



wintershall dea

# WINTERSHALL DEA

PAVING THE WAY FOR PROFITABLE GROWTH  
IN THE ENERGY TRANSITION

Q4 AND FULL YEAR 2019 RESULTS PRESENTATION

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18 MARCH 2020





## Q4 AND FULL YEAR 2019 RESULTS PRESENTATION

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### **Forward-Looking Statements**

This document includes projections and other "forward-looking statements", which are based on expectations of the Company's management and projections about future events and financial performance as of the date of the presentation. These forward-looking statements involve a number of risks, uncertainties, and assumptions about the Company and its subsidiaries, which are beyond the control of the Company. In light of these risks, uncertainties and assumptions, actual results may not occur or may differ materially from those predicted in the forward-looking statements and from the past performance of the Company. As a result, you should not rely on these forward-looking statements. The Company accepts no obligation to update any forward-looking statements set forth herein or to adjust them to future events or developments.

### **Non-GAAP and Non-IFRS Financial Measures**

This document contains certain non GAAP and non IFRS measures and ratios, including for example EBITDAX, net debt, net working capital, coverage ratios and EBITDAX per boe that are not required by, or presented in accordance with, any GAAP or IFRS.

These non GAAP and non IFRS measures and ratios may not be comparable to similarly titled measures used by other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS or any GAAP. The Company's management uses these measures to measure operating performance and liquidity as a basis for strategic planning and forecasting, as well as monitoring certain aspects of our operating cash flow and liquidity. Non GAAP and non IFRS measures and ratios such as EBITDAX, coverage ratios and EBITDAX per boe are not measurements of the Company's performance or liquidity under IFRS and should not be considered as alternatives to operating profit, profit for the year, capital expenditure or any other performance measures derived in accordance with IFRS or any GAAP or as alternatives to cash flow from operating, investing or financing activities.

Some of the limitations of EBITDAX are:

- they do not reflect the Company's cash expenditures or future requirements for contractual commitments;
- they do not reflect changes in, or cash requirements for, our working capital needs;
- they do not reflect the significant interest expense, or the cash requirements necessary, to service interest or principal payments on our debt;
- although depreciation and amortization are non cash charges, the assets being depreciated and amortized will often need to be replaced in the future and EBITDAX does not reflect any cash requirements that would be required to make such replacements; and
- they do not reflect the impact of certain cash charges resulting from matters we consider not to be indicative of our ongoing operations.

Because of these limitations, EBITDAX should not be considered as measures of discretionary cash available to us to invest in the growth of our business or as measures of cash that will be available to us to meet our obligations.



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# 2019 HIGHLIGHTS



# STRONG OPERATIONAL PERFORMANCE AND REALIZATION OF MERGER SYNERGIES

- Strong operational performance;
- Financial performance affected by challenging commodity price environment;
- New “Strategy 2030: Paving the way for Profitable Growth in the Energy Transition” launched today;
- Merger integration progressing well, significant synergies already captured in 2019;
- Post merger portfolio optimization ongoing;
- Development portfolio of 10+ projects progressing well to deliver further profitable growth in the medium term;
- Additional measures to be taken to tackle the new macro environment

Q4 AND FULL YEAR 2019 RESULTS PRESENTATION

# 2019 RESULTS HIGHLIGHTS

Production	2P Reserves	CAPEX	EBITDAX	Free Cash Flow	Leverage <sup>(2)</sup>	Production Costs
<p><b>642 mboe/d</b> (617 mboe/d)<sup>(1)</sup></p> <p>2018: 589 mboe/d</p>	<p><b>3.8 billion boe</b></p> <p>109% RRR 17 years RP Ratio</p>	<p><b>€1,676 million</b></p> <p>2018: €1,570 million</p>	<p><b>€2,828 million</b></p> <p>2018: €3,591 million</p>	<p><b>€190 million</b></p> <p>2018: €1,182 million</p>	<p><b>2.0 x</b></p> <p>Q3 2019: 1.8 x</p>	<p><b>\$4.3 /boe</b></p> <p>2018: \$5.4 /boe</p>

1) EXCLUDING LIBYA ONSHORE PRODUCTION OF 25 MBOE/D IN 2019; GOING FORWARD PRODUCTION FIGURES PRESENTATION WILL EXCLUDE LIBYA ONSHORE PRODUCTION

2) BASED ON LAST TWELVE MONTHS EBITDAX

ALL 12M FIGURES REPRESENT AN AGGREGATION OF WINTERSHALL GROUP AND DEA GROUP FOR JANUARY-APRIL (LIKE-FOR-LIKE) FIGURES AND MAY-DECEMBER ACTUAL FIGURES OF WINTERSHALL DEA GROUP

# Q4 AND FULL YEAR 2019 RESULTS PRESENTATION

## HSEQ PERFORMANCE

### SAFETY (LTIF RATE)



### 2019 KEY PERFORMANCE INDICATOR



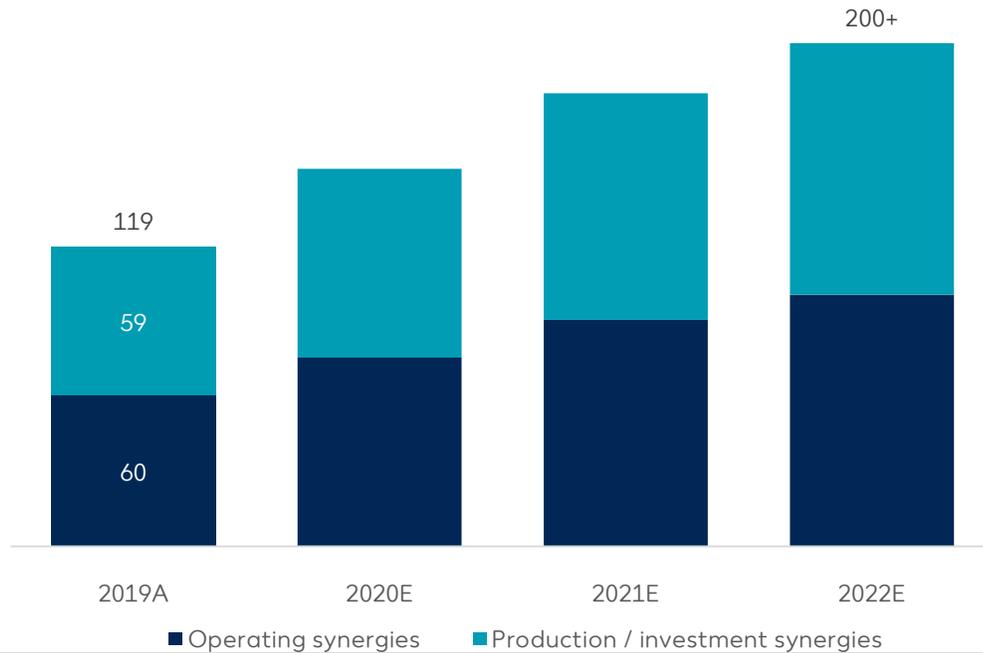
(1) LTIF = LOST TIME INJURY FREQUENCY PER MILLION WORK-HOURS  
 (2) BASED ON IOGP (INTERNATIONAL ASSOCIATION OF O&G PRODUCERS) DATA FOR EUROPE.

