



Investor Conference Call

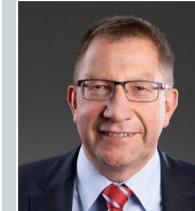
Financial Year 2016

06 April 2017

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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VGT with Strong Performance in 2016

Financial Performance & Organisational Achievements

- EBITDA at €485m significantly above 2015, in line with expectations
- Substantial investment programme on track, total investments of €358m in 2016
- Acquisition of additional shares in NETRA pipeline via jordgas Transport
- Regulated return on equity (RoE) determined at 6.91% for 2018-2022
- Excellent credit standing, A- rating with stable outlook from S&P
- Successful refinancing of Pipeline Joint Ventures (MEGAL: €230m bilateral loans / €30m RCF; TENP: €80m debut Schuldschein / registered bond¹)

¹ Registered bond: Namensschuldverschreibung



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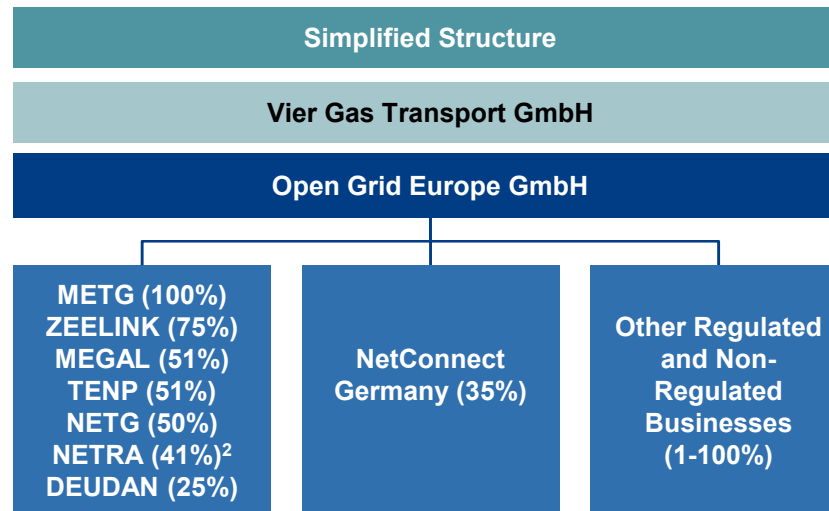
Vier Gas Transport at a Glance

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 over 90 years
 - ▶ Separated from E.ON Group since 2012

Key Figures VGT Group (2016)

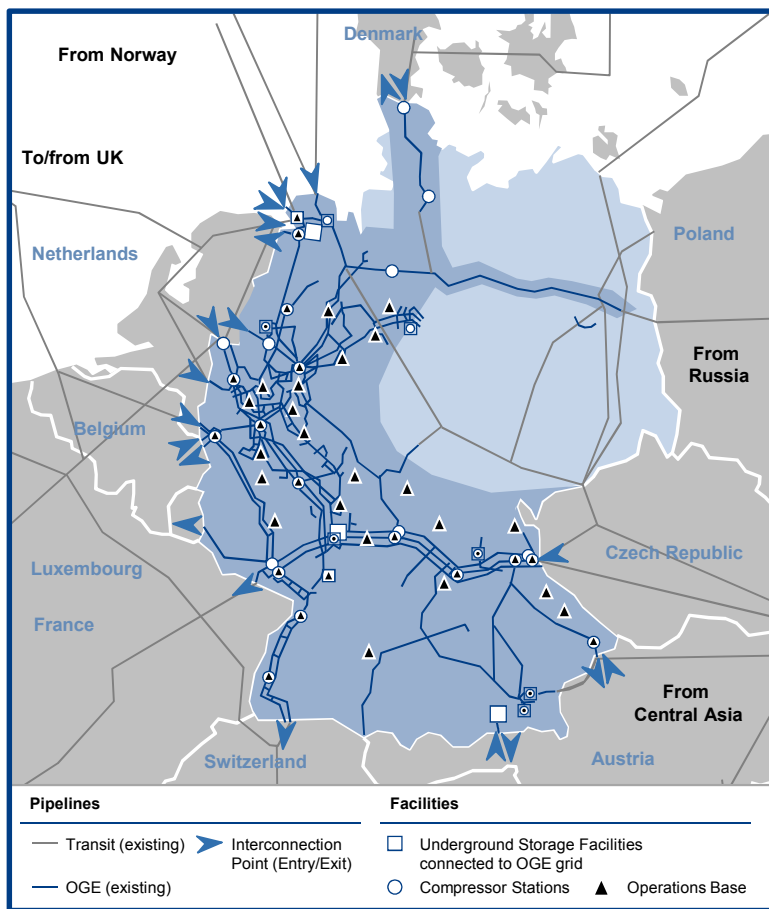
Total Revenues	€948m
EBITDA	€485m
CAPEX	€358m
Total Employees¹	1,366



¹ Average employees of financial year 2016 (excluding management and apprentices)
² OGE holds 15% of indirect shares in NETRA in addition to direct shareholding of 41%

