Wintershall Dea GmbH

Group Management Report
and
Consolidated Financial Statements

1 January – 31 March 2020

Group Management Report of the Wintershall Dea Group for the period 1 January to 31 March 2020 (1st quarter 2020)

1. Material changes and key events

The reporting period for the first quarter 2020 comprises January to March 2020. Since the preceding fiscal year covered the period from May to December 2019 (short fiscal year), the comparison period according to IAS 34 comprises the months May and June 2019 only. Therefore, the amounts presented in the interim financial statements for reporting and comparison periods are not fully comparable. In addition to the comparison of the reporting period (1 January – 31 March 2020) with the comparison period (1 May – 30 June 2019; comparison period), for the sake of comparability, the results of operations for the first quarter 2020 were compared with the results of operations for the first quarter of the calendar year 2019 (1 January – 31 March 2019), derived from the addition of the consolidated financial statements of the Wintershall group for January – March 2019 and the consolidated financial statements of the Dea group for January – March 2019. 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.

During the period under review, Wintershall Dea Norge secured interests in nine new exploration licenses in Norway, including three as the operator. In the Awards for Predefined Areas (APA) 2019 licensing round, we received participating interest in one license in the Barents Sea, four in the Norwegian Sea, and four in the North Sea.

Wintershall Dea signed the concession agreement for the East Damanhour block in Egypt. The block is located to the west of Wintershall Dea's Disouq development in the onshore Nile Delta.

Since the beginning of this year, the spreading of Covid-19 has resulted in a Global health pandemic, providing significant risk to the health of individuals. In addition, the rapid spread of Covid-19 has resulted in a significant global decline in economic activity, and a corresponding steep decline in commodity prices. Wintershall Dea is carefully monitoring the development of the virus in all jurisdictions where we operate. Our priority is to avoid any harm to our employees and contractors, and in addition to actions taken to date we will continue to evaluate the effects for both the current year, and the longer term. Since this process is still ongoing at the balance sheet date, any long-term impacts are not yet reflected as of 31 March 2020.

2. Macro fundamentals

Oil prices

$/barrel	Jan. – Mar. 2020	May – Jun. 2019	Jan. – Mar. 2019
Average Brent price for the period[1]	50	68	63

[1] Source: Heren/Argus/Platts

Gas prices

$/mscf	Jan. – Mar. 2020	May – Jun. 2019	Jan. – Mar. 2019
Average TTF price (month ahead) for the period[1]	3.7	4.6	7.1

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

Foreign currency

The $ slightly appreciated against the € in the reporting period. The € traded at $ 1.10/€ on average for reporting period (May-Jun. 2019: $ 1.12/€, Jan.-Mar. 2019: $ 1.14/€). At the end of March 2020, the € was trading at $ 1.10/€ (31 December 2019: $ 1.12/€).

The Russian rouble (RUB) depreciated slightly against the € in the reporting period. The € traded at RUB 73.8/€ on average for the reporting period (May-Jun. 2019: RUB 72.5/€; Jan.-Mar. 2019: RUB 74.9/€). At the end of March 2020, the € was trading at RUB 85.9/€ (31 December 2019: RUB 69.9/€).

The Argentine peso (ARS) continued to depreciate, averaging to ARS 67.8/€ in the reporting period (May-Jun. 2019: ARS 49.9/€; Jan.-Mar. 2019: ARS 44.3/€). At the end of March 2020, the € was trading at ARS 70.6/€ (31 December 2019: ARS 67.2/€).

3. Business performance and profitability

3.1. Production

Natural gas (mboe/d)	Jan. – Mar. 2020	May – Jun. 2019	Jan. – Mar. 2019[1]
Northern Europe	112	112	107
Russia	242	225	248
Middle East/North Africa	40	41	32
Latin America	61	69	65
	454	**447**	**452**

Liquids (mboe/d)	Jan. – Mar. 2020	May – Jun. 2019	Jan. – Mar. 2019[1]
Northern Europe	95	100	98
Russia	58	54	58
Middle East/North Africa[2]	9	10	9
Latin America	9	9	9
	172	**173**	**174**

Total production (mboe/d)	Jan. – Mar. 2020	May – Jun. 2019	Jan. – Mar. 2019[1]
Northern Europe	207	212	205
Russia	300	279	306
Middle East/North Africa[2]	49	51	41
Latin America	70	78	74
	626	**620**	**626**

mboe/d – thousand barrel of oil equivalent per day
[1] The period comprises production for Wintershall Dea group on a like-for-like basis (aggregating production for Wintershall group for Jan-Mar. 2019 and the production for Dea group for Jan.-Mar. 2019) on a working interest basis; including proportional production from at equity accounted companies
[2] excluding Libyan onshore

In the period under review, the group's daily production averaged 626 mboe/d, of which gas was 454 mboe/d and liquids 172 mboe/d. In comparison to May-June 2019, production increased by 6 mboe/d. Gas production in Russia for the comparison period was affected by the summer maintenance. The respective increase in the reporting period was partially compensated by lower demand in Argentina as well as lower production in Northern Europe.

Production for the period is flat compared with January-March 2019. Higher gas production in Middle East/North Africa is mainly resulting from the start of Giza Fayoum in the Egyptian West

Nile Delta in the course of the first quarter 2019. This is offset by lower gas demand in Argentina and lower gas production in Russia.

3.2. Realized prices

	Jan. – Mar. 2020	May – Jun. 2019	Jan. – Mar. 2019[1]
Average realized liquids price including oil price hedge result (in $/bbl)	32	37	41
Average realized liquids price excluding oil price hedge result (in $/bbl)	31	37	42
Northern Europe	42	50	54
Russia[2]	10	8	14
Middle East/North Africa	49	63	59
Latin America	42	56	51
Average realized gas price (in $/mscf)	1.61	2.24	2.71
Northern Europe	3.34	4.43	6.31
Russia[2]	0.53	0.84	0.94
Middle East/North Africa	2.99	3.55	3.70
Latin America	2.13	3.32	3.21

[1] Like-for-like presentation.
[2] Includes the deduction of costs and applicable taxes.

