



Investor Conference Call

Financial Year 2015

20 April 2016

Agenda

- 1 Business Profile
- 2 Regulatory Developments
- 3 Group Structure & Financial Profile
- 4 Financial Performance
- 5 Outlook

Presenter



Dr. Jörg Bergmann

Chief Financial Officer
Open Grid Europe GmbH

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Key Messages

Financial Performance & Organisational Achievements

- VGT Group with solid performance in 2015
EBITDA as expected below prior year, mainly due to regulatory account mechanism
- All major investment projects planned for 2015 successfully realised
- NDP 2015 with higher investments for OGE
- Financial structure characterised by well-balanced maturity profile and comfortable liquidity position
- Excellent credit standing, A- rating with stable outlook from S&P

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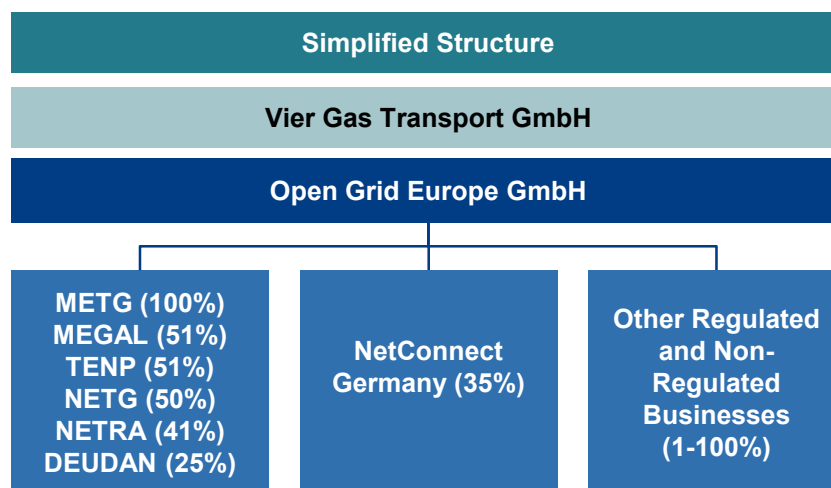
Vier Gas Transport at a Glance

Overview OGE

- Largest German gas transmission operator
 - ▶ Natural gas transmission for 450 customers
 - ▶ Design, construction, operation and marketing of gas transmission
 - ▶ Largest supra-regional pipeline network in Germany
 - ▶ Providing services related to gas transmission
 - ▶ Operating history dates back 90 years
 - ▶ Separated from E.ON Group since 2012

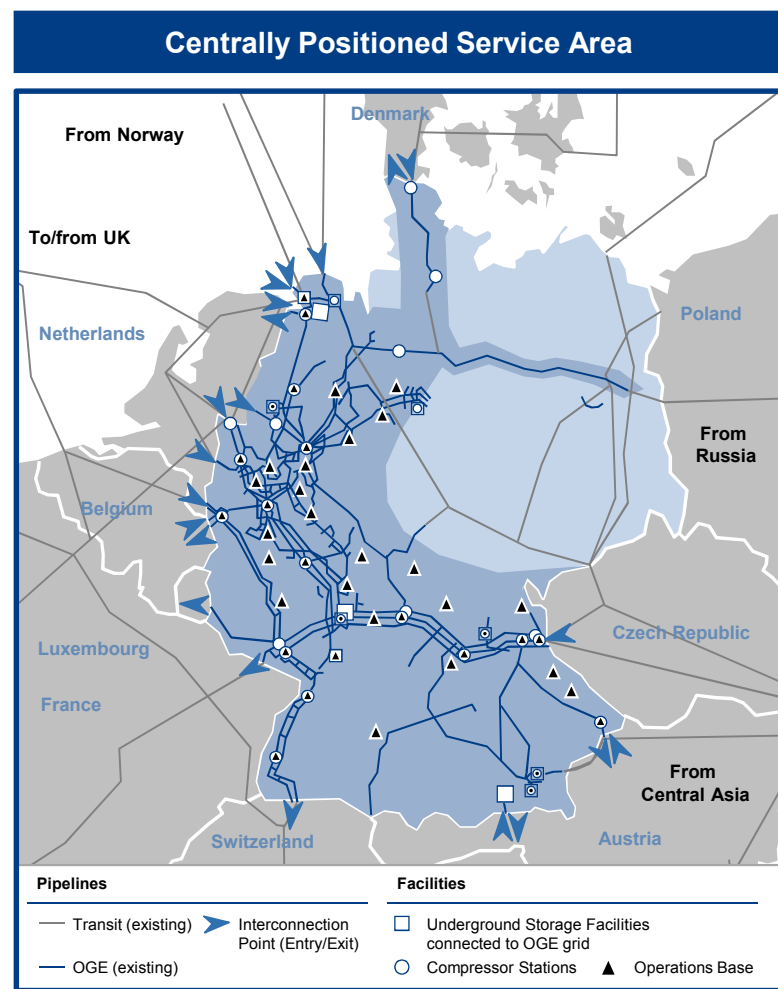
Key Figures VGT Group (2015)

Total Revenues	€886m
EBITDA	€357m
CAPEX	€199m
Total Employees¹	1,361



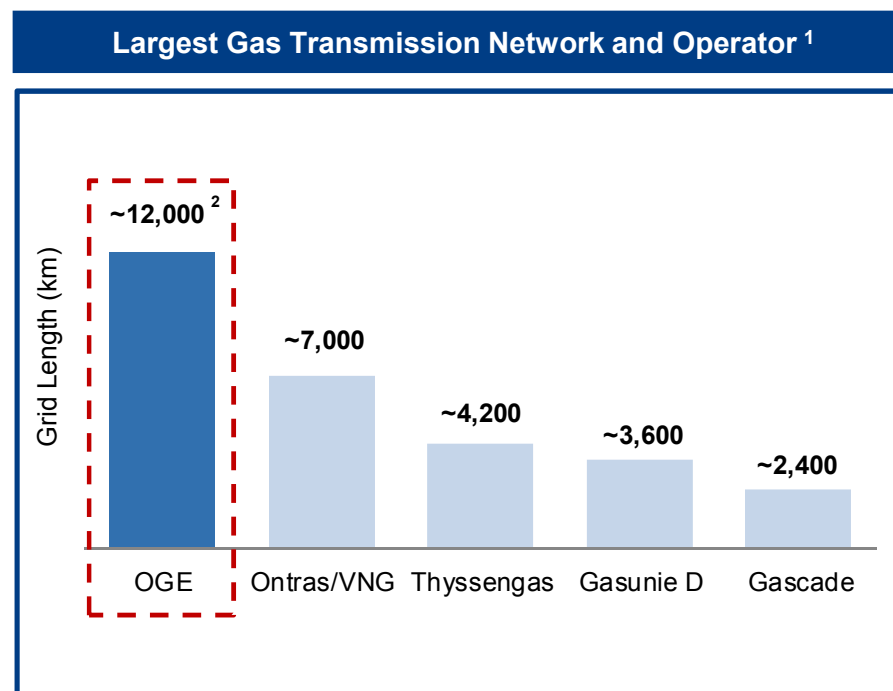
¹ Average employees of financial year 2015 (excluding management and apprentices)