(3) BASED ON EQUITY SHARE  
 (4) BASED ON OWN WINTERSHALL DEA OPERATED ASSETS 100%  
 (5) TRIR = TOTAL RECORDABLE INCIDENT RATE

# Q4 AND FULL YEAR 2019 RESULTS PRESENTATION

## INTEGRATION UPDATE

### SYNERGIES MATERIALIZATION (€ MILLION)



### COMMENTARY

- **Synergies of over €100 million materialized in 2019**
  - Production initiatives in Mexico, Egypt and Norway
  - Procurement CAPEX savings
  - First FTE reductions
- **Synergy target of over €200 million by 2022 on track**
- **~€350m of associated costs booked in 2019**

# THE LEADING EUROPEAN INDEPENDENT GAS AND OIL COMPANY

## LANDSCAPE



Climate change and energy transition



Renewables cannot keep up with demand growth



Energy demand growth globally



Abundance of low cost fossil fuels



## OUR STRATEGY

- 1** Competitive and sustainable shareholder returns
- 2** Strict Financial Framework
- 3** Advantaged, gas weighted upstream portfolio
- 4** Exposure to high quality and stable midstream business
- 5** Focus on Sustainability

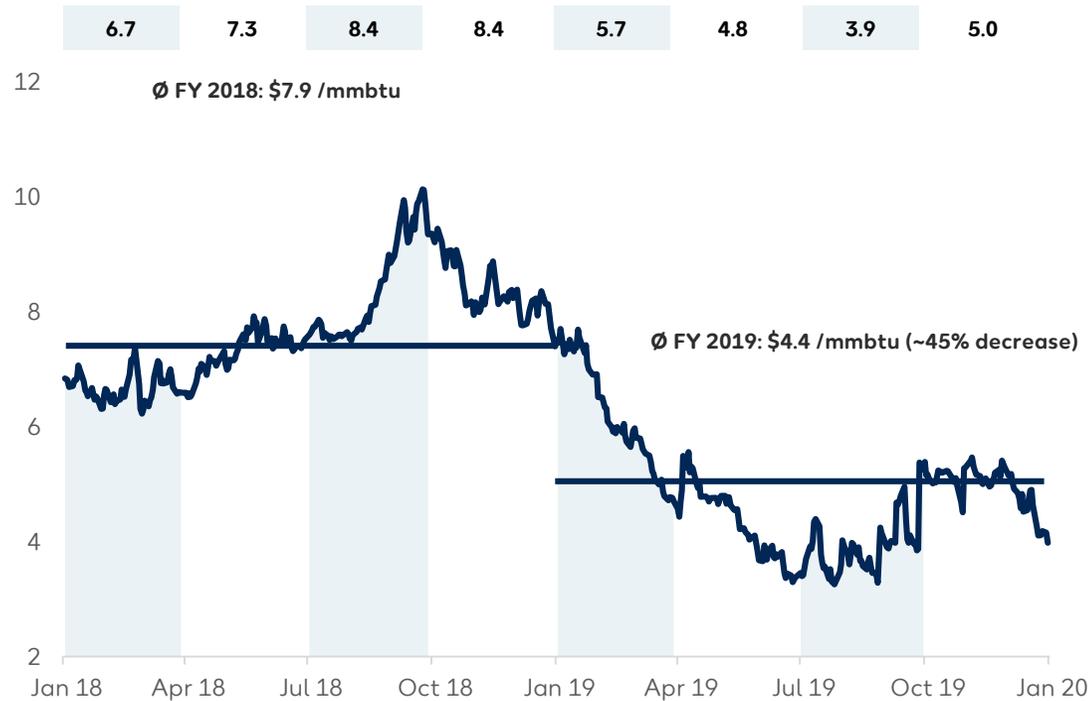
# 2019 FINANCIAL AND OPERATIONAL RESULTS



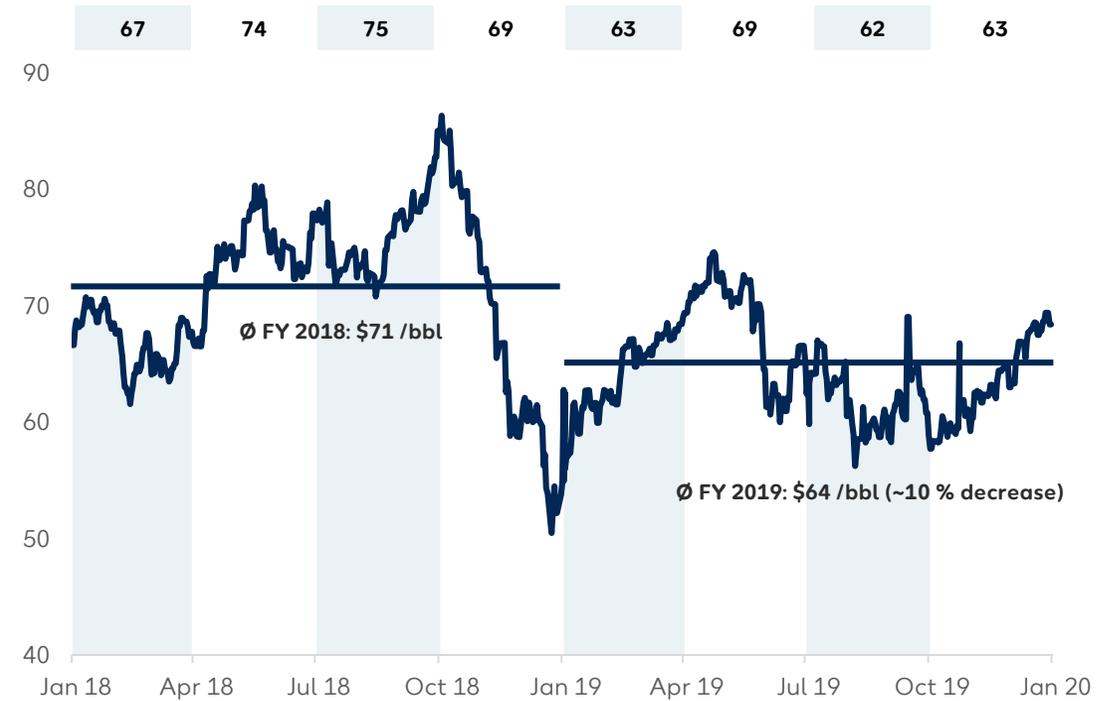
Q4 AND FULL YEAR 2019 RESULTS PRESENTATION

# MACROECONOMIC BACKDROP

TTF PRICE DEVELOPMENT (\$/MMBTU)



BRENT PRICE DEVELOPMENT (\$/BBL)