Although TTF prices declined by 48% in comparison with January-March 2019, our realized gas prices are down by 41%, reflecting the benefits of the diversified pricing constructs built into our global gas portfolio, providing a built-in dampening mechanism. Our realized liquids price (incl. hedges) declined by about 22%, nearly in line with the development of Brent prices.

3.3. Results of operations

Comparison January-March 2020 versus May-June 2019

Consolidated income statement of the Wintershall Dea group

€ million	Jan. – Mar. 2020	May – Jun. 2019
Revenues and other income	1,108	912
EBITDAX	481	466
Income from operating activities	65	169
Income before taxes	17	162
Net income	-90	133
Adjusted net income	-78	140

In the reporting period January-March 2020, revenues and other income increased by € 196 million or 21%, to € 1,108 million, compared with € 912 million in the period May-June 2019. This is mainly relating to the different duration of reporting and comparison periods. This was partially offset by lower commodity prices: Brent declined by 26%, whereas gas prices (TTF) declined by 20%. The other operating income decreased by € 36 million; the comparison period included the gain from the sale of a subsidiary

EBITDAX increased slightly by € 15 million (+ 3%), to € 481 million in the reporting period. The positive impact from revenues and the lower cost of sales midstream was mostly compensated by higher production and operating expenses and higher general and administration expenses. The increase in production and operating expenses mainly related to the different duration of reporting and comparison periods. In addition, the comparison period included positive effects from the reversal of impairment of trade and other receivables as well as from the release of provisions. The increase in general and administration expenses related to the different duration of reporting and comparison period as well as to an adjusted cost allocation.

Income from operating activities decreased by € 104 million to € 65 million (May-June 2019: € 169 million). The slightly positive effects from the EBITDAX were overcompensated by higher depreciation and amortization, higher exploration expenditures and lower non-recurring items in the reporting period. Depreciation and amortization increased mainly due to the timing effect. The comparison period included the gain from the deconsolidation of a subsidiary, which is not part of the EBITDAX since it is a non-recurring effect, but which impacts the income from operating activities. Exploration expenditure increased due to higher costs for acquired seismic, partially offset by lower dry well cost. In the reporting period, exploration expenses included dry well costs for 2 wells in Northern Europe.

Income before taxes amounted € 17 million, a significant decrease compared to the period May-June 2019. In addition to the lower income from operating activities, also the financial result decreased by € 41 million, which is mainly due to higher losses from derivatives, which amounted to € 60 million in the reporting period (May-June 2019: € 1 million). This was partially offset by a slightly better fx result: the impact of fx effects in the reporting period amounted to a gain of € 2 million € (May-June 2019: loss of € 9 million).

In the reporting period, Wintershall Dea incurred total tax expenses of € 107 million. The effective tax rate in the reporting period is significantly impacted by deferred tax expenses in Norway, resulting mainly from the lower tax asset base after the devaluation of the Norwegian Kroner.

Net income amounted to € -90 million in the reporting period, a significant decrease compared to the period May-June 2019.

Adjusted net income (€ million)	Jan. – Mar. 2020	May – Jun. 2019
Net income	-90	133
Adjustments:		
Integration cost	12	7
Restructuring		
Adjusted net income	**-78**	**140**

Adjusted for special items like expenses related to the merger such as restructuring and integration, adjusted net income amounted to € -78 million for the reporting period (May-June 2019: € 140 million).

Comparison January-March 2020 versus January-March 2019

Consolidated income statement of the Wintershall Dea group

€ million	Jan. – Mar. 2020	Jan. – Mar. 2019[1]
Revenues and other income	1,108	1,606
EBITDAX	481	832
Income from operating activities	65	147
Income before taxes	17	136
Net income	-90	12
Adjusted net income	-78	320

[1] Like-for-like presentation, aggregating the income statement of the Wintershall group for Jan.-Mar. 2019 (in the new reporting structure) and the income statement of the Dea group for Jan.-Mar. 2019 (in the new reporting structure), excluding any effects from the purchase price allocation.

In the reporting period January-March 2020, revenues and other income decreased by € 498 million or -31%, to € 1,108 million, compared with € 1,606 million in the period January-March 2019. This is mainly relating to the lower commodity prices: Brent declined by 21%, whereas gas prices (TTF) declined by 48%. Moreover, the revenues from midstream decreased after the change of the consolidation method for the WIGA group, which was only partially compensated by higher net income from equity accounted investments midstream. Gas trading volumes in Germany accounted for € 213 million in the reporting period, compared to € 324 million in the period January-March 2019. Commodity hedges for oil and gas accounted for € 13 million; the comparison period included a negative hedge effect of € 4 million.

EBITDAX decreased by € 351 million (- 42%), to € 481 million in the reporting period. The lower revenues were only partially compensated by lower production and operating expenses and lower cost of sales midstream, leading to the lower EBITDAX. The decrease in production and operating expenses mainly related to lower cost of trading gas, in line with the development of the revenues from trading gas. Royalties decreased year-on-year as well, which was mainly price related. In contrast, general and administration expenses (net of restructuring cost) increased, mainly due to an adjusted cost allocation.

Income from operating activities decreased by € 82 million to € 65 million (January-March 2019: € 147 million). In addition to the lower EBITDAX, the depreciation and amortization increased by € 40 million, mainly due to the production start of Giza and Fayoum in the Egyptian West Nile Delta in the course of the first quarter 2019. This was partially compensated by lower exploration expenditures (mainly due to lower dry well cost) and lower non-recurring items in the reporting period. The comparison period included additions to restructuring provisions (€ 306 million), which are not part of the EBITDAX since it is a non-recurring effect, but which impacted the income from operating activities.