A Key Gas Transmission System Operator at the Heart of Europe

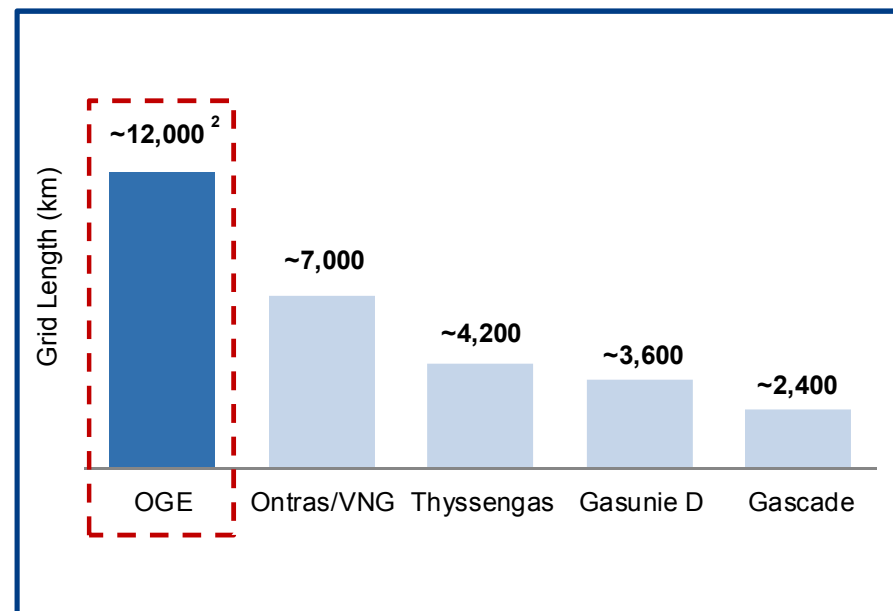
Centrally Positioned Service Area



¹ Source: FNB Gas "Entwurf Netzentwicklungsplan Gas 2016"

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

Largest Gas Transmission Network and Operator ¹



- Covering approx. 70% of the total shipping volume in Germany with 694 tWh annual offtake quantity in 2016
- 28 compressor stations and 92 units
- Approx. 50 entry and 1,100 exit points with 15 interconnections to bordering countries
- More than 450 national and international customers



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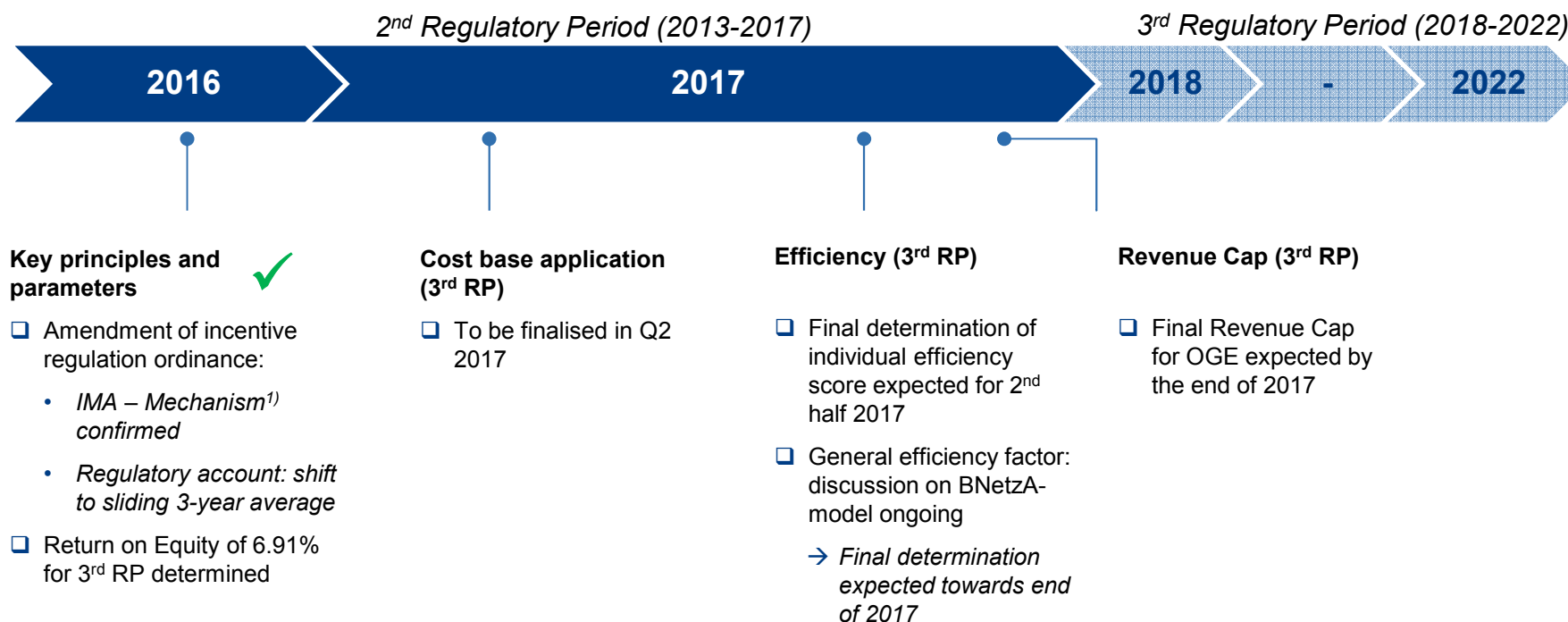
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Outlook

