



# BASF and LetterOne to merge their oil and gas subsidiaries Wintershall and DEA

December 7, 2017

# Cautionary note regarding forward-looking statements

*This presentation contains forward-looking statements. These forward-looking statements are based on current estimates and projections of the Board of Executive Directors and on currently available information. These forward-looking statements are not guarantees of the future developments and results outlined therein. Rather, they depend on a number of factors, involve various risks and uncertainties, and are based on assumptions that may not prove to be accurate. Such risk factors particularly include those discussed on pages 111 to 118 of the BASF Report 2016. The BASF Report is available online at [basf.com/report](http://basf.com/report). BASF does not assume any obligation to update the forward-looking statements contained in this presentation.*



# Key content of letter of intent

- BASF and LetterOne to merge their oil and gas subsidiaries Wintershall and DEA
- Combined business with pro-forma 2016 sales of €4.3 billion, EBITDA of €2.2 billion and net income of €326 million
- Creation of one of the largest independent European exploration and production companies with significant growth potential, optimization of the portfolio footprint of the combined business and realization of synergies
- BASF to initially hold 67% and LetterOne 33% in Wintershall DEA; value of Wintershall's gas transportation business to be reflected through the issuance of a mandatory convertible bond to BASF\*
- Closing could be expected in the second half of 2018, subject to customary regulatory approvals
- Initial Public Offering (IPO) envisaged in the medium term

# Activities along the value chain of the combined business

Upstream

Midstream

## Exploration – Development – Production



**1** Growing profitably  
with E&P activities

## Transport\*



**2** Contributing  
stable earnings

\* Including minor storage facilities

# Wintershall – facts and figures

## Facts

### Exploration and production (E&P) business

- Focus on E&P in oil and gas-rich regions in Europe (Germany, Norway, the Netherlands, Denmark, UK), Russia, South America, North Africa and the Middle East
- Crude oil and natural gas production amounted to 165 million barrels of oil equivalent (BOE) in 2016
- Proven 1P reserves were 1.6 billion BOE\*
- Track record as cost-efficient operator with low production and reserve replacement costs

### Gas transportation business

- Together with Gazprom, Wintershall is also active in the transportation of gas in Europe

## Figures 2016

<b>Sales</b>	€2,768 million
<b>EBITDA</b>	€1,596 million
<b>EBIT</b>	€499 million
<b>Net income</b>	€362 million
<b>Production by region</b>	Russia: 54% Europe: 28% South America: 16% North Africa, Middle East: 2%
<b>Oil and gas ratio</b>	71% gas 29% oil
<b>Proven 1P reserves by region</b>	Russia: 66% Europe: 18% South America: 10% North Africa, Middle East: 6%
<b>Reserve to production ratio*</b>	~10 years
<b>Employees</b>	~2,000

\* As of December 31, 2016

# DEA – facts and figures

## Facts

### Exploration and production (E&P) business

- DEA has full lifecycle capabilities across exploration and appraisal, development and production
- Stakes in production facilities and concessions in Germany, Norway, Denmark, Egypt, Algeria and Mexico
- For 2016, DEA reported a crude oil and natural gas production of 50 million BOE
- Proven 1P reserves were 483 million BOE\*
- Long-standing experience as an operator and project partner in upstream business

## Figures 2016

<b>Sales</b>	€1,483 million
<b>EBITDA</b>	€614 million
<b>EBIT</b>	€44 million
<b>Net income</b>	€(36) million