## Q4 AND FULL YEAR 2019 RESULTS PRESENTATION

# RESULTS SUMMARY

	Unit	Q4 2019	Q4 2018	FY 2019	FY 2018	
Environment	Production <sup>(1)</sup>	mboe/d	638	581	617	566
	Brent	\$/boe	63	69	64	71
	Gas TTF	\$/mmbtu	5.0	8.4	4.4	7.9
Financial Results	EBITDAX	€ million	603	1,021	2,828	3,591
	Operating Cash Flow	€ million	325	806	1,866	2,796
	Capex	€ million	494	398	1,676	1,570
	Free Cash Flow	€ million	17	275	190	1,182
	Effective tax rate <sup>(2)</sup>	%	54%	40%	17%	50%
	Adjusted Net income <sup>(3)</sup>	€ million	72	328	879	1,055
Balance Sheet	Net Debt	€ million	5,762	-	5,762	-
	Leverage Ratio (LTM)		2.0x	-	2.0x	-

(1) EXCLUDING LIBYA ONSHORE PRODUCTION

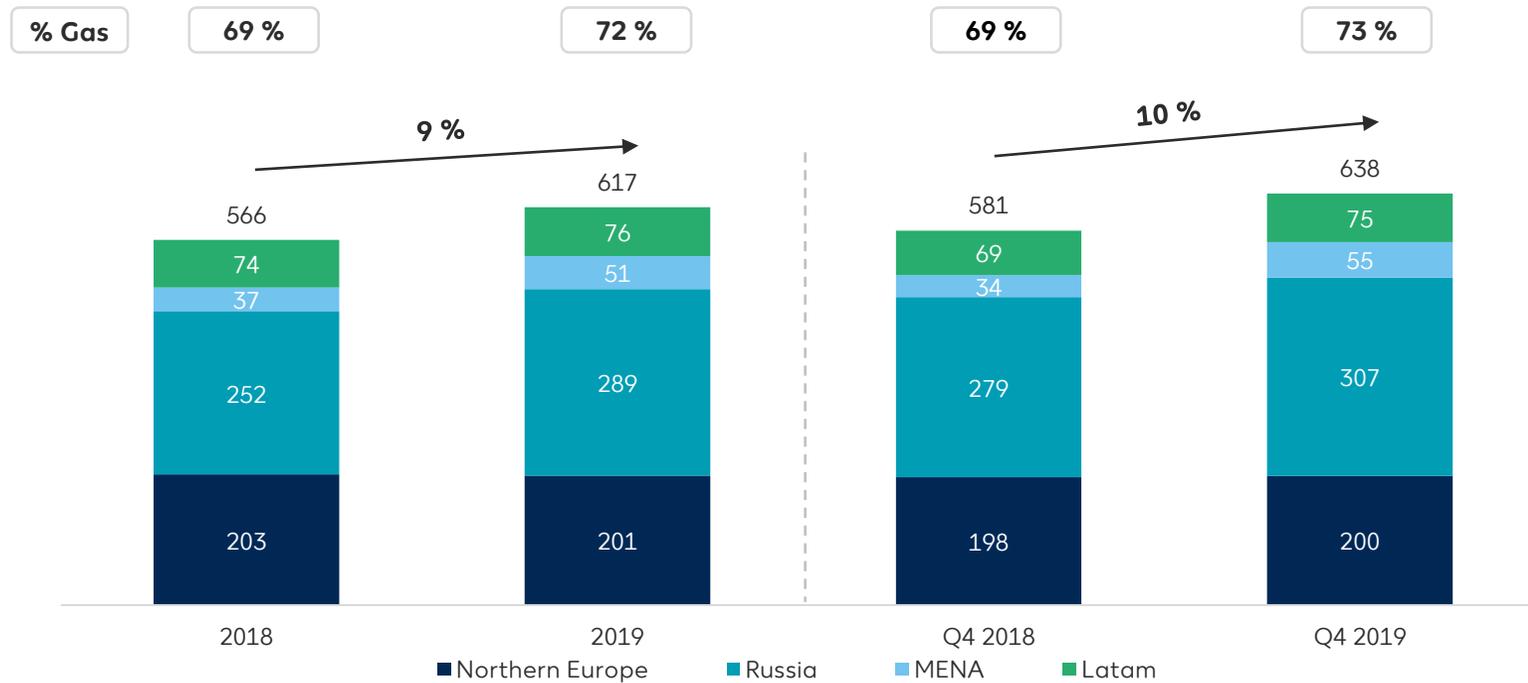
(2) BASED ON ADJUSTED NET INCOME