German Regulatory Regime: A Stable & Predictable Framework

Principles of Incentive Regulation	
Regulatory Periods (RP)	<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) <div style="text-align: center; margin-top: 10px;"> <div style="display: flex; justify-content: center; align-items: center; gap: 10px;"> <div style="background-color: #d9e1f2; padding: 5px 10px; border: 1px solid #003366;">Allowed Revenues</div> = <div style="background-color: #d9e1f2; padding: 5px 10px; border: 1px solid #003366;">Operating Costs</div> + <div style="background-color: #d9e1f2; padding: 5px 10px; border: 1px solid #003366;">Depreciation</div> + <div style="background-color: #d9e1f2; padding: 5px 10px; border: 1px solid #003366;">Return on Equity</div> </div> </div>
Incentive Regulation	<ul style="list-style-type: none"> Amendment of incentive regulation ordinance in 2016 with limited impact on TSO-level Return on Equity (RoE) for 3rd RP (2018-2022) determined by BNetzA at 6.91% Determination of general productivity factor as well as individual efficiency score for 3rd RP expected towards end of 2017

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

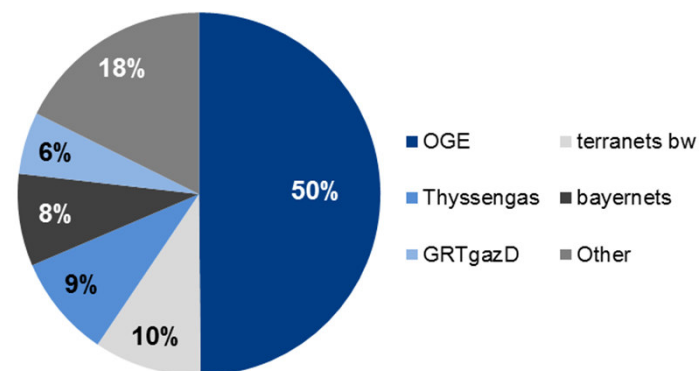
Network Development Plan (NDP)

- NDP is a well established process
- NDP provides high certainty to TSOs regarding investments
- Confirmation of NDP 2016 by BNetzA expected July 2017

Implications regulatory framework

- Regulatory framework promotes investment measures
- New assets earn imputed cost of capital (imputed equity interest + imputed trade tax) already during construction phase
- Operating expenses are covered in a lump sum approach¹

Total CAPEX NDP : €4.5bn.
OGE CAPEX NDP: 50% (€2.3bn.)



Required investments continuously add to revenue growth!

¹ General lump sum of 0.8% of investment amount for pipelines, 5.2% for natural gas compressors and 5.8% for gas pressure regulation and metering equipment.

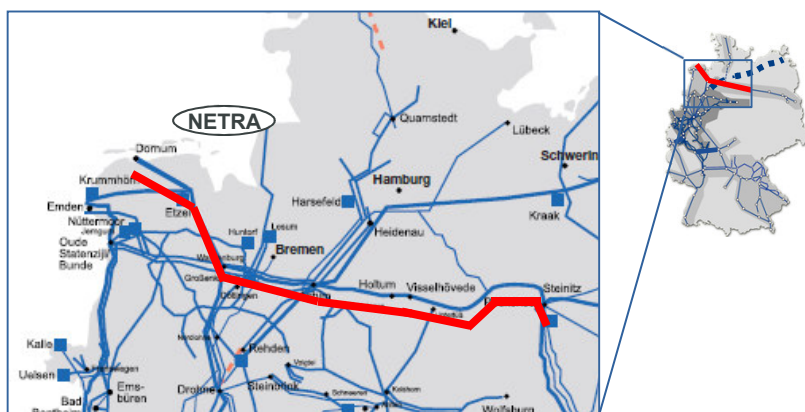
ZEELINK – Update on OGE’s Largest NDP Project

- 215 km pipeline from Aachen to Legden, incl. new compressor station Würselen
- Transport of Belgian LNG from Zeebrugge, connection to Dutch system and NEL possible
- Prerequisite for L/H - gas conversion
- Total investment of ~ €600m, financed by shareholders: OGE (75%) and Thyssengas (25%), OGE responsible for construction work
- Company established 2016, commissioning planned for March 2021



Joint Acquisition of jordgasTransport by OGE / GUD*

Overview of jordgasTransport (JGT)/NETRA



Key metrics JGT	2016 (preliminary)
Sales	€29m
EBITDA	€18m
NETRA pipeline	341 km, 84 bar, 1200 mm
JGT's share in NETRA	30.78%
Fellow partners in NETRA	OGE 40.55% GUD 28.67%

Current Status

- OGE and GUD (consortium) purchased JGT jointly on a 50:50 basis with economic effect as of 01 January 2016 from Statoil
- Resulting share in NETRA for OGE 55.94%, with unanimous decision competencies for NETRA between GUD and OGE
- Simplification of shareholder structure improves control of the joint venture

* GUD: Gasunie Deutschland GmbH & Co. KG



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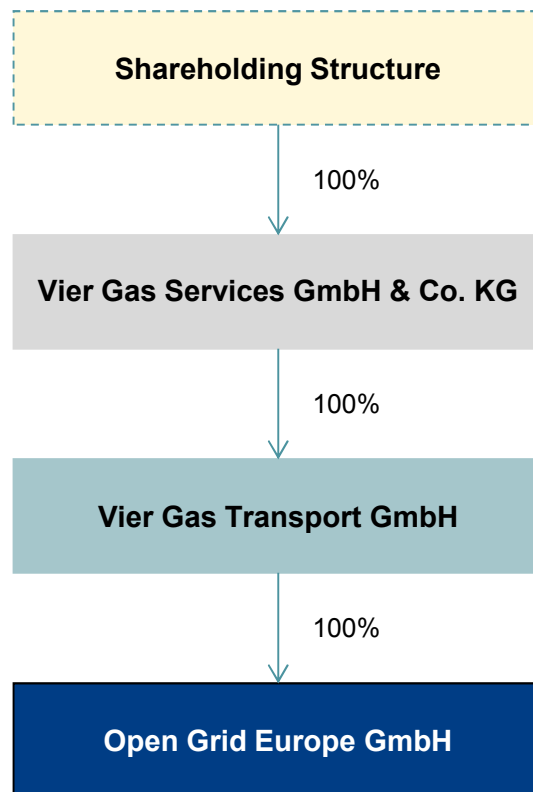
Financial Performance