A Key Gas Transmission System Operator at the Heart of Europe



¹ Source: FNB Gas "Entwurf Netzentwicklungsplan Gas 2016"

² Thereof approx. 7,730km fully owned by OGE



- Covering 70% of the total shipping volume in Germany with approx. 704 tWh annual offtake quantity in 2015
- 24 compressor stations and 93 units
- Approx. 51 entry and 1,100 exit points with 17 interconnections to bordering countries
- More than 450 national and international customers



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Financial Performance

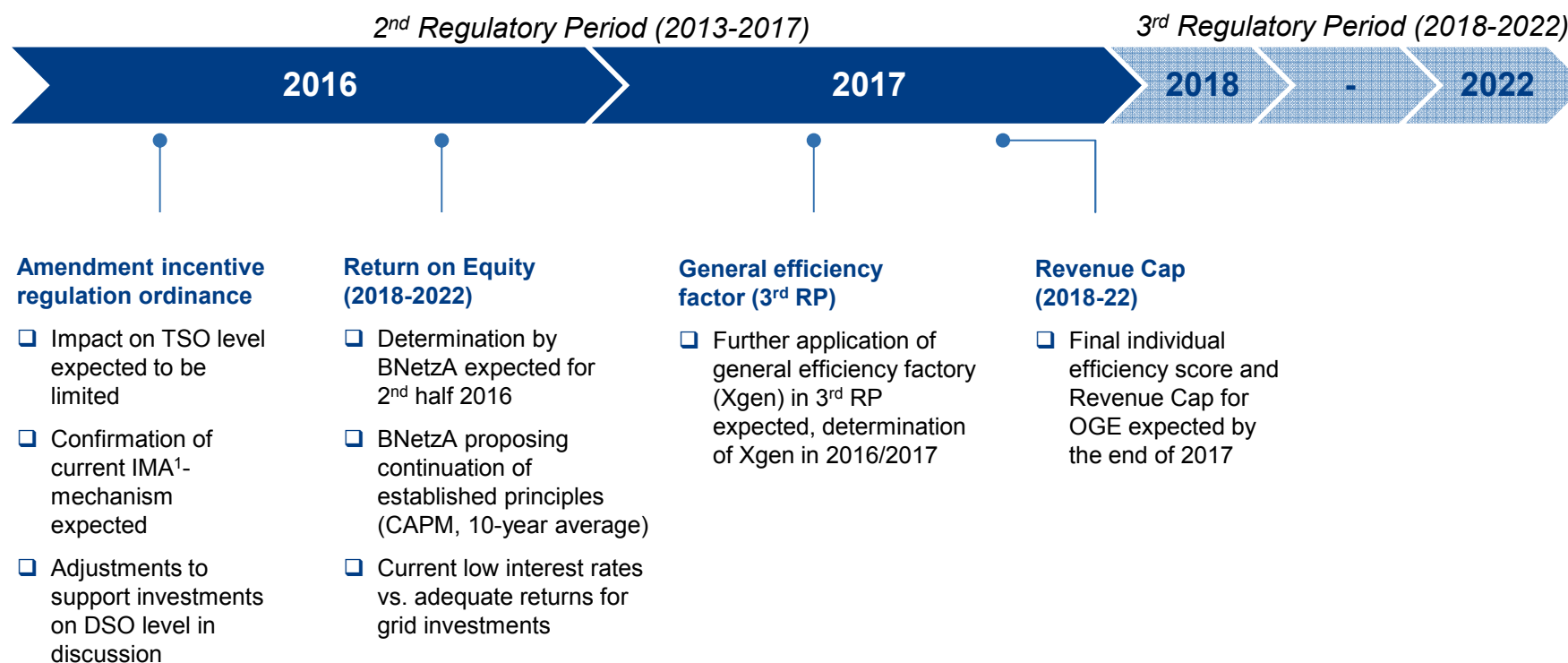
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Outlook

German Regulatory Regime: A Stable & Predictable Framework

Principles of Incentive Regulation	
Regulatory Periods	<ul style="list-style-type: none"> Allowed revenue is regulated by the authorities for regulatory periods of 5 years
Revenue Cap	<ul style="list-style-type: none"> Based on “photo year” costs and Regulated Asset Base (RAB) $\text{Allowed Revenues} = \text{Operating Costs} + \text{Depreciation} + \text{Return on Equity}$
Incentive Regulation	<ul style="list-style-type: none"> Evaluation Report of incentive regulation published by BNetzA in January 2015 No need for significant change in regulatory framework identified Amendment incentive regulation ordinance expected in 2016

Regulatory Timeline for 3rd Regulatory Period (RP)



Stable & supportive regulatory framework for 3rd Regulatory Period expected on TSO level