<b>Production by country</b>	Norway: 46% Germany: 26% Egypt: 26% Other: 2%
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<b>Oil and gas ratio</b>	56% gas 44% oil
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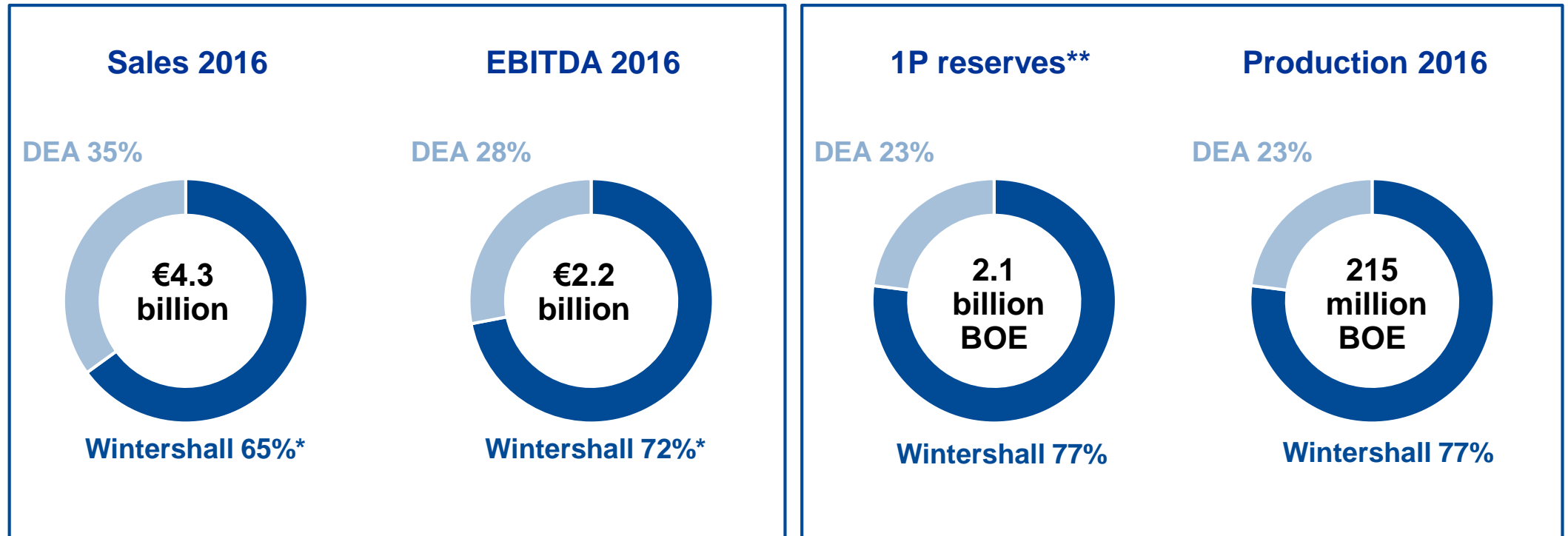
<b>Proven 1P reserves by country</b>	Norway: 43% Egypt: 28% Germany: 21% Other: 8%
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<b>Reserve to production ratio*</b>	~10 years
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<b>Employees</b>	~1,150
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\* As of December 31, 2016

