end, we will have plenty of time for questions.

With that, let me hand over to Mario.

Wintershall Dea GmbH
Friedrich-Ebert-Str. 160, 34119 Kassel
T +49 561 301-0, F +49 561 301-1702

Überseering 40, 22297 Hamburg
T +49 40 6375-0, F +49 40 6375-3162
www.wintershalldea.com

IR contact
Aleksander Azarnov
SVP Investor Relations
T +49 40 6375 2856
aleksander.azarnov@wintershalldea.com

Mario Mehren – Chief Executive Officer

PAGE 4 – MACROECONOMIC BACKDROP

Thanks Aleks, and a warm welcome everybody. I hope everyone on the call and their loved ones are doing well and staying healthy. Let me begin by thanking the health care workers, first responders and all of the people on the front lines of fighting this pandemic. I'd like to also thank all of my colleagues in Wintershall Dea for their hard work and dedication during these times. It's not easy to continue to work from home, keeping operations stable and delivering on results – thank you.

I was just checking my notes earlier and when we reported our full year results on March 18th, we had just over 200,000 COVID-19 cases globally and Germany had just reached its first one thousand new cases per day level. Never could I have imagined how the world would change in these mere two months.

Of course the personal suffering around the world is by far the biggest tragedy and my condolences to everyone affected by that. We have also witnessed unimaginable moves in the financial markets with daily 10% drops in the stock markets seemingly becoming a norm at some point. Or of course seeing oil prices dropping to almost -40 dollars was quite astonishing. After the initial shock, all of us started adapting quickly, whether getting used to working from home, or finding ways to collaborate in a truly global fashion. The OPEC+ agreement was of course the most incredible example of global collaboration. Let's hope that the reduction was sufficient and that the market finds an equilibrium soon.

Now, that hopefully in most parts of the world, the virus threat itself is subsiding, we all face a new reality and an uncertain economic future. The angst of catching the virus on a flight will remain for some time, same as people working from home. All of this will have a significant impact on the demand for gas and in particular oil. I don't know how quickly the world can reach some sort of normality, but what I do know is how resilient our company is and what levers we have to make it even stronger.

When I look back to our first strategy discussions in the early days of Wintershall Dea and what we wanted to achieve, it seems that we really hit the nail on the head. Not only did the merger come at the right time, but our aim was to build a company that is resilient in all conditions and current circumstances could not test our strategy and vision any further. We believed that being a low-cost producer, with a diversified asset base, focusing on value rather than growth and having a solid financial framework are key in order to be relevant in today's ultracompetitive world. Now, let me be clear, we are still building our company - we just celebrated our first anniversary as Wintershall Dea after all, so we have plenty to do ahead of us. However, we believe that we have all of the right ingredients and let me come back to that in a minute.

Q1 of this year was challenging from commodity price perspective already before the crisis really started. Gas prices were about 50% lower year on year and oil prices were down 20% from the same period last year. Obviously, what happened since then, everyone knows very well. I don't know where commodity prices will be by the end of the year or in the next couple of years, but the direction of travel is clear. Lower prices will remain here for the foreseeable future, but they will certainly go up, and potentially significantly, it's just a function of how quickly the virus is under control globally and whether or not a second wave of infections happens this year, among other things.

PAGE 5 – FACING THE CRISIS

Today, our top priority is the safety of our people and with the measures that we have put in place, I believe we have succeeded.

Our global crisis team is gathering on a daily basis to evaluate the situation and to react accordingly. We established a number of measures aiming to safeguard our colleagues and operate with no operational interruption. All of us, office staff, are working from home, whilst the front line staff working on sites has been reduced to the minimum and procedures have been put in place to minimize any risks. Daily updates are being published internally via the Intranet and I am informing our colleagues through video updates about the company's current situation on a weekly basis.

With regard to our stakeholder engagement, Wintershall Dea provided Personal Protective Equipment, masks and breathing apparatuses to hospitals and care institutions in several locations. Outside Europe we have donated funds to hospitals and sanitary facilities, to support local communities with medical supplies and build up awareness campaigns to underprivileged areas. We are acting and responding with careful consideration regarding the well-being of our employees and all of our stakeholders.