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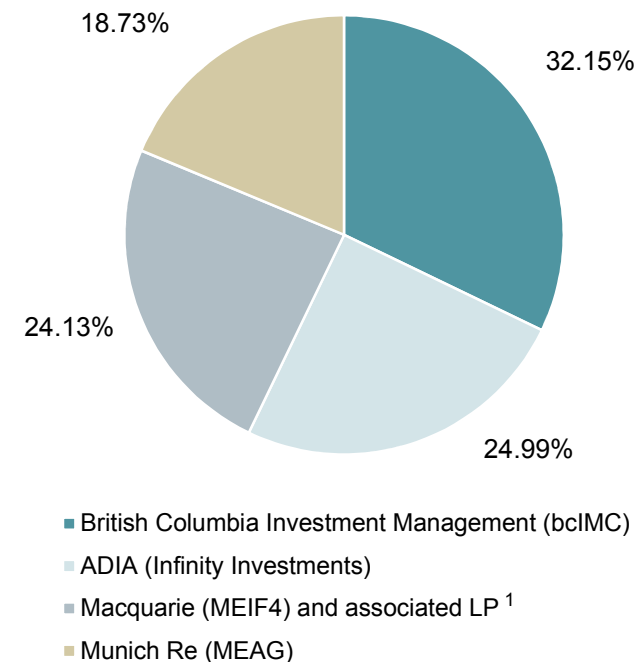
Outlook