(3) ADJUSTED FOR IDENTIFIED ITEMS

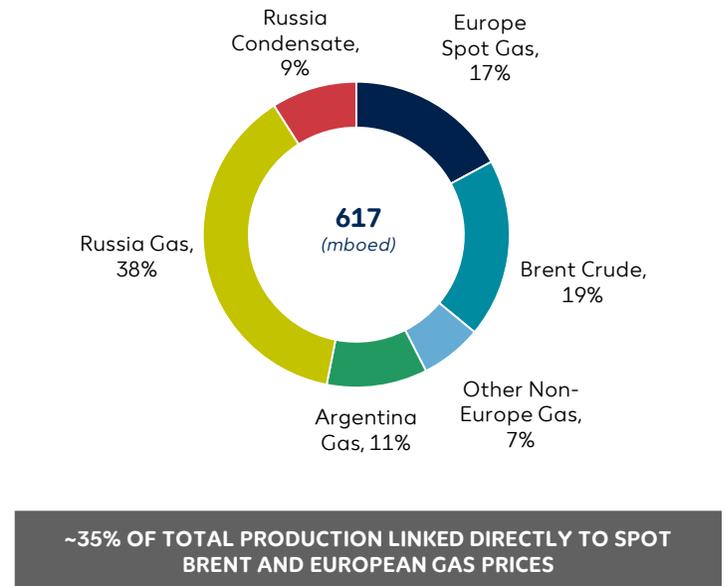
Q4 AND FULL YEAR 2019 RESULTS PRESENTATION

# PRODUCTION

## PRODUCTION<sup>(1)</sup> EXCLUDING ONSHORE LIBYA VOLUMES (WI, MBOE/D)



## PRODUCTION COMPOSITION

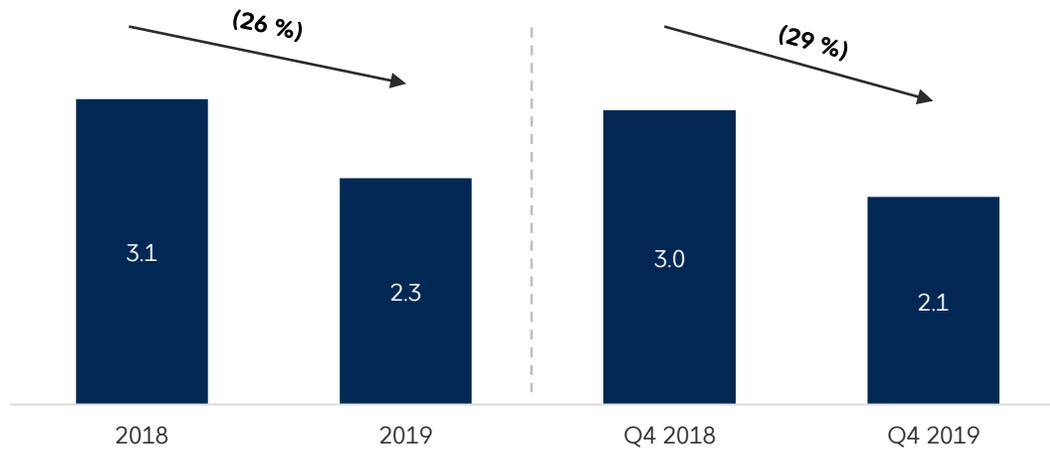


1) INCLUDES PRODUCTION FROM AT-EQUITY ACCOUNTED COMPANIES

# Q4 AND FULL YEAR 2019 RESULTS PRESENTATION

## REALIZATIONS

### GAS (\$/MSCF)



### LIQUIDS (\$/BOE)



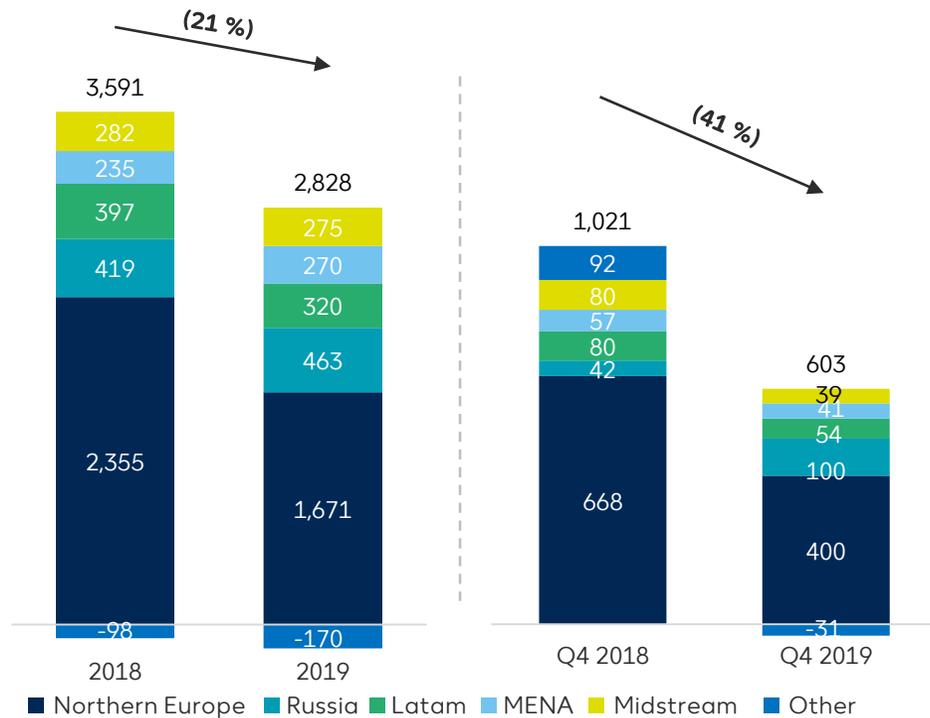
### BRENT AVERAGE (\$/BBL)



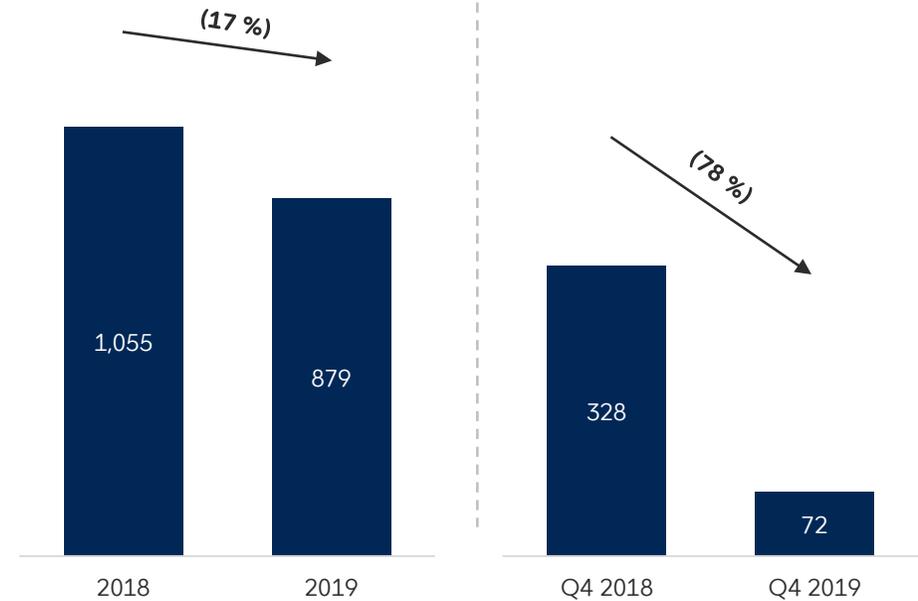
Q4 AND FULL YEAR 2019 RESULTS PRESENTATION

# PROFITABILITY

EBITDAX (€ MILLION)



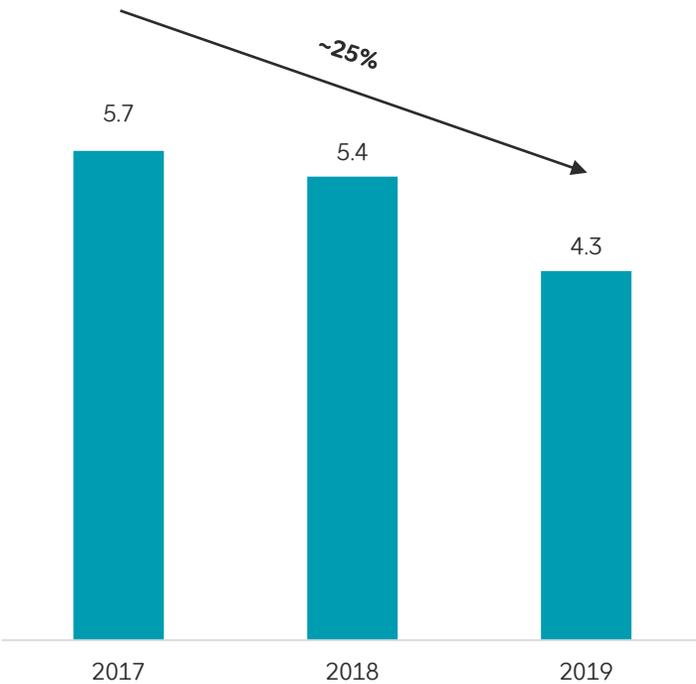
ADJUSTED NET INCOME (€ MILLION)