Income before taxes amounted to € 17 million, a significant decrease compared to the period January-March 2019. In addition to the lower income from operating activities, also the financial result decreased by € 37 million, which is mainly due to higher losses from derivatives, which amounted to € 60 million in the reporting period (Jan.-Mar. 2019: losses of € 14 million). This was partially offset by lower interest expenses, which amounted to € 9 million in the reporting period and € 28 million in the period Jan.-Mar. 2019. The impact of fx effects in the reporting period amounted to a gain of € 2 million €, whereas the period Jan.-Mar. 2019 contained fx gains of € 7 million.

In the reporting period, Wintershall Dea incurred total tax expenses of € 107 million (Jan.-Mar. 2019: tax expenses of € 124 million). The effective tax rate in the reporting period is significantly impacted by deferred tax expenses in Norway, resulting mainly from the lower tax asset base after the devaluation of the Norwegian Kroner. In Jan.-Mar. 2019, the tax rate amounted to 91%: the high tax rate is due to the proportionately high share of positive result from Norway and the high effective tax rate, whereas the result in Germany was affected by the additions to restructuring provisions.

Net income amounted to € -90 million in the reporting period (January-March 2019: € 12 million).

Adjusted net income (€ million)	Jan. – Mar. 2020	Jan. – Mar. 2019[1]
Net income	-90	12
Adjustments:		
Integration cost	12	2
Restructuring		306
Adjusted net income	**-78**	**320**

[1] Like-for-like presentation.

Adjusted for special items like expenses related to the merger such as restructuring and integration, adjusted net income amounted to € -78 million for the reporting period (Jan.-Mar. 2019: € 320 million).

3.4. Production costs

Production costs per boe ($/boe)	Jan. – Mar. 2020	May – Jun. 2019	Jan. – Mar. 2019[1]
Northern Europe	6.3	6.4	7.4
Russia	0.4	0.8	0.4
Middle East/North Africa	8.6	-0.4	4.8
Latin America	3.6	4.2	3.7
Total production cost group	**4.3**	**3.7**	**4.3**

[1] 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 net-back basis, the majority of the production costs are already considered in the price formula, leading to lower realized prices and lower production costs.

Overall production cost remained flat compared to the first quarter 2019. Lower production cost in Northern Europe, which were caused by increased production efficiency and positive fx effects, were partially offset by higher production cost in Middle East/North Africa: production cost in Egypt increased due to higher production, higher charge-outs from the Gulf of Suez operator and higher workovers in Gulf of Suez in the reporting period, whereas the period January-March 2019 was impacted by retroactive capitalization of costs and no well workovers. In the period May-June 2019, production cost in Egypt included the release of provisions, leading to negative production costs.

4. Net assets

Balance sheet of the Wintershall Dea group

Assets (€ million)	31-03-2020	31-12-2019
Intangible assets	7,071	7,082
Tangible assets	10,003	9,932
Equity-accounted investments	2,729	2,685
Financial receivables	1,071	1,064
Other assets / receivables	391	308
Non-current assets	**21,265**	**21,071**
Financial receivables	238	181
Trade and other receivables	946	1,227
Other current assets	1,565	1,181
Current assets	**2,749**	**2,589**
Assets	**24,014**	**23,660**

Equity and liabilities (€ million)	31-03-2020	31-12-2019
Equity	**8,091**	**8,289**
Provisions	3,686	3,624
Financial debt	6,027	6,028
Other non-current liabilities	3,883	3,542
Non-current liabilities	**13,596**	**13,194**
Provisions	344	375
Financial debt	805	576
Trade and other payables	1,054	1,096
Other current liabilities	124	130
Current liabilities	**2,327**	**2,177**
Equity and liabilities	**24,014**	**23,660**

Non-current assets amounted to 89% of total assets and stood at € 21,265 million as of 31 March 2020, up by € 194 million compared to 31 December 2019. The main drivers for the increase were the capital expenditures and fx effects, partially offset by depreciation and amortization. Intangible assets amounted to € 7,071 million, down by € 11 million. Tangible assets increased by € 71 million, resulting from the capital expenditures, partially offset by depreciation and disposals. Other assets / receivables, which include derivative instruments, other assets/receivables and deferred tax assets, increased by € 83 million in total: derivative instruments, other assets and the deferred tax assets all increased compared with 31 December 2019.

Current assets increased by 6 % compared to 31 December 2019 and stood at € 2,749 million as of 31 March 2020. Financial receivables increased by € 57 million, mainly due higher loans to our JV Achim Development. Trade and other receivables decreased by € 281 million, mainly due to lower revenues. The other current assets, comprising inventories, derivative instruments and cash and cash equivalents, increased by € 384 million, mainly due to increased derivatives and higher cash.

The equity ratio of Wintershall Dea group amounted to 34% as at the balance sheet date (31 December 2019: 35%). As of 31 March 2020, equity amounted to € 8,091 million, which is a decrease of € 198 million, mainly due to the negative result of the reporting period and unrealised losses from currency translations, partially offset by fair value changes from cash flow hedges.

The non-current provisions and liabilities amounted to € 13,596 million as of 31 March 2020, a 4% increase compared with 31 December 2019. The increase in provisions of € 62 million relate to pension provisions (€ 13 million) and decommissioning provisions (€ 48 million). Non-current financial debt remained stable in the reporting period. Other non-current liabilities, comprising derivative instruments, income tax liabilities, other liabilities and deferred tax liabilities, increased by € 341 million, mainly due to higher deferred tax liabilities and increased derivative instruments.

Current provisions and liabilities stood at € 2,327 million as of 31 March 2020, a 7 % increase compared with 31 December 2019. Current financial debt increased by € 229 million, mainly due to higher cash pool liabilities towards related parties. Trade and other payables slightly decreased by 4%.

Net debt as of 31 March 2020 amounted to € 5,713 million, implying a net debt to EBITDAX ratio of 2.3x.

5. Financial position

5.1. Statement of Cash Flows

Comparison for January-March 2020 with May-June 2019

(€ million)	Jan. – Mar. 2020	May – Jun. 2019
Cash flow from operating activities	502	324
Cash flow from investing activities	-376	-275
Cash flow from financing activities	206	-135
Change in cash and cash equivalents	332	-86

[1] Like-for-like presentation.

