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WINTERSHALL DEA Q1 2021 RESULTS PRESENTATION

Aleksander Azarnov – SVP Investor Relations

Good morning everyone and welcome to our first quarter results presentation. I hope everyone is doing well.

As usual, together with me on the call we have our CEO Mario Mehren and CFO Paul Smith, who will lead you through today's presentation.

Mario will take you through the highlights of the quarter. Paul will then talk about our financials in more detail.

I'd like to 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.

At the end, we will have plenty of time for questions.

With that, let me hand over to Mario.

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Mario Mehren – Chief Executive Officer

Thank you, Aleks.

Good morning everyone and thank you for joining us today. I hope that all of you are safe and well.

It's encouraging to see that global vaccination effort is speeding up. In the countries, with high vaccination rates, infections and hospitalisations are dropping fast. However, in many parts of the world the situation remains challenging and, in some countries, unfortunately, is worsening. Hopefully, by the time our next earnings call takes place, we can talk about herd immunity establishing in many countries and life returning to normalcy.

Following the very challenging 2020, we entered 2021 with a great deal of operating momentum that continued throughout the quarter. The strong operational performance was also supported by a significantly improved macro environment.

Looking forward, as we have to, we remain cautiously optimistic about the external environment and are focused on delivering our operational and financial targets.

PAGE 3 – MACROECONOMIC BACKDROP

The global commodity markets continue to show strong signs of rebalancing. The massive overhang of both gas and oil storage levels is now significantly reduced compared to a few months ago.

Global oil inventories are reaching historical five-year averages thanks to the ongoing OPEC+ cuts and strong demand globally. Q1 Brent price of around $61 per barrel, was 22% higher than in the same period last year and around 40% higher compared to Q4 2020.

Natural gas prices were under pressure even longer than oil. However, following the very cold winter that we had and a significant reduction of LNG supplies into Europe, TTF and NBP snapped back to levels last seen in 2019 to around $6.5 /mcf or double the level compared to Q1 2020 and around 30% higher compared to Q4 2020.

Predicting commodity prices has proven to be like a shot in the dark, but as we speak it seems that the prices remain supported by continued active supply management by OPEC+ and the impacts of vaccine roll-out globally.

PAGE 4 – Q1 HIGHLIGHTS

Shortly Paul will give you a more detailed overview of the quarter but let me leave you with these highlights.

First.

Our operational performance continues to be very strong. Q1 production was 659,000 boe/d – which is a new record for us, driven by particularly strong production in Russia and continued high levels of production in Norway due to both, existing production, but also contribution from new projects.

Second. A couple of words on project delivery.

We achieved a start-up of production in our Raven field in Egypt. Production is currently ramping up and has already reached 600 mmscf/d gross. We are all pleased to see the last piece of the West Nile Delta initial development phase falling into place and contributing significant volumes to the domestic consumption in Egypt.

In Russia, since the turn of the year, we have been commissioning Achimov area 4A and expect to gradually increase production over time. In the neighbouring area 5A, the construction progressed well, and we commenced commissioning earlier this month.

Additionally, our joint venture SNGP has accelerated drilling of the Turonian wells of the Yuzhno-Russkoye field where 35 wells are either already producing or ready for start-up. These fields will contribute substantial volumes going forward and extend our plateau production in Russia for some time.

In Norway, we continue to progress our major development projects, Nova, Dvalin and Njord and expect first production from these fields in the second half of 2022. The other smaller development activities are well on track, with Ærfugl Phase 2 and Gråsel projects both progressing well to come onstream later this year contributing modest levels of production starting from next year.

In Germany, as part of our strategy, we continue to focus our portfolio around our core operating centres and have announced several transactions for the sale of smaller, non-core, areas in the country. In addition, we recently sold our Hamburg HQ building and expect to move in to new, smaller, leased premises in the middle of next year. Combined these transactions contribute over €40 million to our cash flow in Q1.

Third.

Strong operating performance and higher commodity prices resulted in a good quarter financially.

Our EBITDAX for the quarter was €704 million, free cash flow €400 million and adjusted net income of €171 million.