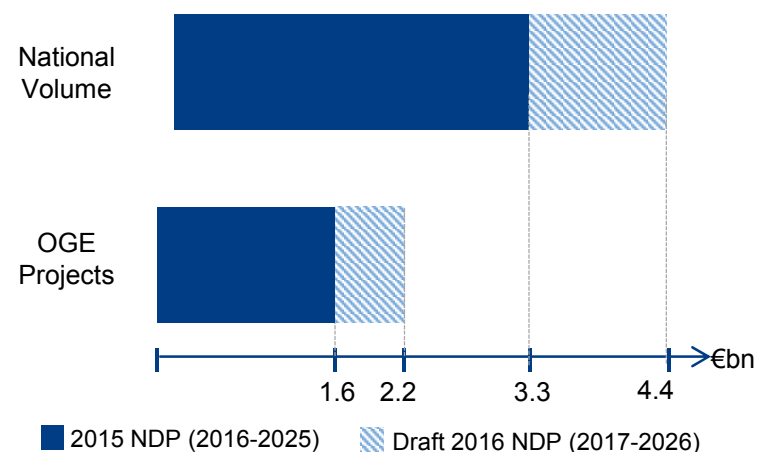
¹ IMA: Investment measure according to §23 ARegV

Predictable and Low Risk CAPEX

Network Development Plan (NDP)

- NDP is a well established process
- From 2016 onwards NDP updated every two years
- NDP provides high certainty to TSOs regarding investments
 - Result: Confirmed investment plan by BNetzA
- Main driver of Draft NDP 2016 vs. 2015: Higher investments L-/ H gas conversion & connection to Nord Stream 2

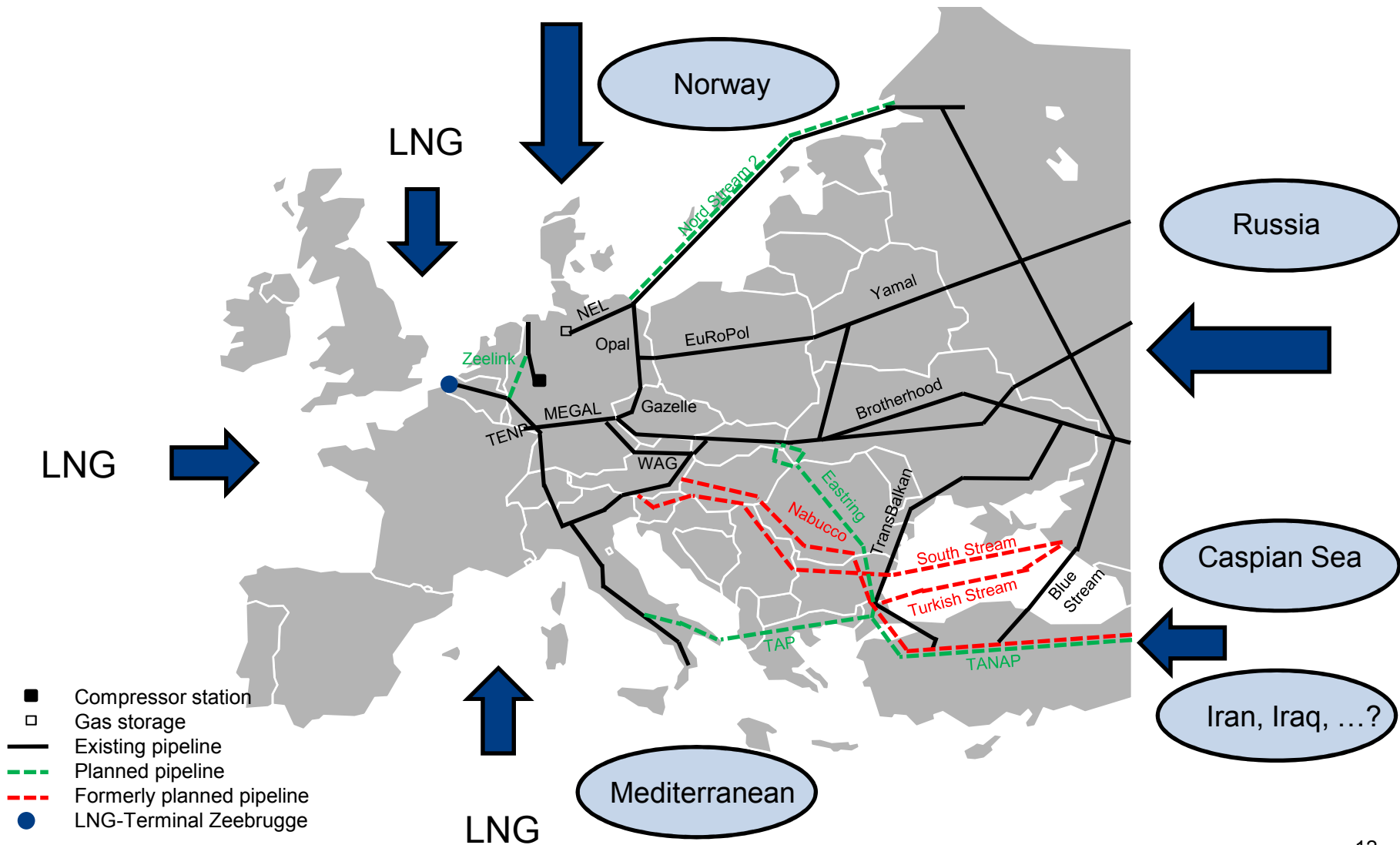
10-Year NDP CAPEX



- Regulatory framework promotes expansion & restructuring investments
- These assets earn imputed cost of capital already during construction phase
- Operating expenses are remunerated in a lump sum approach

Required investments continuously add to revenue growth!

New Gas Sources and Flows



ZEELINK – OGE’s Largest NDP Project

- 215 km pipeline from Aachen to Legden
- New compressor station Verlautenheide
- Transport of Belgian LNG from Zeebrugge
- Connection to Dutch system and NEL possible
- Prerequisite for L / H – gas conversion
- Total investment of ~ €600m
- Shareholders: OGE (75%) and Thyssengas (25%), OGE responsible for construction work
- Financed by shareholders
- Commissioning planned for December 2020