Cash flow from operating activities

Cash inflow from operating activities increased by € 178 million from € 324 million in the comparison period to € 502 million in the reporting period. The increase is mainly due to positive effects from changes in working capital, which could offset the lower result.

Cash flow from investing activities

Cash outflow from investing activities, which includes capital expenditures, acquisitions, payments for financial receivables as well as proceeds from divestments and disposals, amounted to € 376 million in the reporting period after € 275 million in the comparison period. The increase is mainly due to the different duration of the reporting and comparison periods, partially compensated by higher proceeds from the disposal of fixed assets.

Investments (€ million)	Jan. – Mar. 2020	May – Jun. 2019
Capital expenditure		
Northern Europe	**285**	**197**
Development/production	268	184
Exploration	17	13
Russia	**5**	**5**
Development/production	5	5
Exploration	-	-
Middle East/North Africa	**55**	**53**
Development/production	55	53
Exploration	-	-
Latin America	**12**	**15**
Development/production	5	8
Exploration	7	7
Midstream	**-**	**0**
Other	**0**	**0**
	357	270
Acquisitions	11	-
Total	**368**	**270**

Our expenditure for tangible and intangible assets increased by € 87 million, mainly due to the timing effect between reporting and comparison periods. 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, capex investments were made in existing producing fields. In total, our capital expenditure (excluding acquisitions) amounted to € 357 million.

Acquisitions in the reporting period relate to the equity injection in a non-consolidated subsidiary of Wintershall Dea.

From exploration activities, we capitalized € 24 million in the reporting period. This relates to 5 wells drilled in Northern Europe and Latin America. One well was successful, whereas the remaining 4 wells are not yet finalized as of the balance sheet date and are still capitalized as of the end of March 2020.

Cash flow from financing activities

Cash flow from financing activities amounted to € 206 million in the reporting period compared with a cash flow from financing activities of € -135 million in May-June 2019. Cash flow from financing activities in the reporting period reflects mainly higher liabilities from cash pooling with related parties. In the comparison period, the cash flow from financing activities reflected payments to shareholders and repayment of shareholder loans, partially compensated by proceeds from debt to banks after the refinancing in the course of the merger with Dea.

Free cash flow

(€ million)	Jan. – Mar. 2020	May – Jun. 2019
Cash flow from operating activities	502	324
Cash flow from investing activities	-376	-275
Less payments for acquisitions	11	-
Free cash flow	137	49

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 € 137 million in the reporting period, compared with € 49 million in the period May-June 2019.

Comparison for January-March 2020 with January-March 2019

(€ million)	Jan. – Mar. 2020	Jan. – Mar. 2019[1]
Cash flow from operating activities	502	581
Cash flow from investing activities	-376	-1,160
Cash flow from financing activities	206	766
Change in cash and cash equivalents	332	187

[1] Like-for-like presentation.

Cash flow from operating activities

Cash inflow from operating activities for the reporting period amounted to € 502 million, a decrease of € 79 million compared with the period January-March 2019. This is mainly due to a lower net result (excluding depreciation and changes from deferred taxes), resulting from lower commodity prices. This was partially offset by a higher positive effect from changes in working capital.

Cash flow from investing activities

Cash outflow from investing activities for the reporting period amounted to € 376 million, a decrease of € 784 million compared with the period January-March 2019. This is mainly owing to higher payments for acquisitions in the first quarter 2019, relating to the acquisition of Sierra and the second instalment of the Ogarrio purchase price. In addition, cash outflow for financial receivables decreased year-on-year, whereas proceeds from disposal of fixed assets increased in the reporting period, mainly due to € 42 million as the first instalment of the payment for the 2019 dilution of the fields Aguada Federal and Bandurria Norte in Argentina.

Investments (€ million)	Jan – Mar. 2020	Jan. – Mar. 2019[1]
Capital expenditure		
Northern Europe	**285**	**240**
Development/production	268	228
Exploration	17	12
Russia	**5**	**6**
Development/production	5	6
Exploration	-	0
Middle East/North Africa	**55**	**94**
Development/production	55	94
Exploration	-	0
Latin America	**12**	**20**
Development/production	5	20
Exploration	7	0
Midstream	**-**	**0**
Other	**0**	**1**
	357	361
Acquisitions	11	697
Total	**368**	**1,058**

[1] Like-for-like presentation.

Our capital expenditure for the first quarter 2020 amounted to € 357 million, largely stable compared to the period January-March 2019. The increase in Northern Europe was due to the higher development capex 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.

Cash outflow for acquisitions amounted to € 11 million in the reporting period and € 697 million in the period January-March 2019, the latter relating to the acquisition of Sierra and the second instalment for the purchase price Ogarrio (Mexico) in the first quarter 2019. The payments for acquisitions in the reporting period relate to an equity injection into a non-consolidated subsidiary.

Cash flow from financing activities

Cash flow from financing activities for the reporting period amounted to € 206 million (January-March 2019: € 766 million). The decrease is mainly due to the fact that in the first quarter 2020 there was no external financing activities, whereas the comparison period included net proceeds from debt to banks. In addition, there was lower cash inflow from financial liabilities towards related parties. The financial liabilities towards related parties mainly comprise the liabilities from cash pooling with non-consolidated subsidiaries and participations that are accounted at equity, like WIGA group and Wintershall AG. The increase in cash pool liabilities in the reporting period mainly relates to higher cash deposits from WIGA group. In the year-on-year comparison, this was partially compensated by net payments to shareholders in the period January-March 2019.

Free cash flow

(€ million)	Jan. – Mar. 2020	Jan. – Mar. 2019[1]
Cash flow from operating activities	502	581
Cash flow from investing activities	-376	-1,160
Less payments for acquisitions	11	697
Free cash flow	137	118

[1] Like-for-like presentation.

Free cash flow for the reporting period amounted to € 137 million, compared with € 118 million for the period January-March 2019. The lower operating cash flow was compensated by higher proceeds from divestments and lower payments for financial receivables.