In order to further strengthen our balance sheet, in line with our rating commitment, we issued a successful €1.5 billion dual-tranche subordinated notes transaction in January.

Our strong underlying performance and constructive commodity price environment allowed us to resume paying a common dividend to our shareholders. In March, we distributed €500 million to the shareholders and on the basis of a continuing constructive external environment during the second quarter expect to pay an additional €100 million for a full year dividend distribution of €600 million.

Last, but not least, a couple of words on sustainability.

At the beginning of April, we published our 2020 Sustainability Report. I'd like to encourage you all to skim through it. We have touched upon some of the important topics in our full year reporting already, so without repeating myself again too much, let me just highlight a couple of points.

Our Scope 1 and 2 greenhouse gas emission footprint improved both in absolute and relative terms during the year. Our carbon intensity declined from 11 kg of CO_2 equivalent per barrel to 7.4 kilograms, which is less than half of the 2019 IOGP average. In 2020 we started to implement a number of measures to systematically manage and reduce our environmental impact and we continue to work to accelerate emission reductions.

We are making progress towards our goal of Net Zero 2030 operations, for both, operated and non-operated activities on an equity basis. In addition to the improved carbon intensity, we have reached our goal of less than 0.1% of methane intensity already.

We continue to drive towards all of our Sustainability targets and goals, not only from environmental footprint perspective, but also enhanced governance and social topics. As an example of the latter, in 2020 we have established a new role of Diversity and Inclusion manager who is going to further enhance our culture of inclusion and adopt our HR processes accordingly.

Let me now pass over to Paul to go through the details.

Paul Smith – Chief Financial Officer

Thanks Mario and good morning everybody.

PAGE 6 – Q1 PERFORMANCE

Turning now to our performance in the first quarter.

First, our focus on safety remains core to everything we do. Our Total Recordable Incident Rate which saw a steady decline last year, has increased during the first quarter. However, our Lost Time Injury Frequency, a measure of how frequently someone is hurt seriously enough that they cannot return to work due to an injury, has seen some improvement on the previous quarter. This is a continuous improvement journey for us and we will continue to look to systematically improve our safety performance.

Secondly, despite the pandemic our underlying business performance remains exceptionally robust. Average daily production for the quarter came in at 659,000 boe/d – a second consecutive quarter above 650,000 boe/d. All our business units have been firing on all cylinders, and in particular our Russian and Norwegian businesses saw a significant increase in production compared to Q1 2020 contributing the majority of the 33,000 boe/d increase.

Thirdly, on the back of strong operating performance and a significantly improved external environment, we were able to deliver a step change in financial performance. EBITDAX, adjusted net income and free cash flow generation are all considerably higher compared to both the previous quarter and year on year and this quarter are more representative of the potential of our underlying business. I'll come back to this shortly.

Fourthly, despite the higher commodity prices, we continue to drive further efficiencies into the cost structures of our operating businesses allowing us to further reduce our peer leading underlying production costs to €3.2/boe during the first quarter.

PAGE 7 – REALISATIONS

Our gas and liquids realisations benefited from the constructive commodity price environment experienced during the first quarter, although the increases did not fully flow through in terms of netbacks due to both our portfolio pricing construct, and the continuing build out of our hedge book to ensure more resilient, and reliable cash flow generation regardless of the environment we find ourselves in.

On the gas side of the business, our Q1 realisations increase of just under 20% over Q4, lagged the European price increase of 28% over the same time period as a result of the fact that over 40% of our gas portfolio is exposed to lower, more stable, domestic gas prices, combined with the pricing lag on the European price component of our Russia netbacks.

In addition, we had some 400 mmscf/d of gas hedges at an average price of $4.4/mcf during the first quarter.

On the liquids side, our oil netbacks, excluding Russian condensate, increased by 25% relative to a 40% improvement in Brent prices primarily as a result of the 23 mboe/d of Brent hedges at an average price of just over $50/bbl during the first quarter.