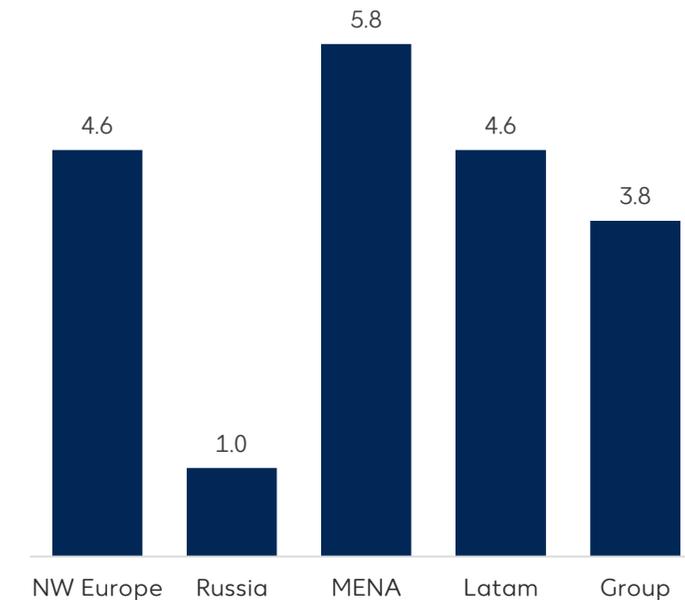
# Q4 AND FULL YEAR 2019 RESULTS PRESENTATION

## COST PERFORMANCE

PRODUCTION COST EVOLUTION (\$/BOE)



Q4 PRODUCTION COST SPLIT (\$/BOE)