We entered this unique period in a position of strength and we will certainly exit it even stronger. Our peer leading production costs, combined with a diversified asset base and a midstream business that generates stable returns gives me great confidence in our future. Nevertheless, we have also taken significant measures to be well prepared to weather the storm. Paul will go over our responses to the crisis later on, but in essence we have lowered our costs and expenditures even further and shored up our balance sheet even more. Obviously, in our industry, you have to invest in order to maintain production and produce cash, but we are privileged to have a great set of new projects coming onstream which will support our cash flow generation and our financial resilience for some years. This allows us to be selective about new investments going forward.

PAGE 6: Q1 2020 HIGHLIGHTS

Let's turn to page 6 and our Q1 results. Looking at the first quarter of 2020, the situation in the oil and gas markets has become even more challenging. That has an impact on us, too. However, we are in a good position to the weather the storm given our low-cost, gas heavy portfolio, stable cash flows from our midstream business and a healthy balance sheet.

Paul will give you more insights on our results in a moment, but let me summarize in a nutshell:

1. we achieved high production volumes of 626,000 barrels of oil equivalent a day which is stable year on year and that cannot be taken for granted in these times.
2. Our EBITDAX was €481 million and significantly impacted, of course, by lower commodity prices.
3. Our total capex of €357 million is slightly lower YoY. We are well on track to stay within our original guidance, but, as a prudent management team, we have decided to lower our capital budget for the year even further and expect our production and development capex to be €1.0-1.2bn. Again, you'll hear more on that from Paul.
4. Free cash flow was about €140 million - a good result given our high investments.
5. Our leverage was 2.3x, obviously higher than what we aim for, but something that can be expected of course in these circumstances. We continue to be extremely mindful of our leverage and hence our decisions regarding cost cuttings across the board.
6. Production costs remain amongst the lowest ones in our peer group and were at $4.3 per barrel in the quarter, we do think this can be lowered further and we continue to work on that.
7. The LTIF was 0.57 per million work-hours, which was unfortunately higher than last year, owing to a rise in more severe incidents. In contrast, the total number of recordable incidents has declined by 42% to about 2.0 per million work-hours and remains well below historical industry average.

PAGE 7: OPERATIONAL HIGHLIGHTS

Besides the stable operational results, the implementation of our strategy is also on track. We brought on stream the Sillimanite field in the Southern North Sea and our own-operated developments in Norway, Dvalin and Nova, are progressing as planned.

After the quarter end we have had three material discoveries in Norway and Mexico. These are breakthrough discoveries, confirming the quality of our portfolio, particularly in the Sureste basin in Mexico.

Lastly, I'm excited about the appointment of Dawn Summers as COO, who will be starting on June 1st. Her extensive international and operational experience will be a great addition to the management team during these turbulent times.

For now, I'd like to hand over to Paul, who is going to take you through an operational update and our 2020 first quarter results. Afterwards we are happy to take questions from you.

Paul Smith – Chief Financial Officer

Thanks Mario and good afternoon to everybody.

Only two months ago, I remember saying in our 2019 earnings call that we were living in interesting times. It turns out that this was a gross understatement, and little did I know at the time just how much turmoil and change was about to come flying at us from every conceivable direction. It has been the very definition of the perfect storm, and one that no doubt holds many more challenges for us in the months and years ahead.

However, I can say with confidence that our immediate decisive actions at the beginning of this crisis will pay off. There is a huge amount of uncertainty ahead of us in all dimensions – the pace at which global economies step back through the gears, the success with which governments can walk the tight rope between restarting economies and risking a second wave of this pandemic, and the longer term implications on global demand and supply. Against this backdrop of uncertainty, we continue to plan for the worst, and hope for the best.