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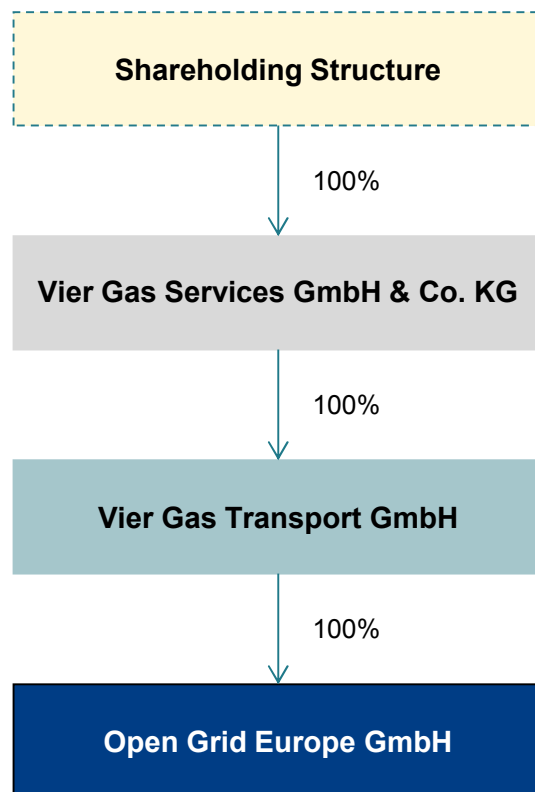
Financial Performance

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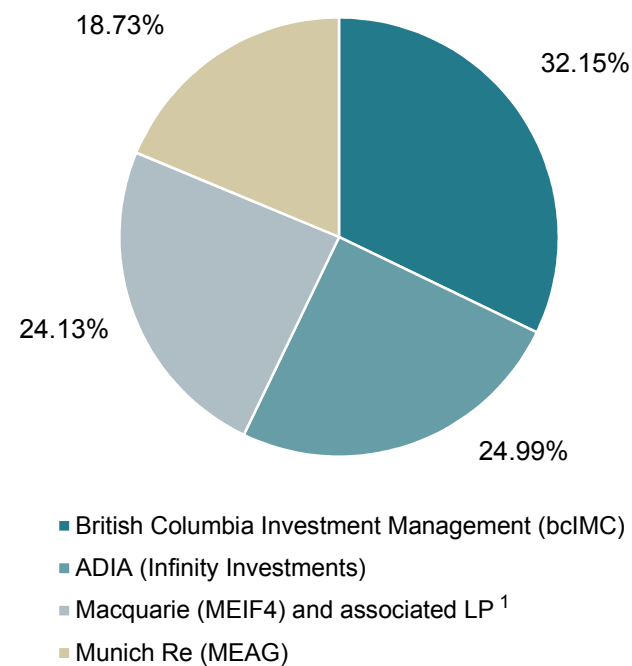
Outlook

Group Ownership Structure: Experienced Long-Term Investors

Simplified Group Structure



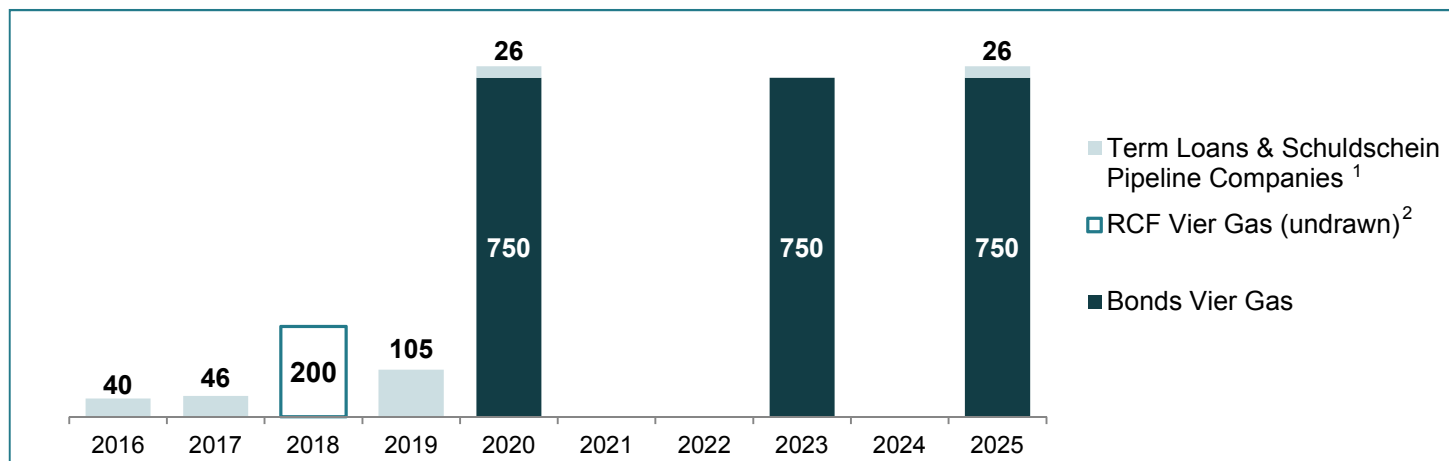
Shareholder Composition



¹ 97.7% MEIF4 and 2.3% Halifax Regional Municipality Master Trust

Well-Balanced Maturity Profile of Vier Gas Group (as of 31-12-2015)

Financing Volume (in m€)