5.2. Cash and Liquidity

Cash and cash equivalents amounted to € 1,091 million as of 31 March 2020, an increase of € 277 million compared with 31 December 2019. This is mainly caused by higher deposits from cash pooling from non-consolidated subsidiaries and participations that are accounted at equity. In addition, the proceeds from divestments in Argentina increased our cash.

In addition to the cash and cash equivalents, Wintershall Dea has an undrawn RCF facility of € 900 million. Overall, the available liquidity as of 31 March 2020 amounted to € 2 billion.

In April 2020, we successfully secured further working capital lines of € 450 million in total with five banks. These committed lines have a maturity of 1 year and are intended to cover peaks in working capital demands.

Kassel/Hamburg, 14 May 2020

The Board of Management

Mehren	Dijkgraaf	Smith	Wieland

Wintershall Dea GmbH
Consolidated Interim Financial Statements for the Period 1 January – 31 March 2020

(with comparison period May – June 2019)

Consolidated Statement of Income

€ million	Jan - Mar 2020	May - Jun 2019
Revenues gas and oil	993	724
Revenues midstream	-	39
Revenues other	62	81
Net income from equity - accounted investments: gas and oil	1	3
Net income from equity - accounted investments: midstream	44	21
Other operating income	8	44
	1,108	912
Production and operating expenses	-496	-325
Production and similar taxes	-32	-33
Depreciation and amortization	-364	-300
Net impairment on assets	-	-
Cost of sales midstream	-	-6
Exploration expenses	-46	-35
General and administration expenses	-105	-44
	65	169
Financial income	32	31
Financial expenses	-80	-38
	-48	-7
Net income/loss (-) before taxes	**17**	**162**
Income taxes	-107	-29
Net income/loss (-)	**-90**	**133**
Net income/loss (-) attributable to shareholders	**-90**	**123**
Net income/loss (-) attributable to non-controlling interests	-	10

Consolidated Statement of Comprehensive Income

€ million	Jan – Mar 2020	May - Jun 2019
Net income/loss (-)	**-90**	**133**
Actuarial gains/losses	-18	-59
Items that will not be reclassified to profit or loss at a later date	**-18**	**-59**
Unrealized gains/losses on currency translation	-121	-27
Unrealized gains/losses on currency translation from equity investments	-	-1
Fair value changes in derivatives designated in cash flow hedges	33	25
Fair value changes in derivatives designated in cash flow hedges from equity investments	-2	-
Income and expenses that will be reclassified to profit or loss at a later date	**-90**	**-3**
Other comprehensive income (net tax)	**-108**	**-62**
Total comprehensive income	**-198**	**71**
Total comprehensive income attributable to shareholders	-198	61
Total comprehensive income attributable to non-controlling interests	-	10

Consolidated Balance Sheet

€ million	31-03-2020	31-12-2019
Assets		
Non-current assets		
Goodwill	2,637	2,580
Exploration assets	1,617	1,577
Other intangible assets	2,817	2,925
Property, plant and equipment, and investment property	10,003	9,932
Investments valued at equity	2,729	2,685
Other financial assets	16	5
Financial receivables	1,071	1,064
Derivative instruments	104	72
Other receivables	153	135
Deferred tax assets	118	96
	21,265	21,071
Current assets		
Inventories	208	227
Financial receivables	238	181
Trade and other receivables	946	1,227
Derivative instruments	155	57
Income tax assets	111	83
Cash and cash equivalents	1,091	814
	2,749	2,589
Total assets	**24,014**	**23,660**

€ million	31-03-2020	31-12-2019
Equity and Liabilities		
Equity		
Subscribed capital	189	189
Capital reserve	6,152	6,152
Retained earnings and other comprehensive income	1,750	1,948
Shareholder's equity	8,091	8,289
Non-controlling interests	0	0
	8,091	8,289
Non-current liabilities		
Pension provisions	592	579
Decommissioning provisions	2,863	2,815
Other provisions	231	230
Financial debt	6,027	6,028
Derivative instruments	140	22
Income tax liabilities	8	8
Other liabilities	30	35
Deferred tax liabilities	3,705	3,477
	13,596	13,194
Current liabilities		
Decommissioning provisions	57	58
Other provisions	287	317
Financial debt	805	576
Trade and other payables	1,054	1,096
Derivative instruments	53	51
Income tax liabilities	71	79
	2,327	2,177
Total equity and liabilities	**24,014**	**23,660**

Consolidated Statement of Changes in Equity

€ million	Subscribed capital of Wintershall Dea GmbH	Capital reserves of Wintershall Dea GmbH	Retained earnings and net retained profit	Other comprehensive income			Share-holder's equity	Non-controlling interests	Total
				Remeasure-ment of benefit plans	Foreign currency translation	Cash flow hedges			
As of 1 January 2020	**189**	**6,152**	**2,943**	**-190**	**-786**	**-19**	**8,289**	**-**	**8,289**
Other comprehensive income	-	-	-	-18	-121	31	**-108**	**-**	**-108**
Net income/loss (-)	-	-	-90	-	-	-	**-90**	**-**	**-90**
Total comprehensive income	-	-	-90	-18	-121	31	**-198**	**-**	**-198**
Capital increase/ decrease	-	-	-	-	-	-	**-**	**-**	**-**
Dividend distribution	-	-	-	-	-	-	**-**	**-**	**-**
Other changes	-	-	-		-	-	**-**	**-**	**-**
As of 31 March 2020	**189**	**6,152**	**2,853**	**-208**	**-907**	**12**	**8,091**	**-**	**8,091**
As of 1 May 2019	**105**	**1,172**	**2,854**	**-142**	**-834**	**-36**	**3,119**	**154**	**3,273**
Other comprehensive income	-	-	-	-59	-27	24	**-62**	**-**	**-62**
Net income/loss (-)	-	-	123	-	-	-	**123**	**10**	**133**
Total comprehensive Income	0	0	123	-59	-27	24	**61**	**10**	**71**
Capital increase/ decrease	84	6,239	-	-	-	-	**6,323**	**-**	**6,323**
Dividend distribution	-	-	-	-	-	-	**-**	**-**	**-**
Other changes	-	-	-	-	-	-	**-**	**-**	**-**
As of 30 June 2019	**189**	**7,411**	**2,977**	**-201**	**-861**	**-12**	**9,503**	**164**	**9,667**