PAGE 9: RESULTS SUMMARY

On page 9 you can see a summary of our KPIs as a reference before I'll go into some more detail in the following section. However, I would like to highlight that despite the challenging commodity price environment we generated about €140 million of free cash flow in Q1 and as a result, our net debt decreased slightly, but of course not enough to keep our leverage stable. We ended the quarter at 2.3x net debt to EBITDAX - that is outside our normal midterm target range, but of course, we currently do not live in normal times.

PAGE 10: PRODUCTION

The underlying business performed well during the first quarter. Our first quarter oil and gas production of 626,000 barrels a day was stable quarter over quarter. We were not impacted in the quarter by any OPEC+ production restrictions, but do expect a modest impact from such restrictions for the remainder of this year in Norway. In addition, we will be taking action in the weeks ahead to shut-in production at two small fields in Germany – Adorf and Düste – with again a modest impact on 2020 production.

The structure of our pricing mechanisms continues to be largely the same with only about 35% of our production linked directly to spot TTF or Brent pricing. The rest is local products in different jurisdictions with prices generally linked to different formulas which provide support in today's environment. In Egypt, for example, some of our contracts have floor prices or are fixed, whilst in Russia, prices are partially linked to domestic gas prices, which are typically more stable. Of course, such mechanisms do not insulate us from commodity price movements, but they certainly do provide a dampening effect.

PAGE 11: REALIZATIONS

Our realized gas prices declined by 41% compared to a 48% decline year on year of TTF prices, reflecting the benefits of the diversified pricing constructs built into our global gas portfolio. Realized gas prices were impacted significantly by a higher proportion of non-European gas production, which tends to have a lower netback price, but compensated by more favourable fiscal regimes.

In addition, we saw the benefits of the modest oil and gas hedges kicking in towards the end of the quarter, with a gain in 1Q of €13 million. As a reminder, we have approximately 10,000 bbls/d of oil hedged at an average price of around $62/bbl through to end of 2021, and approximately 90 mmscf/d of gas hedged at around $6.0/mcf through to end of 2021, with smaller amounts in 2022 and 2023. Collectively these commodity hedges have a current mark to market value on our balance sheet at the end of the quarter of approximately €250 million.

PAGE 12: COST PERFORMANCE

Our unit production costs in the first quarter were $4.3 per barrel – in line with 2019. At these levels, our production costs remain amongst the lowest ones within our peer group, and we expect further progress this year in terms of absolute cost reductions as we build a further 10% of operating cost efficiencies into our operations throughout the globe. With new, low cost projects coming onstream, unit production costs can be expected to decline further as we look into 2021 and beyond.

PAGE 13: PROFITABILITY

Of course, the steep drop of commodity prices has had a significant impact on our EBITDAX. Stable production was offset by the significant reduction of commodity prices leading to the EBITDAX decrease of about 40% year on year to just below €500 million for the quarter.

The result here was influenced by a couple of factors besides prices. As of December 2019, we deconsolidated our midstream business and the entire midstream group is now consolidated at-equity. So in our Q1 EBITDAX, midstream contributes only our 50% proportionate net income, rather than the fully consolidated 100% amount previously shown, with a resulting €30-40 million effect on our EBITDAX going forward. In Russia, where our netbacks are priced by reference to both, local regulated gas prices and also international market indices we saw the average netback reduce from around $0.80/mcf in 4Q 2019, to $0.53/mcf in 1Q.

Our adjusted net loss for the quarter was €78 million, and was impacted by two material FX related factors which collectively negatively impacted the quarter by €180 million. Firstly, we took a €60 million charge on derivatives, and secondly a €125 million relating to an increase in deferred taxes in Norway driven by the devaluation of the NOK relative to major currencies during the quarter.

PAGE 14: CASH FLOW DEVELOPMENT AND BALANCE SHEET

Our first quarter operating cash flow was €502 million. Our OCF was down only about 14%, compared to about 40% decrease in EBITDAX, primarily due to positive working capital effects in the quarter.