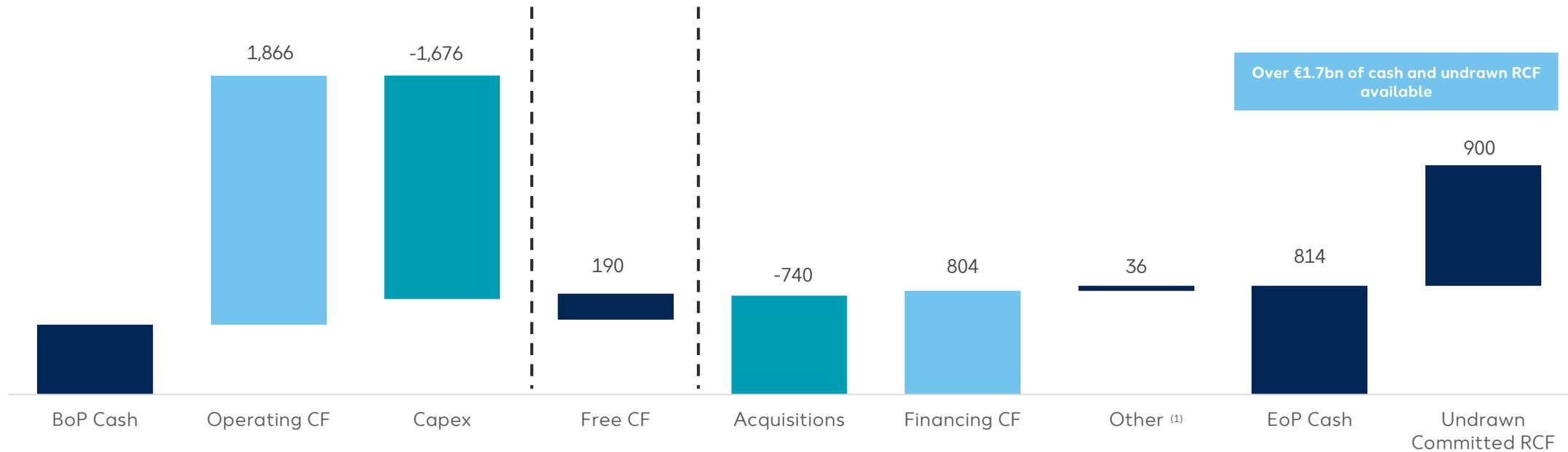


FY PRODUCTION AND OPERATING EXPENSES



# CASH FLOW DEVELOPMENT

2019 CASH FLOW BRIDGE (€ MILLION)

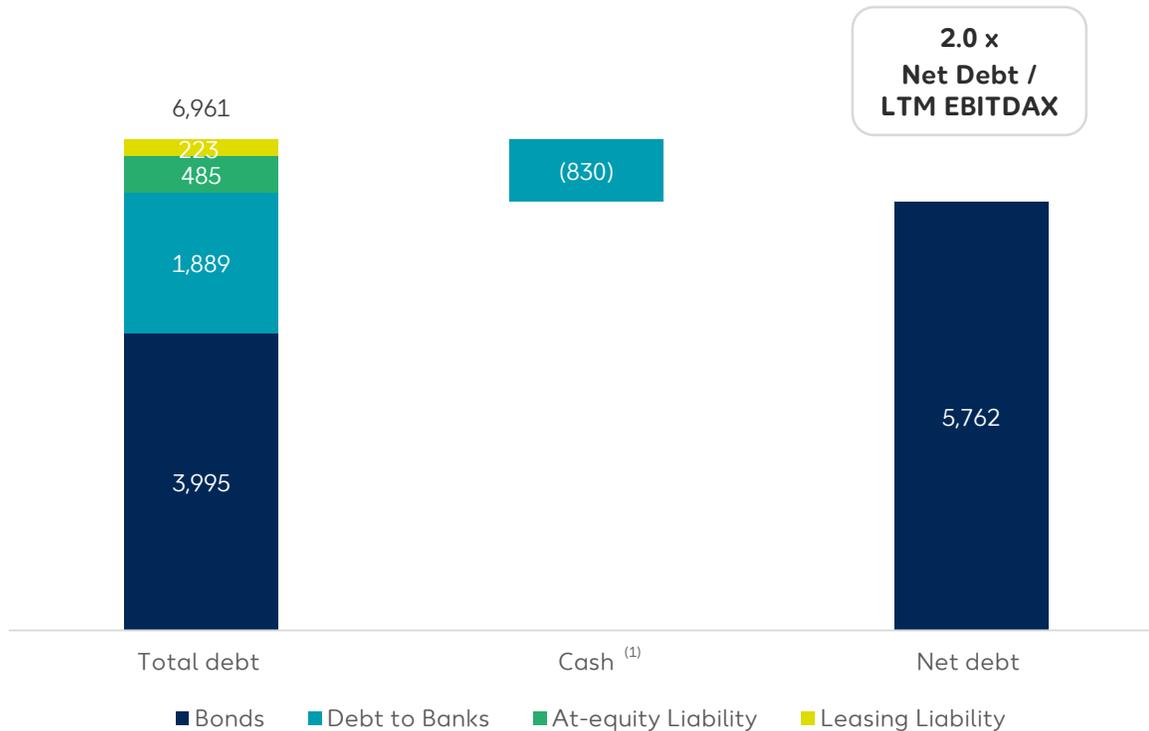


1) FX AND CHANGE OF CONSOLIDATION

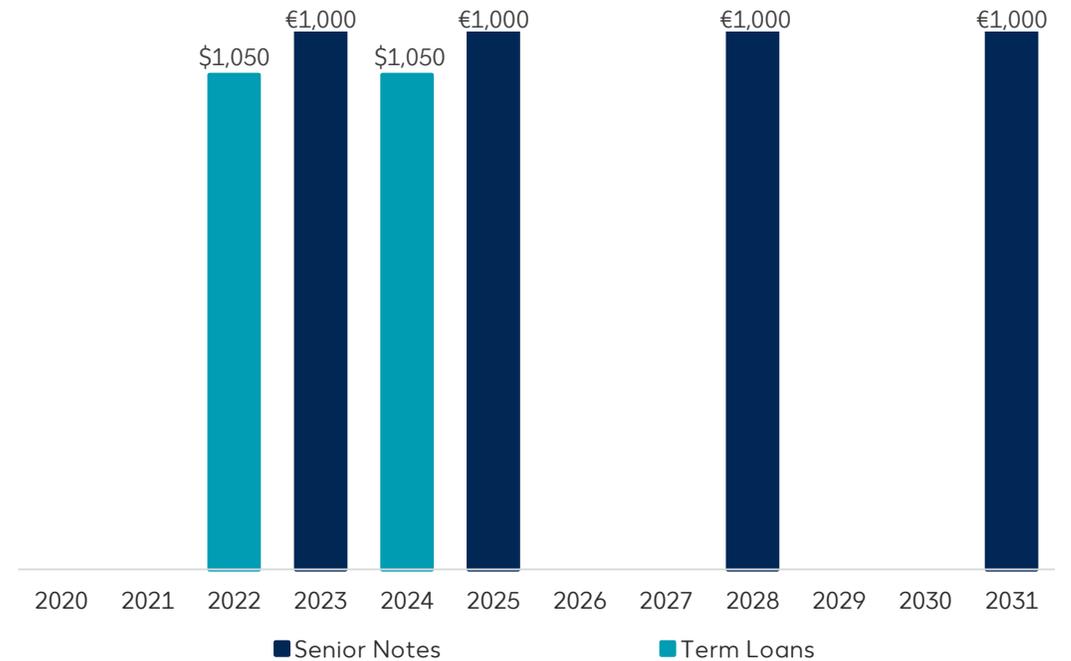
# Q4 AND FULL YEAR 2019 RESULTS PRESENTATION

## BALANCE SHEET

### NET DEBT POSITION (€ MILLION)



### STABLE DEBT MATURITY PROFILE (NOMINAL, €/\$ MILLION)

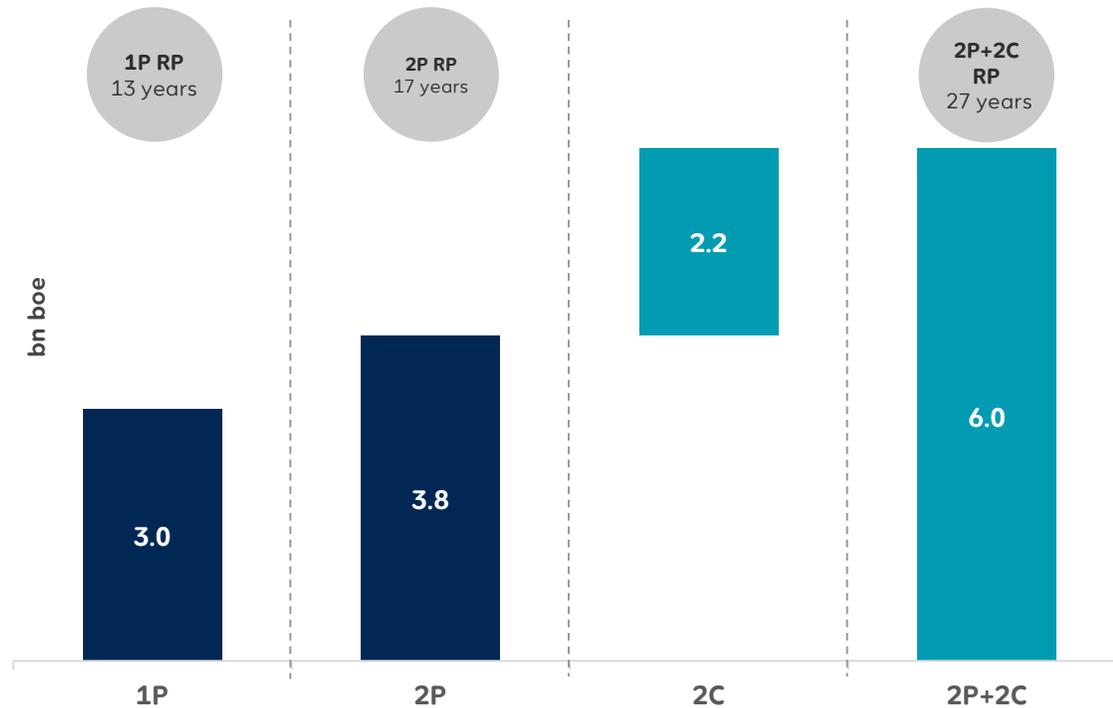


<sup>(1)</sup> INCLUDING €16M INTEREST BEARING FINANCIAL RECEIVABLES FROM CASH POOLING

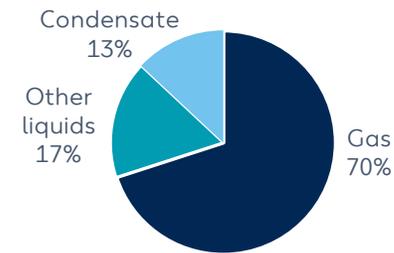
# Q4 AND FULL YEAR 2019 RESULTS PRESENTATION

## RESERVES UPDATE

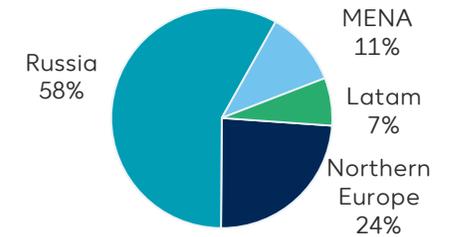
PEER LEADING RUNNING ROOM IN TERMS OF R/P AND 2PUD/2P RATIOS



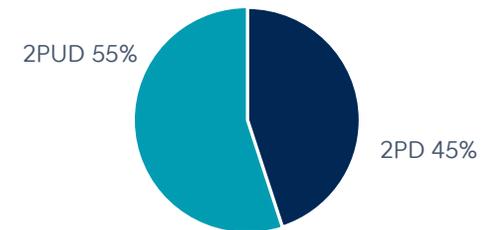
2P PRODUCT SPLIT



2P REGIONAL SPLIT



SIGNIFICANT UNDEVELOPED RESERVES UPSIDE





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# 2020 OUTLOOK





Q4 AND FULL YEAR 2019 RESULTS PRESENTATION

# GUIDANCE AND OUTLOOK

	2019 Actuals	2020 Guidance
<b>Production<sup>(1)</sup></b> Excluding Libya onshore	617 mboe/d	600 – 630 mboe/d
<b>Production and Development Capex<sup>(2)</sup></b>	€1,494 million	€1,200 – 1,500 million
<b>Exploration Expenditures</b>	€341 million	€150 – 250 million
<b>Common Dividend</b>	n/a	Suspended until further notice

(1) INCLUDES IMPACT FROM BOTH CONSOLIDATED AND NON-CONSOLIDATED ENTITIES  
(2) EXCLUDES CAPITALIZED EXPLORATION EXPENDITURES