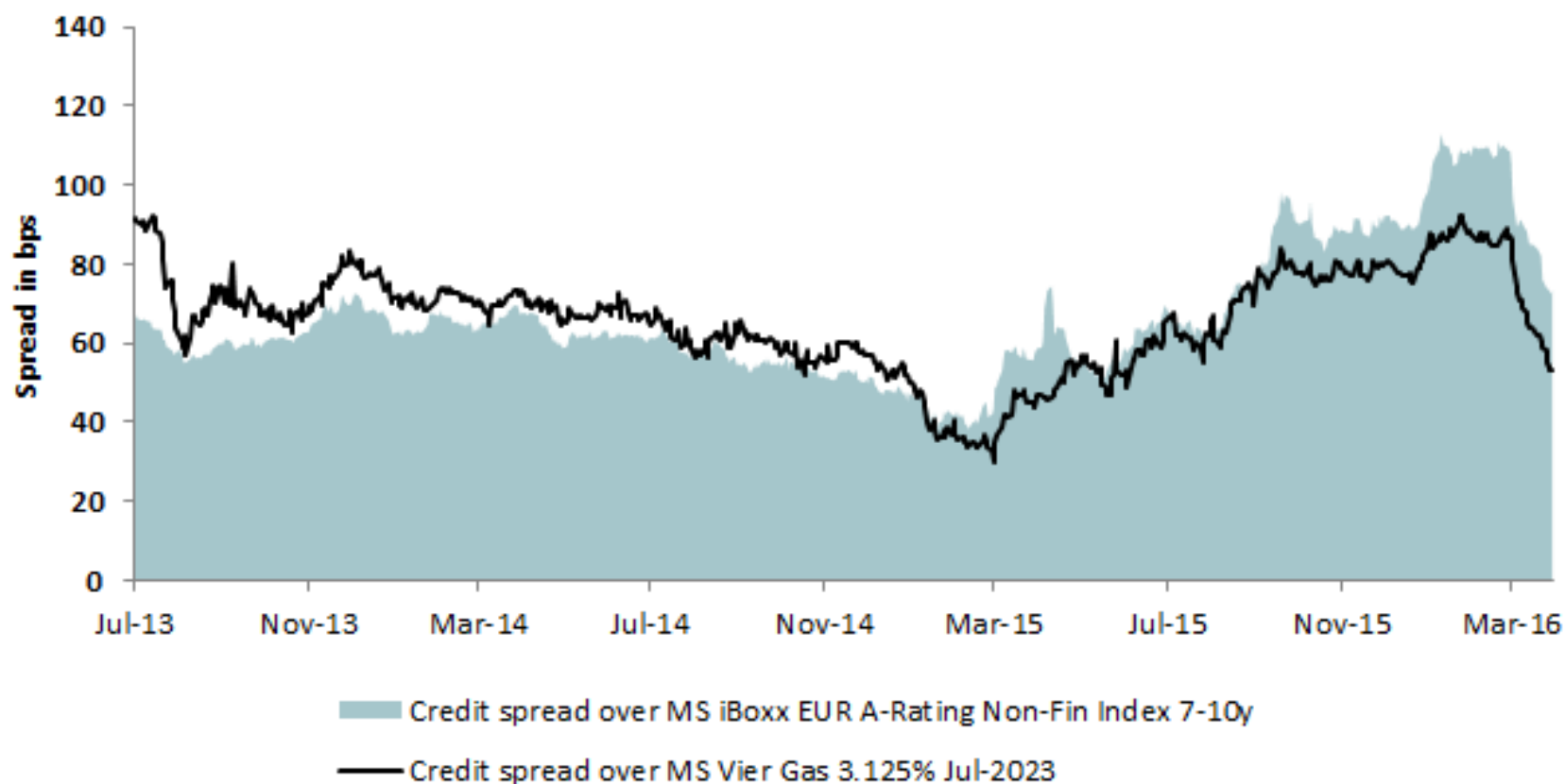
Bond Terms

	Tenor	Nominal	Mid Swap	Reoffer Spread	Coupon
03 June 2013: Series 1	7 yr.	€750m	135 bps	68 bps	2.000%
03 June 2013: Series 2	12 yr.	€750m	200 bps	95 bps	2.875%
01 July 2013: Series 3	10 yr.	€750m	202 bps	113 bps	3.125%

¹ Pro-rata share (51%) / including €10m of drawn credit facilities

² €29k drawn for guarantees

Performance of Vier Gas Bonds in Line with Overall Bond Market Development

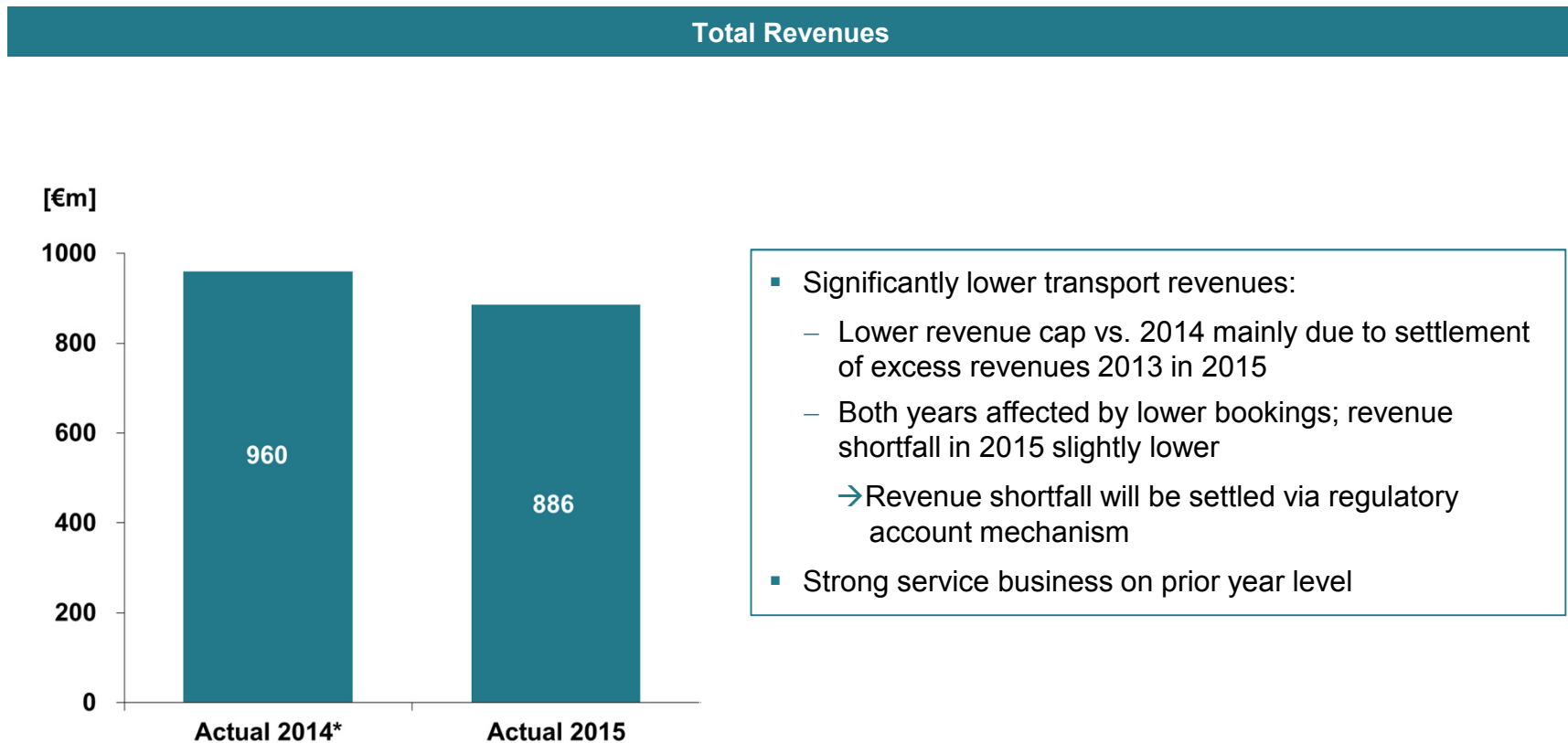


Source: Thomson Reuters Eikon (dd 18-04-2016)

