

## “Challenging market environment also offers opportunities”

- **New Chairman wants to continue growth**
- **Mario Mehren: Wintershall strategy has proven itself**
- **Russia is and remains an important core region**

**Paris.** The global energy market is changing as never before: the increase in the oil and gas production in the USA has put worldwide prices for oil and gas under pressure and redrawn the energy map. Simultaneously, it is becoming increasingly difficult to develop conventional reservoirs and this is demanding the highest level of technological expertise from energy companies. “That’s the new reality, and that’s something we have to accept. We are now tasked with working efficiently and profitably even when the prices are low and the conditions are not ideal,” Mario Mehren said today at the largest industry event, the World Gas Conference (WGC) in Paris. Mario Mehren became Wintershall’s new CEO on 1 June. He announced at the conference in Paris that he will continue the company’s growth.

He said that the market continues to offer great opportunities – not just in the medium to long term but also in the current challenging environment. “Wintershall will grasp these opportunities. This is because we are well positioned and our strategy is also proving effective in difficult environments,” said Mehren. He pointed out that

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Wintershall stands for diversified access to oil and natural gas. “That’s why Wintershall will continue to invest in its core regions and continue to grow at the source,” announced Mehren. “We will invest four billion euros by 2019 in expanding our oil and gas activities.” He said the goal is to increase production to about 190 million barrels (boe) by 2018.

The groundwork for the German company’s technological expertise and thus its success was laid in its homeland. “The domestic production in Germany forced us to become efficient. The production between the North Sea and the Alps requires endurance and cost-effectiveness, coupled with technological competence and innovative strength. We have a raw material expertise in Germany that dates back 120 years. That provides the basis in forging a competitive edge in the global arena,” said Mehren at the WGC in Paris. Mehren explained that Russia and Norway are still the most import production regions, in particular when it comes to supplying Europe with natural gas.

### **Norway: Commitment expanded**

In recent years, Wintershall has strengthened its commitment in the North Sea, especially in Norway. The company has become a leading producer on the Norwegian continental shelf and, in just a few years, has expanded its daily production from 3,000 to 60,000 boe. At the beginning of May, Wintershall submitted its Plan for Development and Operations for its self-operated Maria Field. “We are transferring the Maria Field into production as our first self-operated discovery in Norway,” explained Mehren: “Maria currently shows that projects ranging from the exploration to the development are possible even in difficult market situations.”

Wintershall will continue to expand its commitment in Norway: this also includes shares in the Aasta Hansteen development project. At the end of March, one of the largest pipeline laying vessels already started laying the Polarled pipeline. This underwater pipeline shall transport gas from Aasta Hansteen and the neighbouring discoveries to Norway's western coast. Nevertheless, in future there will still be no natural gas supply to Europe without Russia.

### **Russia remains the most important core region**

"Europe will only have energy security with Russia," said Mehren: "These aren't geopolitical but geological facts, and that's why Russia will remain an important part of the energy provision for Western Europe." He said that it should also be clear that "stability is a prerequisite for a reliable and affordable energy supply." He referred, for example, to a recent IEA study that establishes that Russian gas will continue to remain economically superior to most other sources: "We therefore need to closely cooperate with Russia's major energy companies. Wintershall is practising that," confirmed Mehren.

Wintershall and Gazprom have been working trustingly together for the last 25 years. In the joint Achimgaz project in Siberia, the two companies are demonstrating what can be achieved together even in the most difficult conditions. "Achimgaz is a prime example of efficiency, performance and innovative strength," said Mehren. He pointed out that in 2014 production had been increased by over 40 percent to 3.4 billion cubic meters of natural gas. "Our Russian joint ventures produce a total of 28 billion cubic meters of natural gas each year. To put that in clear terms: that corresponds to one third of the annual requirement in Germany," explained the Wintershall Chairman.

To maintain this level, Wintershall is planning to invest around 500 million euros in the existing Achimgaz, Yuzhno Russkoye and Volgodeminoil projects in Russia until 2018. "With these investments, we are therefore relying on existing and proven projects. However, we are also open to further projects in Russia," explained Mehren in Paris: "Russia is and remains Wintershall's most important core region."

## **Successful 2014**

During the past decade, Wintershall has increased its oil and gas production by an average of four percent per year. By way of comparison: Global production has grown over the same period by a mere 1.8 percent. The production was also successfully expanded in 2014 by 3 percent to 136 million barrels of oil equivalent. In addition, the proven reserves have been increased by 17 percent to 1.7 billion barrels of oil equivalent.

In 2014, the oil and gas producer achieved a profit of over a billion euros for the fourth consecutive year. "That's the second-best result in the company's history, and we're proud of that," said Mehren in Paris. The net income was only 15 percent lower than in the previous year at 1.46 billion euros.

"That illustrates that we're making the necessary adjustments, are cost-effective and we have a well-diversified portfolio," said Mehren. Due to the low oil prices, Wintershall nevertheless expects a decline in earnings in 2015. "We must live with the low oil price. We cannot compensate for it despite the increasing production," explained Mehren: "Our future success requires three things: continuous investment, innovation and excellent cost management," said Mehren.

**Wintershall Holding GmbH**, based in Kassel, Germany, is a wholly owned subsidiary of BASF in Ludwigshafen. The company has been active in the extraction of natural resources for 120 years, and in the exploration and production of crude oil and natural gas for over 80 years. Wintershall focuses on selected core regions, where the company has built up a high level of regional and technological expertise. These are Europe, Russia, North Africa, South America, and increasingly the Middle East region. The company wants to expand its business further with exploration and production, selected partnerships, innovation and technological competence. The company employs more than 2,400 staff worldwide from 40 nations and is now Germany's largest crude oil and natural gas producer.

**Wintershall. Shaping the future.**

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