Our free cash flow, defined as OCF minus investing activities before acquisitions was €137 million. We did not raise any additional debt externally in the quarter, however, the increase in financing cash flow to €206 million is primarily a result of our subsidiaries that are consolidated at equity pooling cash in our central bank accounts in Germany.

Last year we externalised our financial policy around two anchoring principles - our investment grade rating, and the prioritisation of the balance sheet and debt holders over returns to equity holders and growth. Never has the protection of our balance sheet been more important, and that's why we took decisive initial action, and have continued to build on this with further interventions to ensure we continue to prioritise the balance sheet over everything else.

Our net debt stayed largely unchanged compared to the previous quarter at around €5.7 billion. Of course, with lower EBITDAX, our leverage is now at 2.3x and above our mid-term target range of less than 2x. This is why we have taken a number of steps to reduce our expenditures and ensure that we return to our target range as quickly as possible.

PAGE 15: LIQUIDITY AND DEBT MATURITY PROFILE

In the current environment, one of our most important metrics is our liquidity position. Against the back-drop of our 'plan for the worst' mindset during these unprecedented and uncertain times, we continue to make sure we have the ability to navigate our way through a prolonged, multi-year, challenging commodity price environment.

Our cash position at the end of the quarter improved by €280 million to €1.1 billion. In April, we signed €450 million of short term, committed working capital lines, bringing our liquidity position to over €2.4 billion. To be clear, our target is to have an undrawn Revolving Credit Facility and no outstanding working capital lines at the end of the year, but we will sleep better at night knowing we have the €1.4 billion of additional liquidity available to us through these two instruments.

In addition, we took the opportunity to extend our €900 million revolving credit facility with a supportive banking syndicate from 2024 to 2025.

Finally, with the capital structure we established last year seeing no debt maturities until 2022 we have a great deal of confidence in our ability to weather this storm regardless of how bad it might get, and how long it may go on.

PAGE 16: GUIDANCE AND OUTLOOK

Since our full year results presentation when we provided our initial views on guidance, we have taken further actions to ensure our position is robust throughout this volatile period.

As a result of OPEC+ production restrictions in part of our business, the shut-in of some of our uneconomic production in Germany, and capital rephasing we are now guiding to the lower end of the original production guidance range. However, this assumes no further unanticipated production restrictions imposed on us for the remainder of this year.

We are further lowering our production and development capex guidance to a range of €1.0-1.2 billion – about a 30% reduction compared to our original plan. The reduction comes from a combination of delays in FID's in projects like our Aguada Federal unconventional project in Argentina, the project recycle and retendering on the Ghasha development in Abu Dhabi, as well as the rephasing of capital in to 2021. The reduced capex budget has limited impact on our 2020 production guidance, but will impact our mid-term projections which we will discuss in more detail in the second half of this year.

In terms of exploration, we believe we continue to target an outcome of €150-250 million of expenditures for the year – a 20% reduction on our original plan and a large reduction compared to the €350 million in 2019.

The actions taken to date have allowed us to reduce our Free Cash Flow break-even for 2020 to ~$30/boe. We are at the peak of our investment cycle with a number of great projects in their final phases of completion. While some have been delayed coming on-stream through some of the actions we have purposely taken to rephase capital, we continue to expect a very significant production build in 2021, and combined with a large reduction in capex going forward, we will significantly reduce our FCF break-even to below $20/boe ensuring an even more robust portfolio going forward.

And with that, let me hand you back to Mario.

Mario Mehren

Thanks Paul.

Let me leave you with the following messages.

Whilst the times are certainly unprecedented, we are managing the crisis well.

We have protected our people and continue to provide support to local communities where we operate.

We have devised contingency plans that would allow us to minimize the risk of impact, should the second wave of the pandemic happen.

We continue to be conscious of the commodity price environment and until the path of future price developments is clear, our jobs as the management is to protect the downside of our business rather than speculate on the future.

2020 is a challenging year for the industry, but with the measures that we have implemented and a good capital structure, Wintershall Dea is well positioned to capture value when demand and market prices return.

With that, let's go to Q&A.