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Revenues 2015 below Prior Year due to Regulatory Account Effects

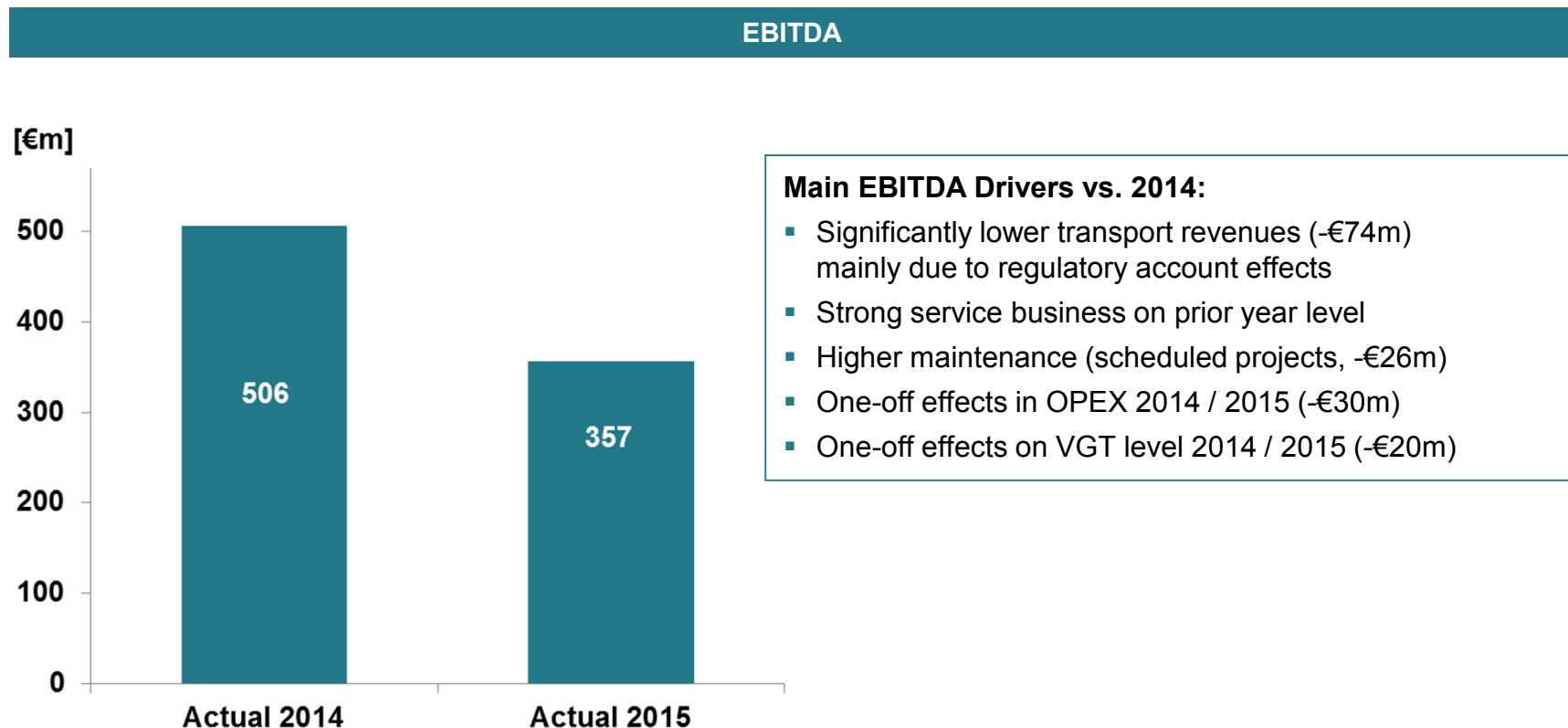
IFRS Consolidated Vier Gas Transport financial statements



* Retrospective adjustment on the income statement for 2014 due to changes in the accounting method (NIFRIC to IFRS 11) affecting revenues and cost of materials in total EBIT-neutral.

EBITDA 2015 at €357m Affected by Regulatory Account Effects

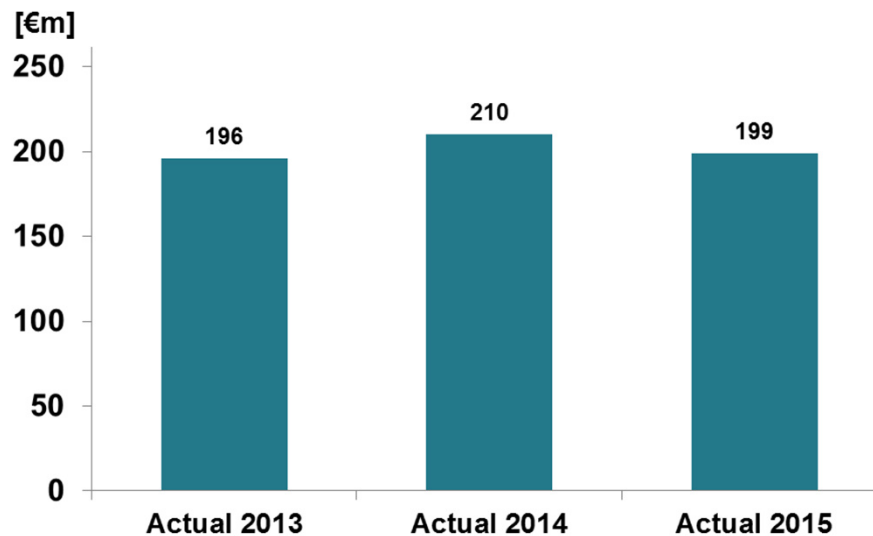
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Total VGT Group CAPEX 2015 on Prior Year Level