PAGE 8 – CONTINUING TO DRIVE COST EFFICIENCIES

Moving on to costs, where we continue to drive cost efficiencies across the portfolio, further increasing the resilience of the portfolio. During the first quarter our peer leading production costs declined by 18% to €3.2/boe on the back of record-breaking production volumes but expect the next few quarters to be higher as we enter a significant turnaround season across the portfolio. However, we remain confident that we will be able to deliver FY production costs below €4/boe, trending towards a targeted €3.5/boe in the medium term.

Our other operating expenses, in particular other cost of sales, are markedly lower, primarily due to costs associated with the General Contracting Agreement of Achim Development being lower as the development activities in Achimov 4A and 5A are coming to an end. However, these costs do not feed through to the bottom line since they are offset by corresponding revenues.

PAGE 9 – IMPROVED PROFITABILITY

Strong operating performance and higher commodity prices have resulted in an almost 50% increase in EBITDAX to €704 million. In addition to the price and volume effect, our G&A was €17 million lower quarter on quarter as we continue to see the benefits of the merger synergies flowing through to the bottom line. In addition, we also benefitted from a one off €16 million royalty settlement in Germany.

Adjusted net income of €171 million is materially higher than the €88 million loss we had in first quarter of last year. Q1 was impacted positively by lower depreciation following reserves adjustments in Northern Europe and Latin America, as well as lower income taxes.

PAGE 10 – SOURCES AND USES OF CASH AND CASH FLOW

Moving on to sources and uses of cash.

Our operating cashflow for the quarter came in at €693 million, almost 40% higher year on year, again positively impacted by higher commodity prices, as well as the benefit from our tax loss refund in Norway. Together with the €53 million of proceeds from disposals and other financing activities our total sources for the quarter came in at €860 million.

As mentioned by Mario earlier, our strong performance and the improved external environment allowed us to re-commence the distribution of an ordinary dividend to our shareholders. In the quarter, we distributed a total of

€586 million of common and preferred dividend and will be paying the final €100 million of the 2020 ordinary dividend at the end of 2Q. Our total capex for the quarter was 25% lower compared to the year before at €266 million due to the lower level of investment activity as we near our medium-term target of annual investment spend of around €1 billion.

Our free cash flow, including M&A proceeds totalled €453 million and despite the cash outflow from the payment of dividends we were able to broadly balance cash outflows and inflows during the quarter, allowing us to maintain our current cash balance at €800 million.

PAGE 11 – NET DEBT AND LEVERAGE

Following the issuance of €1.5 billion of dual-tranche subordinated notes in January, we have significantly strengthened our balance sheet having repaid most of our term loans and reduced our net debt to €4.1 billion. At the end of the quarter, our LTM leverage was down to pre-pandemic levels of 2.2x, and well on our way towards our LTM leverage target of less than 2x.

Back in April of last year, we set up working capital lines of €450 million to shore up our defences to be able to absorb any shocks caused by the pandemic. Fortunately, we have not had to use any of these lines and have not renewed these as they expired in March and April this year allowing us to reduce our financing cost while keeping our liquidity at a comfortable €1.7 billion, including over €800 million of cash and the undrawn €900 million RCF.

PAGE 13 – GUIDANCE AND OUTLOOK

Let me briefly update you on our guidance.

Despite the strong production delivery during the first quarter, we continue to anticipate full year production within our guidance of 620,000-640,000 boe/d. Last year, due to the pandemic, many non-safety-critical maintenance and shutdowns across our operated and non-operated portfolio were deferred in to 2021, resulting in higher than usual shutdowns across all of our assets during the second and third quarters.

In terms of development capex and exploration, we expect to invest within the guidance ranges of €1.0-1.1 billion and €200-250 million respectively this year.

And with that I will now hand it back to Mario.

Mario Mehren

Thank you Paul.

Q1 was undoubtedly a strong quarter operationally and financially. We are building a business that is good for all seasons, irrespective of commodity price environment, pace of energy transition or any other external factors. We continue to focus on keeping our people safe, production up and running costs low, balance sheet strong and reducing our environmental impact in line with our energy transition ambitions.

With that – let's go to Q&A. Operator over to you.