Consolidated Statement of Cash Flows

€ million	Jan - Mar 2020	May - Jun 2019
Net income/loss (-)	**-90**	**133**
Amortization/depreciation/impairment losses/reversal of impairment losses	375	319
Changes in provisions	-35	-94
Changes in deferred taxes	109	-26
Gains (-)/losses from disposal of non-current assets	-5	-6
Gains (-)/losses from deconsolidation	-	-38
Other non-cash income/expenses	-49	18
Changes in working capital	132	-14
Miscellaneous items	65	32
Cash flow from operating activities	**502**	**324**
Payments for intangible assets, property, plant and equipment	-357	-270
Payments for acquisitions	-11	0
Proceeds from the disposal of non-current assets/ divestitures	53	40
Payments for financial receivables	-61	-45
Cash flow from investing activities	**-376**	**-275**
Payments to shareholders from capital reserves	-	-1,300
Repayments of shareholder loans	-	-242
Proceeds from debt to banks	-	3,344
Repayments of debt to banks	-	-1,892
Change in financial liabilities (related parties)	221	-35
Repayment of lease liabilities	-15	-10
Cash flow from financing activities	**206**	**-135**
Change in cash and cash equivalents	**332**	**-86**
Effects of foreign exchange rates changes, consolidation-related changes and other changes in value	-55	174
Cash and cash equivalents at beginning of reporting period	**814**	**889**
Cash and cash equivalents at end of reporting period	**1,091**	**977**

Notes to the Condensed Consolidated Financial Statements

NOTE 1 – BASIS OF PRESENTATION

Wintershall Dea GmbH (formerly Wintershall Holding 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 interim 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) applicable in the European Union (EU).

In the line with IAS 34, the scope of the presentation of the interim consolidated financial statements for the three months period ended 31 March 2020 (comparison period 1 May to 30 June 2019) was condensed compared to the scope applied to the consolidated financial statements as of 31 December 2019. The interim consolidated financial statements apply the same accounting policies and practices as those used in the 2019 annual financial statements, except where financial reporting standards have been applied for the first time in 2020 (see Note 3).

Since the reporting period comprises a three months period and the comparative period comprises a two 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.

Selected exchange rates

€ 1 =	**Closing rates**		**Average**	
	31-03-2020	31-12-2019	Jan -Mar 2020	May – Jun 2019
Argentina (ARS)	70.55	67.21	67.83	49.88
Brazil (BRL)	5.7	4.52	4.92	4.42
UK (GBP)	0.89	0.85	0.86	0.88
Norway (NOK)	11.51	9.86	10.47	9.76
Russia (RUB)	85.95	69.96	73.82	72.51
USA (USD)	1.10	1.12	1.10	1.12
Mexico (MXN)	26.18	21.22	22.10	21.58

Discount rates
The discount rates applied for decommissioning provisions remain unchanged between 0.00% and 6.56%. Pension provisions are discounted at an interest rate of 1.06% in Germany (31 December 2019: 1.05%) and at an interest of 1.80% in Norway (31 December 2019: 1.80%) and 0.90% in Switzerland (31 December 2019: 0.90%).

NOTE 2 – SCOPE OF CONSOLIDATION

The consolidated financial statements include the accounts of Wintershall Dea GmbH and its subsidiaries over which the company has control. There are 50 consolidated companies (31 December 2019: 51). There are 7 joint ventures and 7 associated companies that are accounted for using the equity method (31 December 2019: 7 joint ventures and 7 associated companies).

Joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. There are joint arrangements at Wintershall Dea in the course of development and production activities. They are classified as joint operations since the arrangements transfer the rights and obligations relating to the assets and liabilities to the investors. The Company's shares in joint operations are accounted by recognizing its respective share in assets and liabilities as well as its income and expenses. The joint operation AO Achimgaz, Novy Urengoy/Russia, which is operated jointly with Gazprom for the production of natural gas and condensate is proportionately consolidated. Wintershall Dea holds a 50% interest in the company and controls the company jointly with Gazprom.

NOTE 3 – CHANGES IN ACCOUNTING STANDARDS

The International Accounting Standards Board (IASB) has adopted changes in the existing International Financial Reporting Standards (IFRS), which became effective for the WD Group as of 1 January 2020:

Standards, interpretations and amendments	**IASB effective date**
Amendments to Reference to the Conceptional Framework in IFRS Standards (2018)	1 January 2020
Amendments to IAS 1 and IAS 8 (2018) "Definition of Material"	1 January 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 (2019) "Interest Rate Benchmark Reform"	1 January 2020

The amendments had no material impact on the WD Group consolidated financial statements.

NOTE 4 – SUPPLEMENTARY INFORMATION ON CONSOLIDATED STATEMENT OF INCOME

Revenues

Revenues		Jan - Mar 2020	May - Jun 2019
€ million			
Revenues gas			
	Gas sales own production	299	225
	Gas sales trading	241	165
	Gas derivatives	0	19
		540	409
Revenues oil			
	Oil sales own production	434	305
	Oil sales trading	6	7
	Oil derivatives	13	3
		453	315
Total revenues gas and oil		**993**	**724**
Revenues midstream		-	39
Revenues other		62	81
Total		**1,055**	**844**

From Q4 2019 onwards, gas and oil (crude oil/condensate) revenues from own production also include service fees for extraction services in Russia. In the previous period, these revenues were shown under "revenues other". In the reporting period, "revenues other" mainly comprise revenues from construction services to Achim Development.

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

Production and operating expenses

Production and operating expenses	Jan - Mar 2020	May - Jun 2019
€ million		
Production cost	166	122
Change over-/underlift	5	15
Transport fees and leases	63	47
Development cost	5	7
Cost of trade goods	193	148
Other cost of sales	64	1
Other costs	0	-15
Production and operating expenses	**496**	**325**

Production costs also comprise extraction services in Russia. In the previous period the production cost also included construction services for Achim Development. From Q4 2019 onwards 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".