IFRS Consolidated Vier Gas Transport financial statements

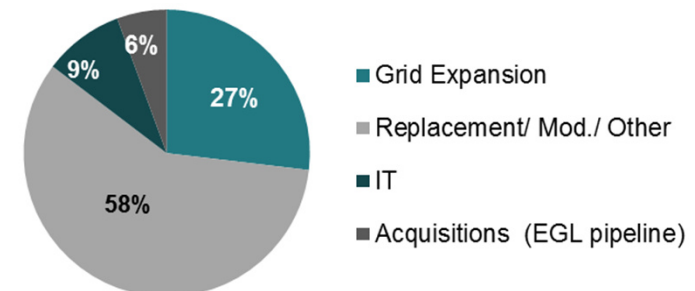
CAPEX



CAPEX Overview 2015

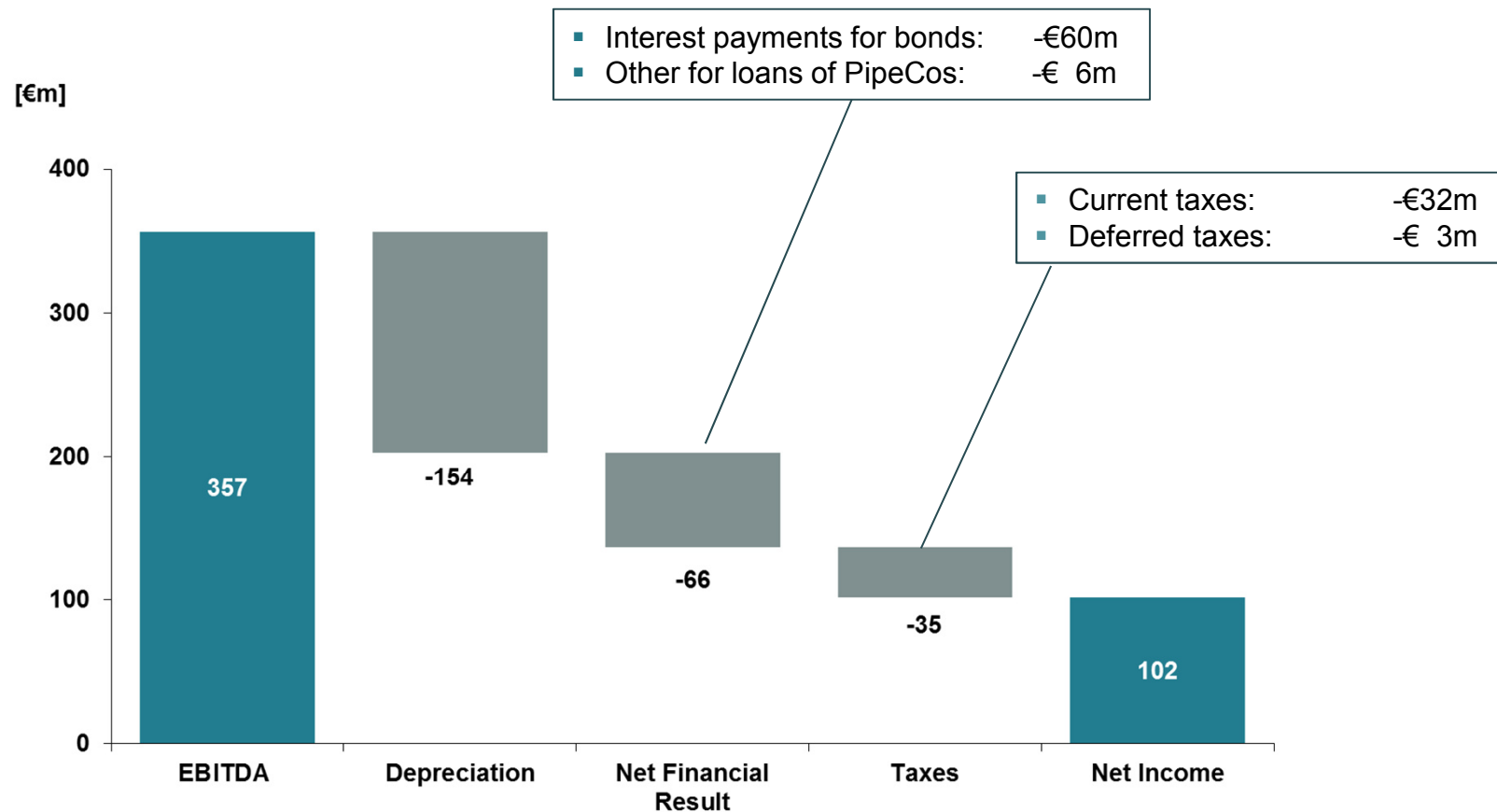
■ Pipelines	€35m
■ Compressor Stations	€104m
■ IT	€17m
■ Gas control, metering stations & other	€32m
■ Acquisitions (EGL pipeline)	€11m

CAPEX by Category 2015



Net Income 2015 Follows EBITDA Development

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Outlook: Predictable Returns and Organic Growth

2016 and beyond

- EBITDA 2016 expected significantly above 2015
 - Significantly higher transport revenues
 - Positive effects from efficiency measures
- Focus on implementing investment programme in line with NDP
- Preparing for 3rd regulatory period
 - Cost application process for 3rd regulatory period initiated
 - Decision on ROE for 3rd regulatory period expected for 2016
- Refinancing of MEGAL
- Further developing the European gas market integration