Group Ownership Structure: Experienced Long-Term Investors

Simplified Group Structure

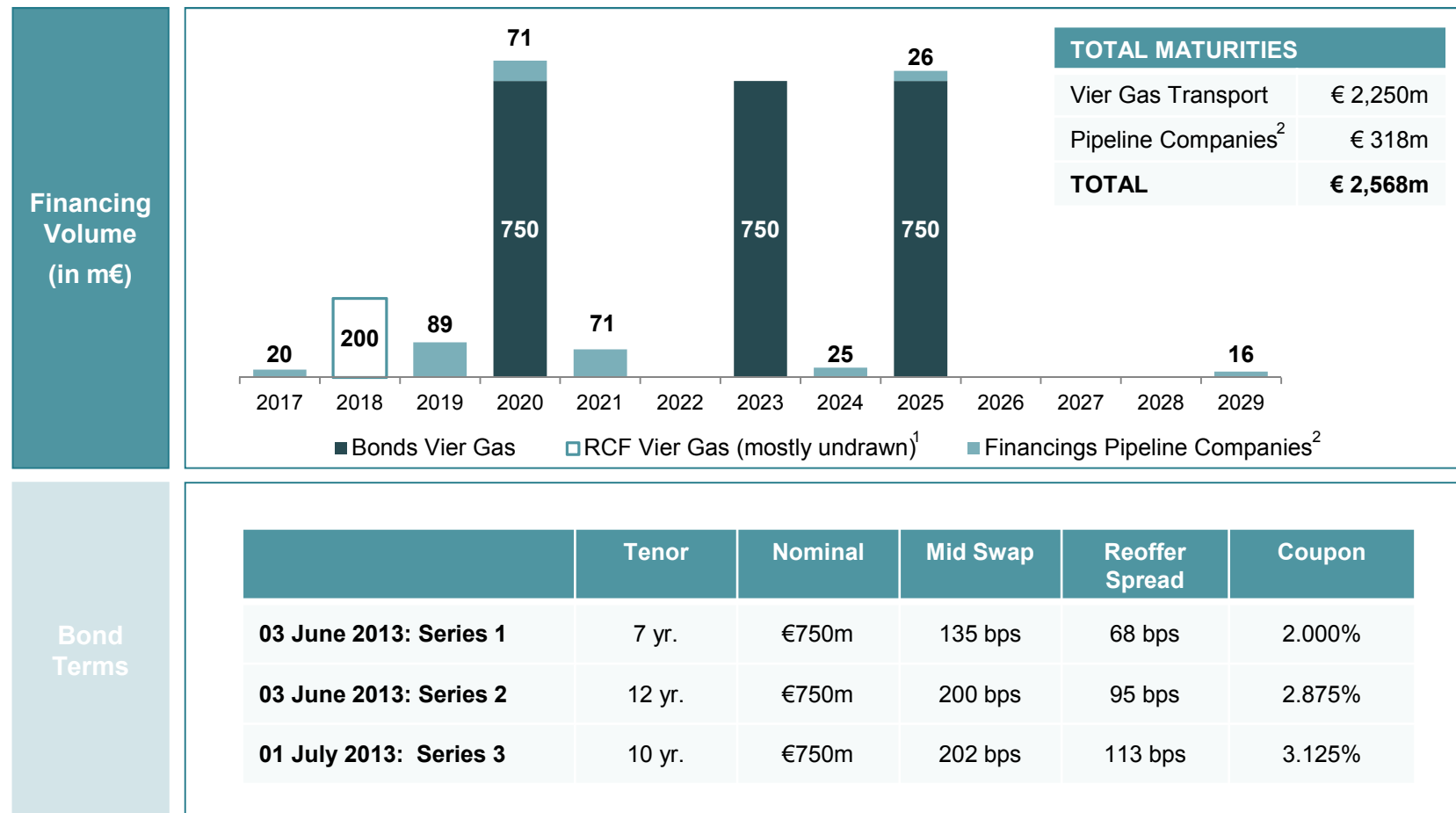


Shareholder Composition



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

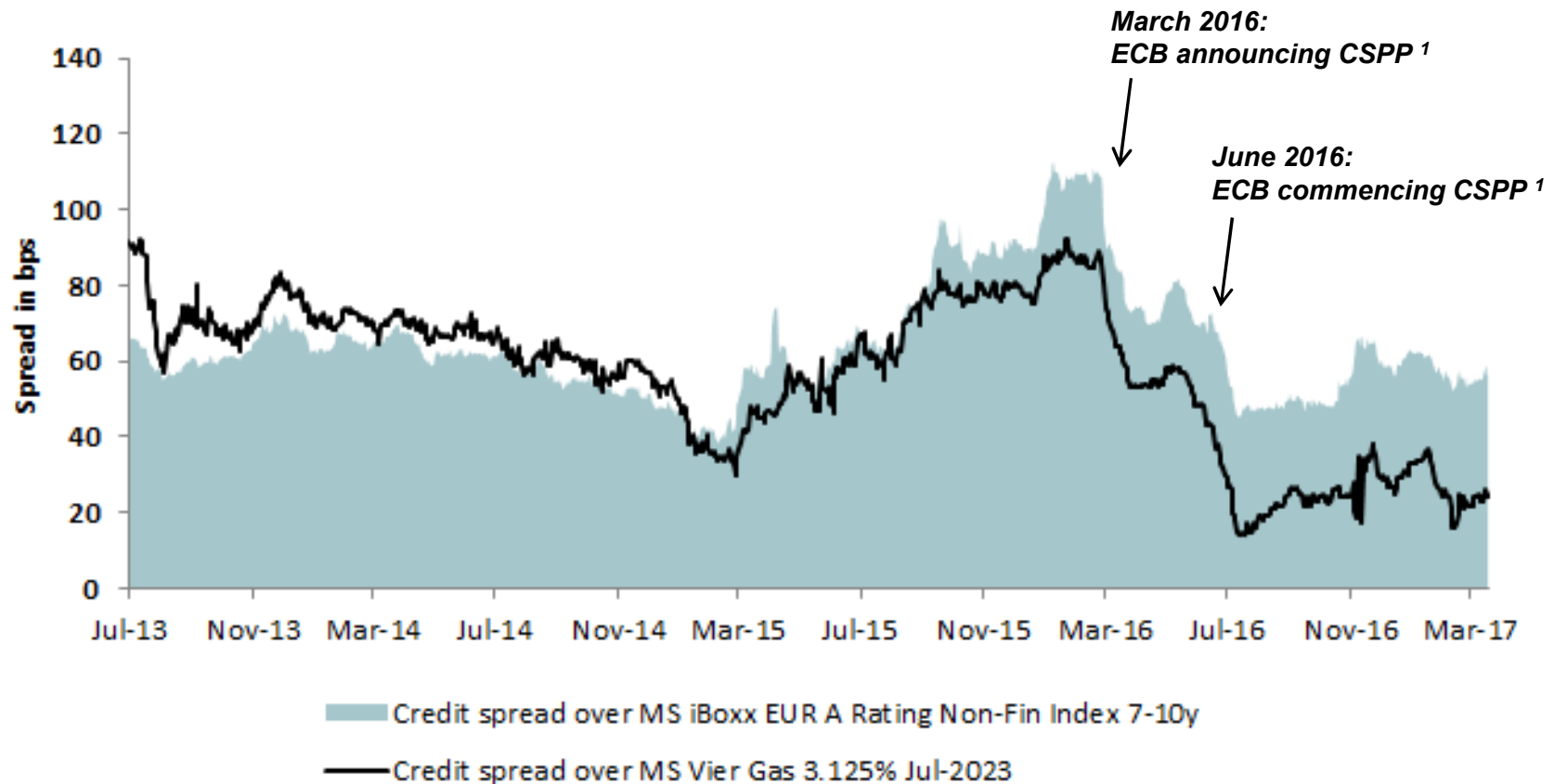
Well-Balanced Maturity Profile of Vier Gas Group (as of 31-12-2016)



¹ €973k drawn for guarantees

² Pro-rata share (51%) / Financings include term loans, forward starting loans, certificates of indebtedness ("Schuldscheindarlehen"), registered bonds ("Namensschuldverschreibungen") and drawings under committed credit facilities

Vier Gas Bonds Clearly Outperforming Benchmark



¹ CSPP: Corporate Sector Purchase Programme. Vier Gas Bonds meet eligibility criteria. ECB has confirmed the purchase of Vier Gas Bonds.
Source: Thomson Reuters Eikon (dd 30-03-2017)