# Pro-forma 2016 data of combined business

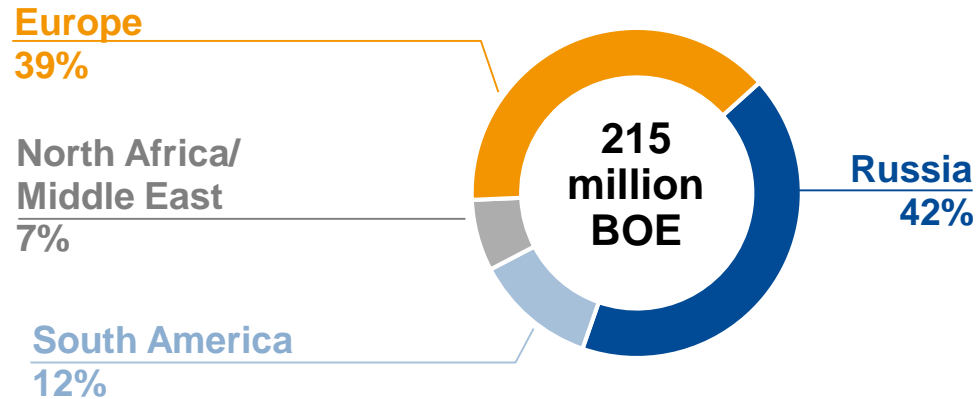


\* Including the gas transportation business

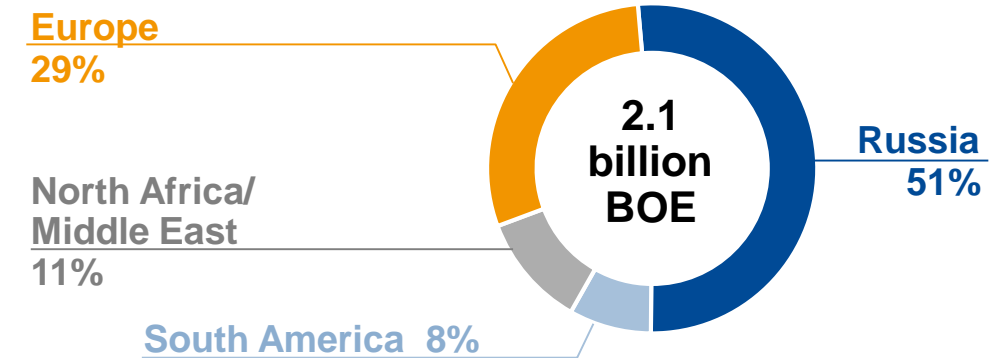
\*\* As of December 31, 2016

# Pro-forma 2016 regional footprint of combined business

## Production of combined business by region



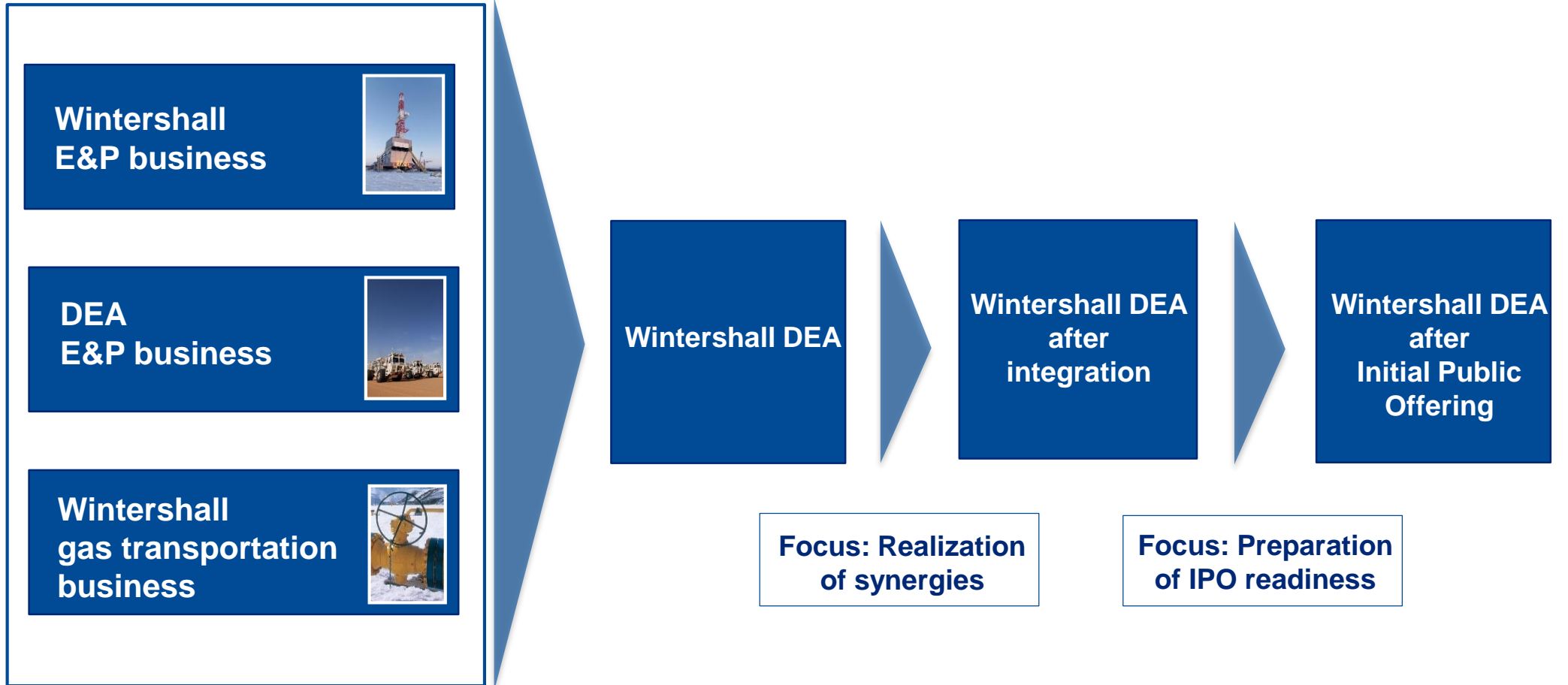
## 1P reserves of combined business by region



Not depicted here: "Other" 1% of 1P reserves



# Structure of the announced transaction



# BASF and LetterOne to merge their oil and gas subsidiaries Wintershall and DEA

## Value creation

Significant value creation targeted through profitable growth, realization of synergies, and the envisaged IPO in the medium term

## Complementary regional portfolios

Wintershall is active in Europe, Russia, South America, North Africa and the Middle East; DEA's main activities are also focused on these core regions

## Diversification

Balanced regional footprint with five strong operational companies; the 2016 pro-forma production ratio is 33% oil and 67% gas

## Growth

Strong project pipeline with better access to growth opportunities in core regions; strategic partnerships and technologies with leverage potential



We create chemistry