Treasury Contacts & Ongoing Investor Engagement

Contacts



Axel Berndt

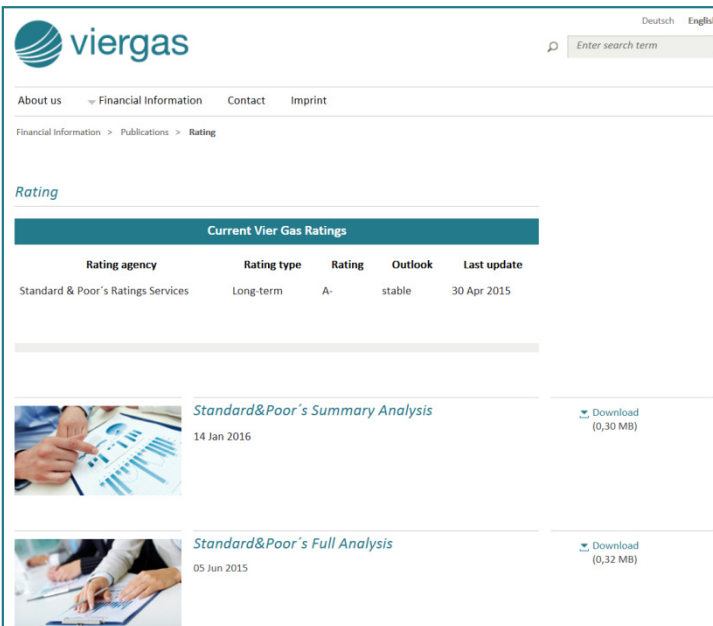
Head of Finance, Accounting & Tax



Sebastian Brauer

Head of Corporate Finance & Treasury

Viergas Website



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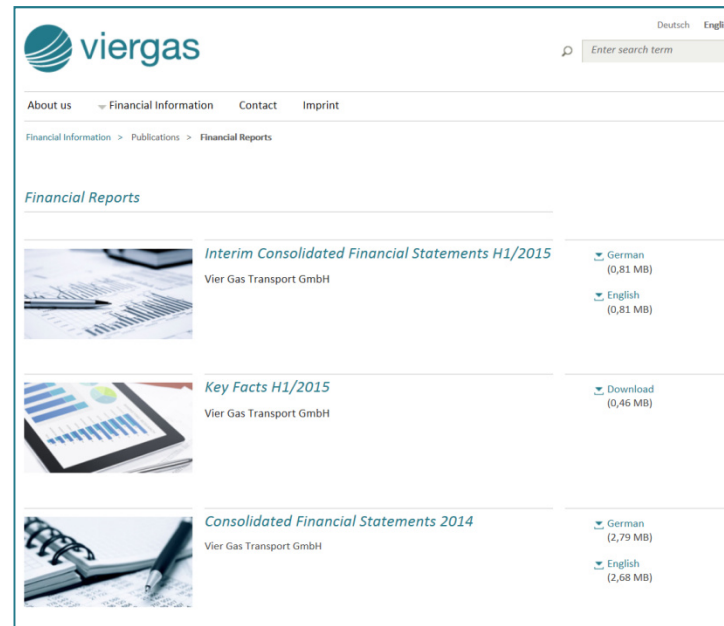
Financial Information > Publications > Rating

Rating

Current Vier Gas Ratings				
Rating agency	Rating type	Rating	Outlook	Last update
Standard & Poor's Ratings Services	Long-term	A-	stable	30 Apr 2015

Standard&Poor's Summary Analysis
14 Jan 2016
Download (0,30 MB)

Standard&Poor's Full Analysis
05 Jun 2015
Download (0,32 MB)



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Financial Reports

Interim Consolidated Financial Statements H1/2015
Vier Gas Transport GmbH
German (0,81 MB)
English (0,81 MB)

Key Facts H1/2015
Vier Gas Transport GmbH
Download (0,46 MB)

Consolidated Financial Statements 2014
Vier Gas Transport GmbH
German (2,79 MB)
English (2,68 MB)

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Appendix:

Financial Statements 2015

VGT Group Income Statement 2015

IFRS Consolidated Vier Gas Transport financial statements

[€m]	2015	2014*	Δ
Transport revenues	762	836	-74
Other revenues	124	124	+0
Total revenues	886	960	-74
Other income	59	76	-16
Cost of materials	-349	-322	-27
Personnel costs	-152	-149	-3
Other expenses	-93	-65	-28
Equity income	6	6	-0
EBITDA	357	506	-149
Depreciation	-154	-146	-7
EBIT	203	360	-157
Net financial result**	-66	-67	+0
Current taxes	-32	-56	+23
Deferred taxes	-3	-12	+10
Net Income	102	225	-123

* Retrospective adjustment on the income statement for 2014 due to changes in the accounting method (NIFRIC to IFRS 11) affecting revenues and cost of materials (EBIT-neutral).

** Equity income included in EBITDA

Note: Aggregated figures may contain rounding differences

VGT Group Balance Sheet 2015

IFRS Consolidated Vier Gas Transport financial statements

[€m] Assets				Equity and Liabilities			
	2015	2014	Δ		2015	2014	Δ
Intangible assets	74	92	-18	Equity	859	897	-38
Goodwill	830	830	+0	Pension provisions	72	137	-65
Tangible assets	2,851	2,800	+51	Other provisions	129	131	-3
Financial assets	95	101	-6	Provisions	201	269	-68
Total fixed assets	3,851	3,825	+26	Financial liabilities	2,524	2,533	-10
Inventory	31	34	-3	Trade payables	12	11	+1
Financial receivables	1	4	-3	Other liabilities	103	116	-13
Cash	150	248	-99	Total liabilities	2,638	2,660	-22
Trade receivables	24	30	-6				
Other assets	115	150	-34				
Current assets	321	466	-145				
				Deferred tax liabilities	537	495	+42
Deferred tax assets	64	30	+33				
Total	4,236	4,321	-86	Total	4,236	4,321	-86

Note: Aggregated figures may contain rounding differences

VGT Group Cash Flow Statement 2015

IFRS Consolidated Vier Gas Transport financial statements

[€m]	2015	2014	Δ
Net Income/loss before P&L transfer	102	225	- 123
Depreciation and amortisation	154	146	+ 7
Changes in deferred taxes	3	12	- 10
Other (incl. working capital)	64	45	+ 19
Operating Cash Flow	322	429	- 107
Investing Cash Flow	-186	-199	+ 14
Free Cash Flow	136	229	- 93
Financing Cash Flow	-235	-274	+ 39
Total Cash Flow of the period	-99	-45	- 54
Cash Position beginning of period (01.01.)	248	293	- 45
Cash Position end of period (31.12.)	150	248	- 99

Note: Aggregated figures may contain rounding differences