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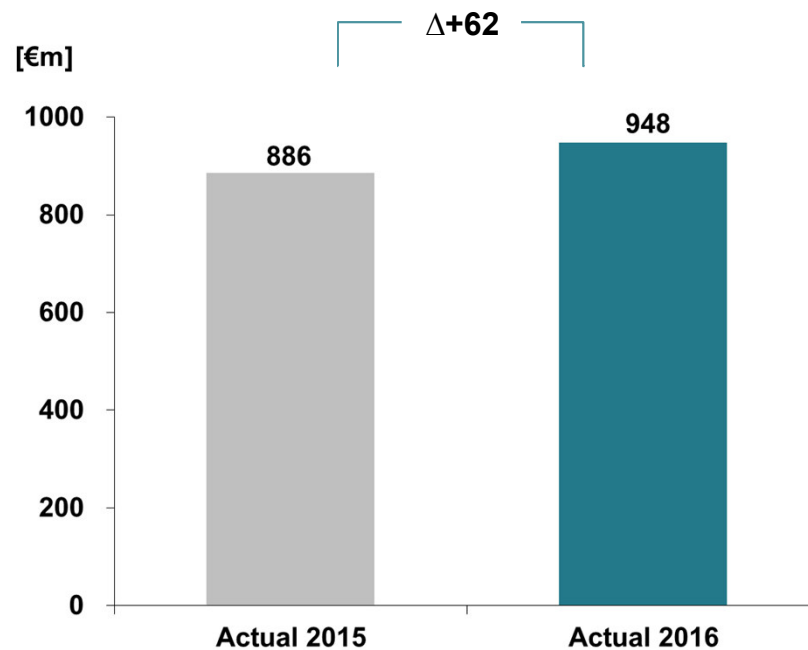
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Outlook

Revenues 2016 Above Prior Year

IFRS Consolidated Vier Gas Transport financial statements

Total Revenues



Higher transport revenues (+€66m)

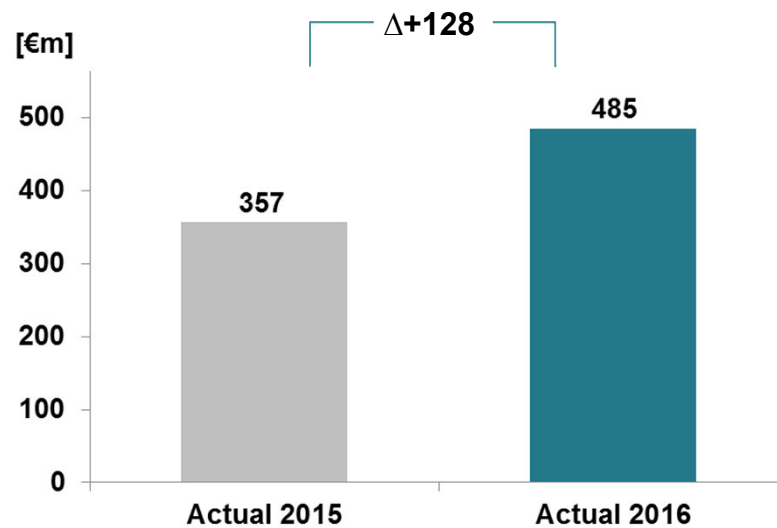
- Higher allowed revenue cap in 2016
 - Absence of negative one-off effect 2015
- Regulatory account effects:
 - Excess revenues in 2016
 - Revenue shortfall in 2015

Service revenues on prior year level (-€4m)

Strong EBITDA Performance in 2016 at €485m

IFRS Consolidated Vier Gas Transport financial statements

EBITDA

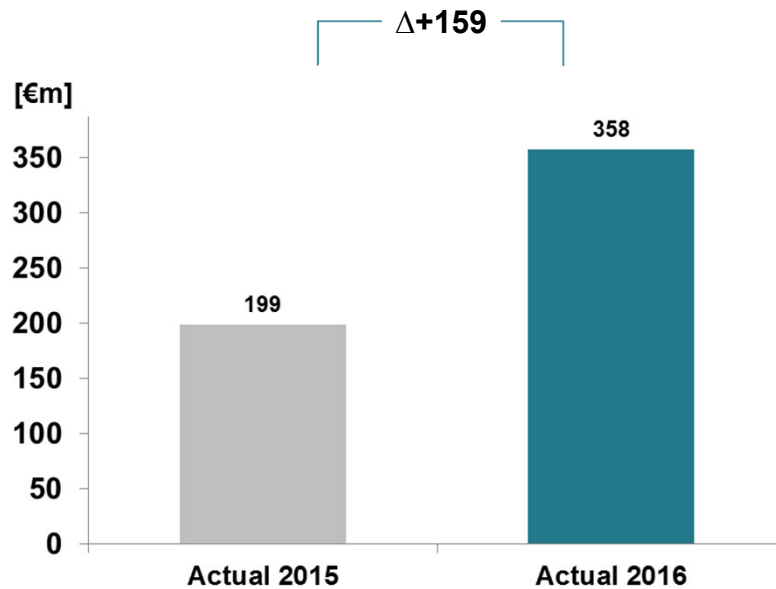


Main EBITDA Drivers vs. 2015:

- Higher transport revenues (+€66m), mainly due to regulatory account effects
- Significantly lower costs of materials (+€63m)
 - lower fuel energy consumption
 - less need for flow commitments
 - lower expenses for maintenance and purchased services