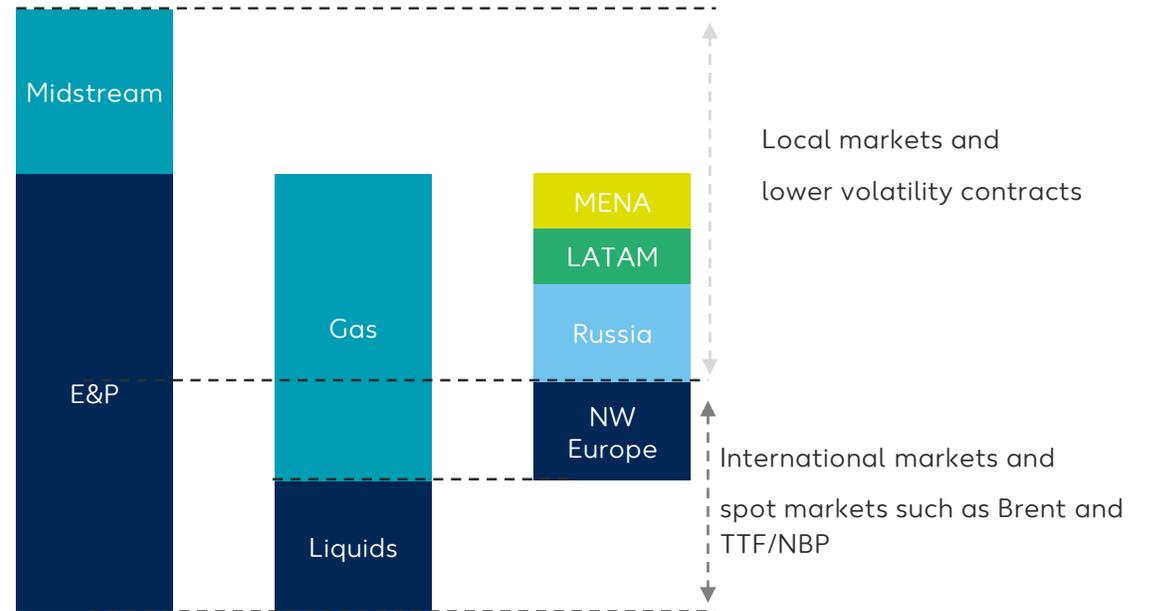
# 2020 FCF BREAK-EVEN AND SENSITIVITIES

## 2020 SENSITIVITY AND FCF BREAK-EVEN PRICES <sup>(1)</sup>

	FCF	EBITDAX
<b>+/- 10% Brent</b>	+/- €120 million	+/- €190 million
<b>+/- 10% TTF</b>	+/- €40 million	+/- €70 million

- Sensitivity applies only on the Brent and European gas part of the portfolio; excludes all domestic contract based portfolio, such as Russia, Argentina, Egypt
- In 2020, free cash flow break even is expected to be around \$35-40 /bbl Brent, assuming around \$4/mcf for European gas

## SENSITIVITY OVERVIEW



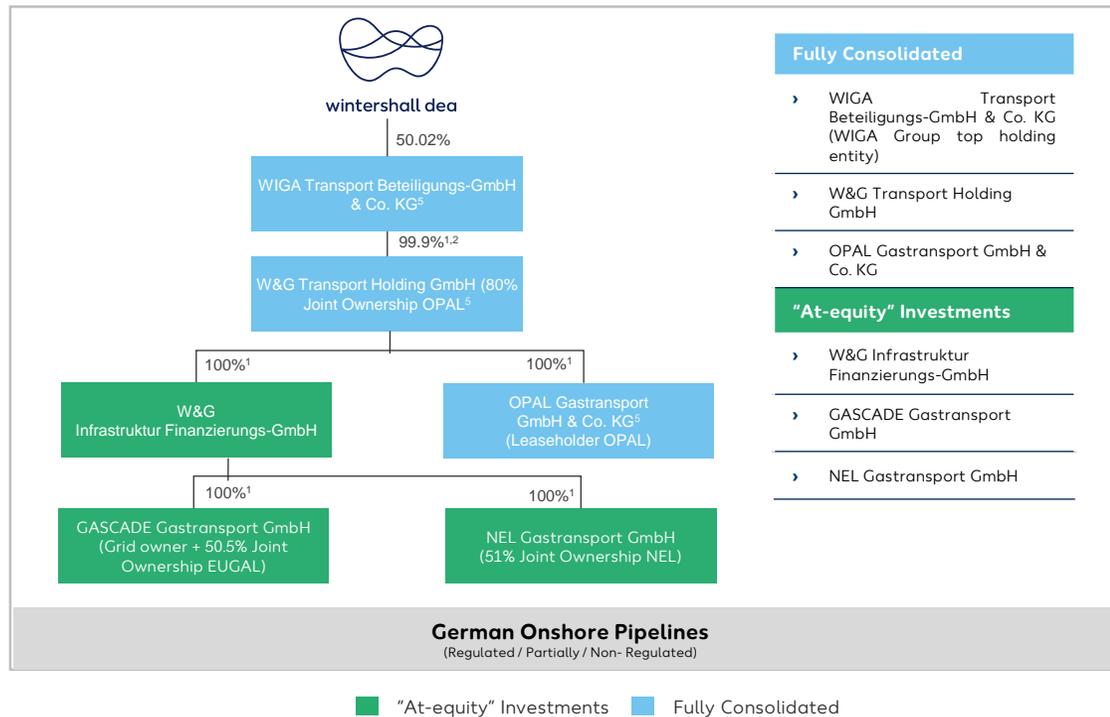
(1) Excluding M&A and before dividends

# APPENDIX



# EFFECTS OF WIGA GROUP DE-CONSOLIDATION

## MIDSTREAM BUSINESS STRUCTURE BEFORE WIGA DECONSOLIDATION



### Fully Consolidated

- › WIGA Transport Beteiligungs-GmbH & Co. KG (WIGA Group top holding entity)
- › W&G Transport Holding GmbH
- › OPAL Gastransport GmbH & Co. KG

### "At-equity" Investments

- › W&G Infrastruktur Finanzierungs-GmbH
- › GASCADE Gastransport GmbH
- › NEL Gastransport GmbH

- As of December 1<sup>st</sup>, 2019, the consolidation method of WIGA Group companies changed
- That results in the following consideration of WIGA Group result in 2019 financial statements
  - The WIGA Group result from January to November 2019 is fully consolidated in 2019 accounts (3 entities)
  - WIGA Group result for December 2019 onwards is considered as "Net income from equity - accounted investments"
- The change to equity method triggered a re-evaluation of WIGA including all WIGA subsidiaries at fair value, resulting in an extraordinary income in the P&L of €385 million

<sup>(1)</sup> Profit & Loss transfer agreement. <sup>(2)</sup> Remaining 0.1% shares are held by WIBG GmbH (100% subsidiary of Gazprom Germania GmbH).