Financial result

Financial result	Jan - Mar 2020	May - Jun 2019
€ million		
Interest income from third parties	30	29
Interest income from related parties	0	-
Foreign currency exchange gains, net	2	-
Gains from financial derivatives, net	-	-
Income from investments	0	1
Other financial income	0	1
Financial income	**32**	**31**
Interest expenses to third parties	19	19
Interest expenses to related parties	0	1
Less capitalised borrowing costs	-10	-6
Foreign currency exchange losses, net	-	9
Losses from financial derivatives, net	60	1
Interest from addition to provisions	11	9
Net impairment on financial receivables	0	-
Other financial expenses	0	4
Financial expenses	**80**	**38**
Financial result	**-48**	**-7**

Income taxes

Income taxes	Jan - Mar 2020	May - Jun 2019
€ million		
Current taxes	4	-57
Deferred taxes	-111	28
Total	**-107**	**-29**

NOTE 5 – 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 segments. 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.

€ million/mboed	E&P Northern Europe	E&P Russia	E&P Middle East/ North Africa	E&P Latin America	Midstream	Other	Consoli-dation	Total
	January – March 2020							
External revenues	544	166	47	97	-	201	-	1,055
Inter-segment revenues	28	-	-	0	-	2	-30	-
Segment revenues	572	166	47	97	-	203	-30	1,055
Depreciation and amortization	-275	-7	-27	-53	0	-2	-	-364
Net impairment on assets	-	-	-	-	-	-	-	-
Exploration expenses	-21	-	-2	-18	-	-5	-	-46
Income tax	-98	-18	6	-7	0	10	-	-107
Net income/loss (-)	-29	81	-12	-25	42	-147	-	-90
EBITDAX	328	104	8	61	44	-64	-	481
thereof net income from equity-accounted investments	-6	9	-2	-	44	-	-	45
Capital expenditure 1)	285	5	55	12	-	0	-	357
Production (mboed) 2) 3) 4)	207	300	49	70	-	-	-	626
thereof gas	112	242	40	61	-	-	-	455
thereof oil	95	58	9	9	-	-	-	171

1) Including capitalized exploration
2) On working interest basis, including proportional production from at equity valued companies
3) Excluding Libyan onshore
4) Production (mboed) is not an IFRS measure

€ million/mboed	E&P Northern Europe	E&P Russia	E&P Middle East/ North Africa	E&P Latin America	Midstream	Other	Consoli-dation	Total
	May - June 2019							
External revenues	418	88	55	94	39	150	-	844
Inter-segment revenues	1	-	-	-	-	3	-4	-
Segment revenues	419	88	55	94	39	153	-4	844
Depreciation and amortization	-219	-2	-33	-38	-8	-		-300
Net impairment on assets	-	-	-	-	-	-	-	-
Exploration expenses 1)	-17	-	1	-16	-	-3	-	-35
Income tax	2	-11	3	-4	-5	-14	-	-29
Net income/loss (-)	-2	51	27	6	40	11	-	133
EBITDAX	241	60	54	69	53	-11	-	466
thereof net income from equity-accounted investments	-4	8	-1	0	21	0	-	24
Capital expenditure 2)	197	5	53	15	-	-	-	270
Production (mboed) 3) 4) 5)	212	279	51	78	-	-	-	620
thereof gas	112	225	41	69	-	-	-	447
thereof oil	100	54	10	9	-	-	-	173

1) Adjusted allocation between "Norther Europe" and "Other"
2) Including capitalized exploration
3) On working interest basis, including proportional production from at equity valued companies
4) Excluding Libyan onshore
5) Production (mboed) is not an IFRS measure

External revenues are allocated to the following divisions:

External revenues	Jan - Mar 2020	May - Jun 2019
€ million		
Norway	384	287
Germany	160	131
UK/Denmark/Netherlands	-	-
Northern Europe	**544**	**418**
Russia	**165**	**88**
Egypt	35	47
Libya	-	-
Algeria	12	8
Middle East/North Africa	**47**	**55**
Argentina	82	81
Mexico	15	13
Latin America	**97**	**94**
Midstream	**1**	**39**
Other	**201**	**150**
Total	**1,055**	**844**

EBITDAX

EBITDAX 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 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	Jan - Mar 2020	May - Jun 2019
€ million		
Income/loss (-) before taxes	**17**	**162**
Interest and other financing costs	-21	-8
Exploration expenses	46	35
Depreciation, amortization and net impairment on assets	364	300
Acquisition, disposal and restructuring costs and identified items [1)]	12	-30
Realized and unrealized gains/losses from foreign currency valuation and financial derivatives	58	8
Gains/losses attributable to the disposal of fixed assets	-1	-6
Pension items	6	5
EBITDAX	**481**	**466**

1) Includes the following identified items:
Jan - Mar. 2020: including integration costs € 12 million
May - Jun. 2019: including restructuring cost € 1 million, integration costs € 7 million and gains from deconsolidation € -38 million

NOTE 6 – SUPPLEMENTARY INFORMATION ON BALANCE SHEET

Intangible assets and property, plant and equipment and investment property

Intangible assets	31-03-2020	31-12-2019
€ million		
Exploration	1,617	1,577
Other intangible assets	2,817	2,925
Goodwill	2,637	2,580
Total	**7,071**	**7,082**

Property, plant and equipment and investment property	31-03-2020	31-12-2019
€ million		
Land and buildings [1)]	126	132
Gas and oil assets	9,836	9,756
Other plant machinery and equipment	9	11
Fixtures and fittings and office equipment	32	33
Total	**10,003**	**9,932**

1) Land and buildings include investment property.