Higher CAPEX 2016 Driven by NDP Projects and Acquisitions

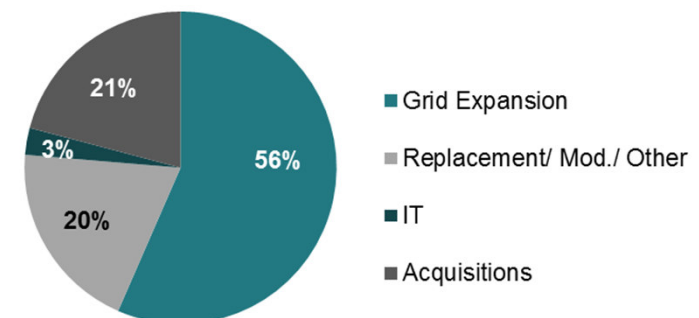
CAPEX



CAPEX Overview 2016

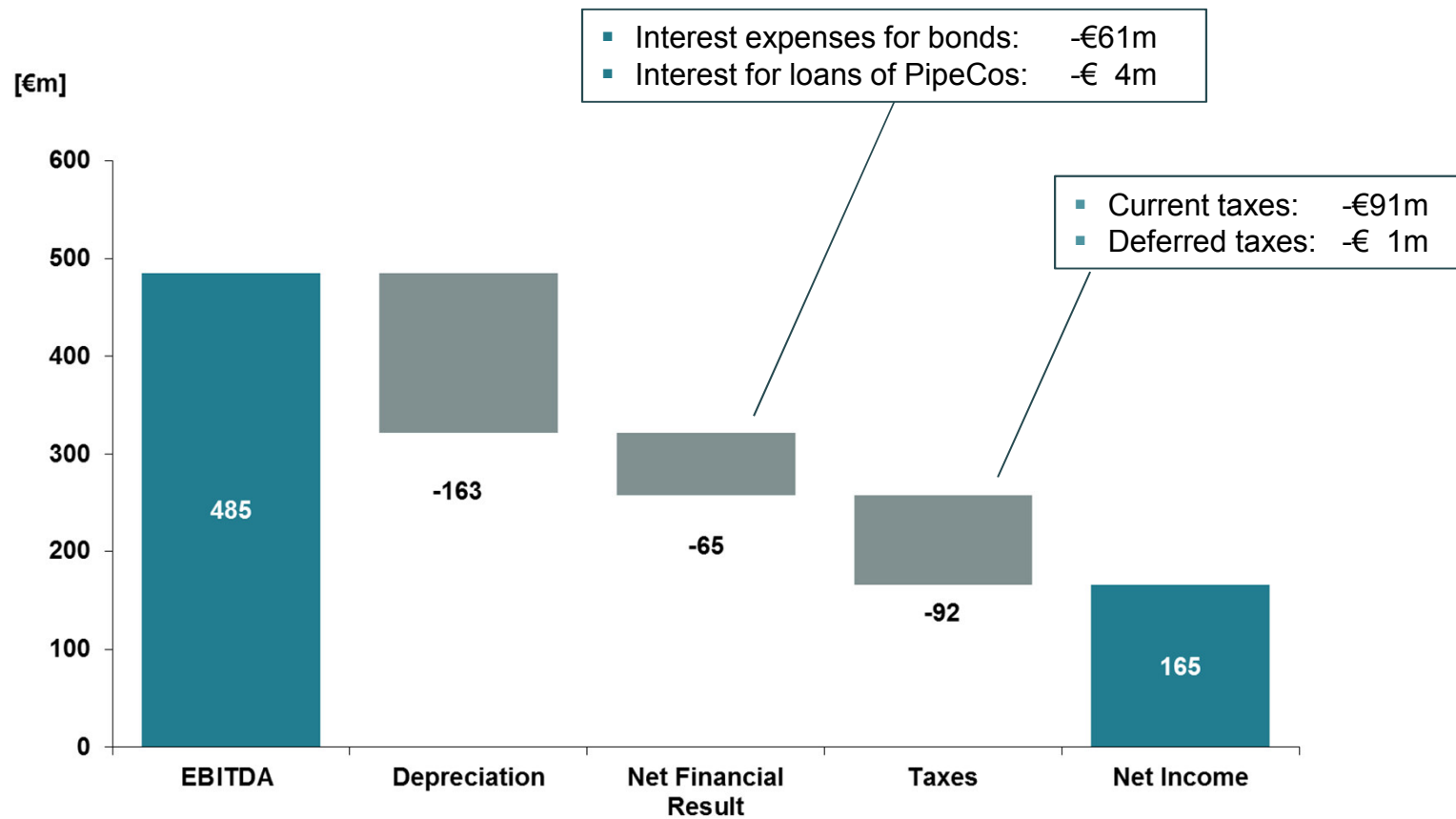
▪ OGE Pipelines	€ 58m
▪ OGE Compressor Stations	€140m
▪ Pipeline Companies	€ 56m
▪ IT	€ 10m
▪ Gas control, metering stations & other	€ 24m
▪ Acquisitions	€ 71m