Q4 AND FULL YEAR 2019 RESULTS PRESENTATION

# EFFECTS OF WIGA GROUP DE-CONSOLIDATION

## ACCOUNTS AS OF 31.12.2019

Selected Income Statement Data	May - Dec 2019
Revenues gas and oil	2,932
Revenues midstream <sup>1</sup>	121
Revenues other	219
Net income from equity- accounted investments: gas and oil	12
Net income from equity- accounted investments: midstream	70
Other operating income	519
Production and operating expenses	(1,298)
...	...
Cost of sales midstream <sup>1</sup>	(19)
...	...
<b>Result from operating Activities</b>	<b>741</b>
Financial Result	(140)
<b>Income/loss (-) before taxes</b>	<b>601</b>
Income taxes	(286)
<b>Net income/loss (-)</b>	<b>315</b>
<b>Net income/loss (-) attributable to shareholders</b>	<b>285</b>
Net income/loss (-) attributable to non-controlling interests	30

WIGA Group (fully consolidated subsidiaries) from May to Nov 2019

WIGA's at-equity consolidated entities from May to December + entire WIGA Group result for December 2019 included (with other parts of midstream business)

WIGA Group (fully consolidated subsidiaries) from May to Nov 2019

## ACCOUNTS FROM 2020 ONWARDS

Selected Income Statement Data	Jan - Dec 2020
Revenues gas and oil	0
Revenues midstream <sup>1</sup>	0
Revenues other	0
Net income from equity- accounted investments: gas and oil	0
Net income from equity- accounted investments: midstream	0
Other operating income	0
Production and operating expenses	0
...	...
Cost of sales midstream <sup>1</sup>	0
...	...
<b>Result from operating Activities</b>	<b>0</b>
Financial Result	0
<b>Income/loss (-) before taxes</b>	<b>0</b>
Income taxes	0
<b>Net income/loss (-)</b>	<b>0</b>
<b>Net income/loss (-) attributable to shareholders</b>	<b>0</b>
Net income/loss (-) attributable to non-controlling interests	0

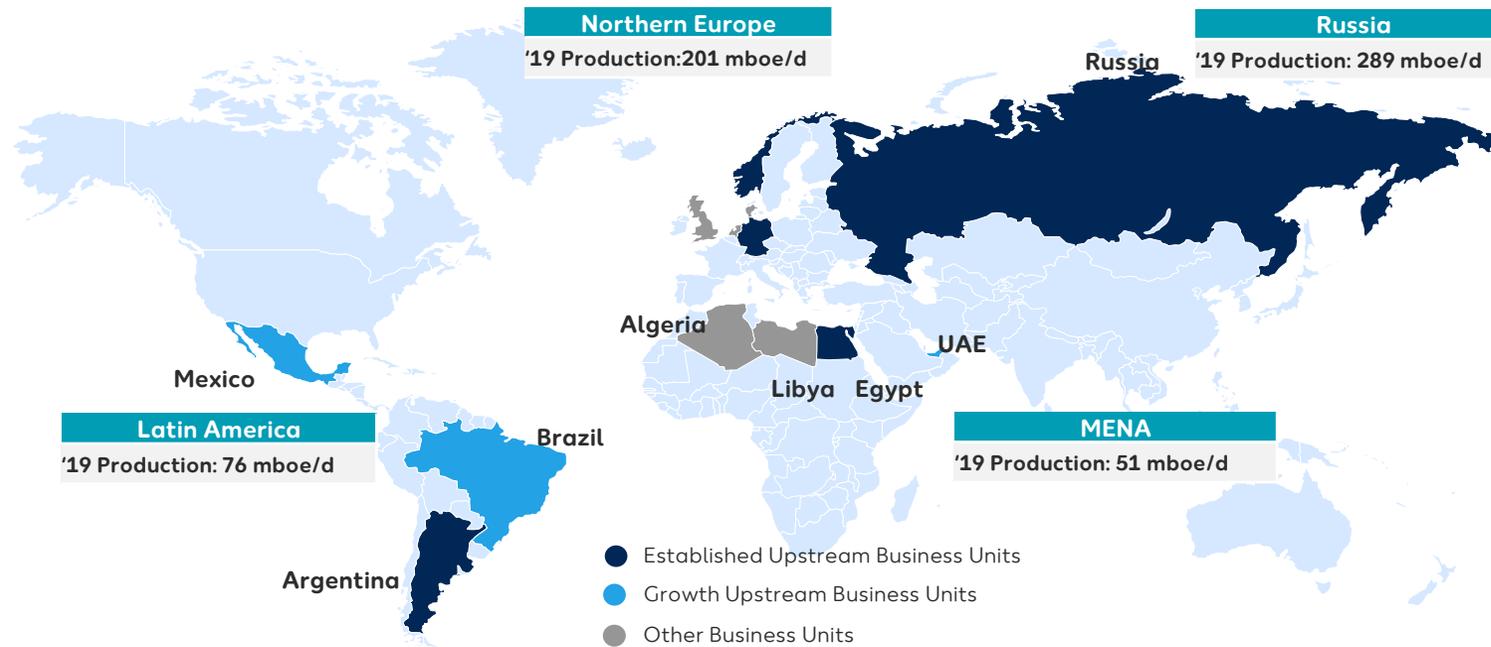
WIGA Group (all of its subsidiaries) will be included here (with other parts of the midstream business)

1) Cost of sales midstream and revenues midstream include also other parts of midstream activities, besides WIGA Group

Q4 AND FULL YEAR 2019 RESULTS PRESENTATION

# ADVANTAGED UPSTREAM PORTFOLIO

COMPETITIVE AND RESILIENT PORTFOLIO



Q4 AND FULL YEAR 2019 RESULTS PRESENTATION

# DEFINITIONS

<b>Adjusted Net Income</b>	<ul style="list-style-type: none"> <li>Adjusted net income is net income adjusted for special items such as impairments, expenses related to the merger, deconsolidation effects and other one-off effects</li> </ul>
<b>CAPEX</b>	<ul style="list-style-type: none"> <li>Capex (excluding M&amp;A, incl. capitalized exploration expenditure) for the Group consists of payments for intangible assets, property, plant and equipment and investment property</li> </ul>
<b>EBITDAX</b>	<ul style="list-style-type: none"> <li>EBITDAX defined as income before tax but adjusted for the following items: financing costs, exploration expense, DD&amp;A and impairments, acquisitions, disposals, extraordinary items, minority interest, FX gains and losses, pensions, loss or gain in relation to disposal of fixed assets</li> </ul>
<b>Free cash flow</b>	<ul style="list-style-type: none"> <li>Free cash flow for the Group comprises the cash flow from operating activities and the cash flow from investing activities but excludes payments for acquisitions</li> </ul>
<b>Production costs</b>	<ul style="list-style-type: none"> <li>Production costs include G&amp;A allocation but exclude export and processing tariffs, finance items and R&amp;D</li> </ul>
<b>LTIF</b>	<ul style="list-style-type: none"> <li>Lost time injury frequency per million work-hours</li> </ul>
<b>Net Debt</b>	<ul style="list-style-type: none"> <li>Net debt consists of liabilities to banks, bonds, interest bearing financial liabilities from cash-pooling towards related parties and leasing liabilities less cash and cash equivalents and less interest bearing financial receivables from cash-pooling from related parties</li> </ul>
<b>Leverage</b>	<ul style="list-style-type: none"> <li>Net debt divided by last twelve months EBITDAX</li> </ul>

NOTE:  
CERTAIN NUMERICAL FIGURES AND PERCENTAGES SET OUT IN THIS PRESENTATION  
HAVE BEEN SUBJECT TO ROUNDING ADJUSTMENTS.