Financial Debt/Net Debt

Financial debt	31-03-2020 non-current	31-03-2020 current	31-12-2019 non-current	31-12-2019 current
€ million				
Bonds	4,000	23	4,000	12
less transaction cost	-16	-	-16	-
	3,984	23	3,984	12
Debt to banks	1,898	2	1,879	2
less/plus transaction cost and embedded derivatives	7	-	8	-
	1,905	2	1,887	2
Financial liabilities to related parties	0	717	0	496
Lease liabilities	138	63	157	66
Total	**6,027**	**805**	**6,028**	**576**

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.

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 31-03-2020	Carrying amount 31-03-2020
€ million						
Bond	0.452	2023	EUR	1,000	929	996
Bond	0.840	2025	EUR	1,000	876	996
Bond	1.332	2028	EUR	1,000	787	996
Bond	1.823	2031	EUR	1,000	760	996
Total				**4,000**	**3,352**	**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 March 2020, a nominal amount of € 1,898 million was utilized (Facility B and C). Facility A 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 9 for more information on the embedded derivatives.

Breakdown of debt to banks (incl. accrued interest)	Term	Interest rate	Currency	Nominal value (contract currency)	31-03-2020 (€ million)	31-12-2019 (€ million)
Facility B	04/2022	0.6%	EUR	584	586	586
	04/2022	2.31 – 2.61%	USD	400	367	358
Facility C	04/2024	0.75%	EUR	584	587	587
	04/2024	2.46 - 2.76%	USD	400	367	358
Total					**1,907**	**1,889**

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.

Net Debt	31-03- 2020	31-12-2019
€ million		
Cash and cash equivalents	-1,091	-814
Financial receivables from cash pooling	-17	-16
Bonds	4,007	3,995
Debt to banks	1,907	1,889
Financial liabilities from cash pooling	706	485
Lease liabilities	201	223
Net Debt	**5,713**	**5,762**

NOTE 7 – COMMITMENTS

Contractual commitments
As of 31 March 2020, Wintershall Dea has commitments from firm contracts for property, plant and equipment as well as from field development projects in the amount of € 404 million.

Furthermore, Wintershall Dea is committed to a certain number of exploration wells and seismic in the context of concession agreements. The estimated expenditures amount to € 156 million.

Other long-term commitments

The obligations from purchase agreements resulted primarily from long-term purchase commitments for natural gas. The firm purchase commitments amount to € 2,652 million as of 31 March 2020 (31 December 2019: € 3,559 million).

€ million	31-03-2020	31-12-2019
2020	383	783
2021	685	928
2022	847	1,022
2023	733	821
2024	1	1
2025 and residual maturities extending beyond this	3	4
Total	**2,652**	**3,559**

NOTE 8 – RELATED PARTY TRANSACTIONS

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.

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.

Revenue with related parties	**Jan - Mar 2020**	**May - Jun 2019**
€ million		
Non-consolidated subsidiaries	1	0
Joint ventures/associates	64	1
Shareholders and their affiliates	89	63
Total	**154**	**64**

Trade accounts receivable from/ trade accounts payable to related parties	**Trade accounts receivables**		**Trade accounts payables**	
	31-03-2020	**31-12-2019**	**31-03-2020**	**31-12-2019**
€ million				
Non-consolidated subsidiaries	1	1	1	1
Joint ventures/associates	30	52	2	4
Shareholders and their affiliates	30	42	2	4
Total	**61**	**95**	**5**	**9**

Financial and other receivables from/ financial liabilities to related parties	Financial and other receivables		Financial and other liabilities	
	31-03-2020	31-12-2019	31-03-2020	31-12-2019
€ million				
Non-consolidated subsidiaries	32	31	14	2
Joint ventures/associates	404	362	694	484
Shareholders and their affiliates	1	1	9	9
Total	**437**	**394**	**717**	**495**

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.

Cash-effective changes in financial liabilities to related parties (see "Consolidated Statement of Cash Flows") are mainly related to liabilities from cash pooling.

All transactions are subject to market terms and conditions.

NOTE 9 – REPORTING OF FINANCIAL INSTRUMENTS

The financial instruments comprise both primary and derivative financial instruments and are assigned to the valuation categories according to IFRS 9. Financial instruments on the asset side like financial investments and derivatives are recognised at fair value, while other financial assets, receivables and cash and cash equivalents are recorded at amortised cost. On the liabilities side, the primary financial instruments include liabilities at amortised costs. The primary financial instruments are stated in the balance sheet, with the carrying amounts of financial assets reflecting the expected credit losses.

Fair values of derivative financial instruments are determined using customary market valuation methods taking into account public market data available on the measurement date as well as the counterparty default risk.

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 derivates that are designated as cash flow hedges is recognised as other comprehensive income within equity. The gains or losses relating to the ineffective portion are recognised immediately in profit or loss. As of 31 March 2020, parts of our oil sales are hedged until 2022. 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 measured 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.

In order to hedge the foreign currency risk from future USD repayments of intercompany loans 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. As of 31 March 2020, the market value of the derivative liabilities amounts to € 125 million.

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 companies own credit risk. To determine the fair value an option pricing model is used, taking into account simulations of interest rates and companies own credit risk. The market value as of 31 March 2020 amounts to € 1 million.

The carrying amounts of the primary financial assets and liabilities are close to their fair values, either because if short maturities or due to market-driven interest rates in case of non-current loans.

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

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

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

Level 3: Measurement on the basis of unobservable inputs.

Fair value hierarchy		**31-03-2020**		
	Total	**Level 1**	**Level 2**	**Level 3**
€ million				
Other receivables	23	-	-	23
Derivative financial assets	258	-	258	-
thereof commodity derivatives	252	-	252	-
thereof currency derivatives	5	-	5	-
thereof embedded derivatives	1	-	1	-
Derivative financial liabilities	193	-	193	-
thereof commodity derivatives	64	-	64	-
thereof currency derivatives	129	-	129	-

Fair value hierarchy		**31-12-2019**		
	Total	**Level 1**	**Level 2**	**Level 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	-

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

NOTE 10 – 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.

Kassel and Hamburg, 14 May 2020

The Management Board

Mehren Dijkgraaf Smith Wieland