CAPEX by Category 2016



Net Income 2016 Follows EBITDA Development

IFRS Consolidated Vier Gas Transport financial statements



Note: Aggregated figures may contain rounding differences



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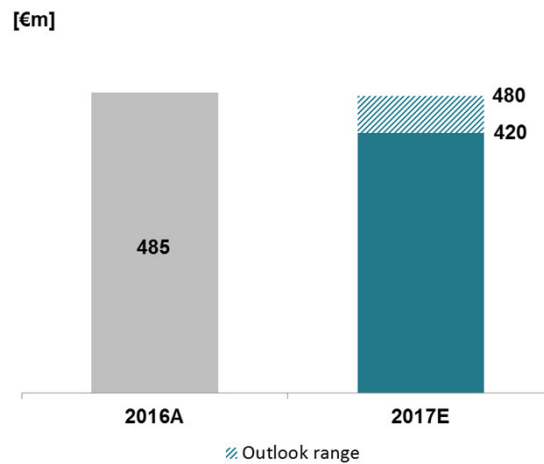
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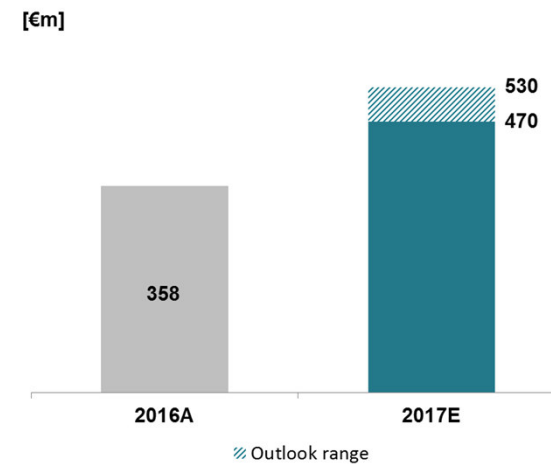
Outlook: Predictable Returns and Organic Growth

2017 and beyond

EBITDA slightly below 2016



CAPEX significantly above 2016



- 2017 characterised by strong EBITDA and high level of investments due to NDP
- Regulator to decide on major parameters for 3rd RP (2018-2022)
 - Final approval of cost base
 - General efficiency factor
 - Individual efficiency factor
- Planned refinancing of existing €200m RCF to accommodate increasing CAPEX requirements

Treasury Contacts & Ongoing Investor Engagement

Contacts



Axel Berndt

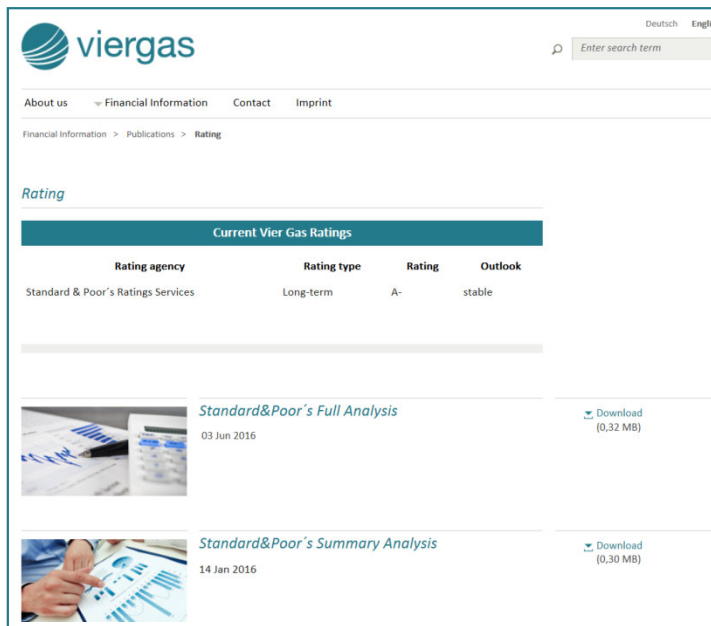
Head of Finance, Accounting & Tax



Sebastian Brauer

Head of Corporate Finance & Treasury

Viergas Website



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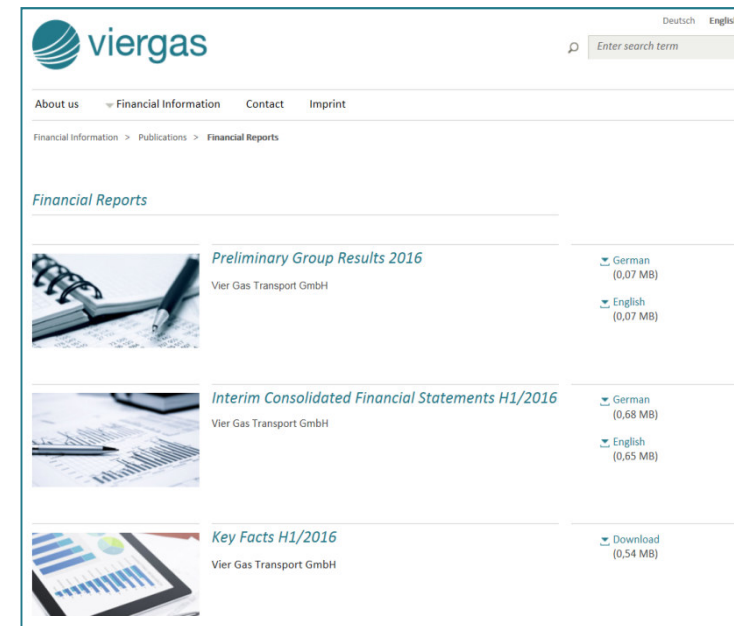
Financial Information > Publications > Rating

Rating

Current Vier Gas Ratings			
Rating agency	Rating type	Rating	Outlook
Standard & Poor's Ratings Services	Long-term	A-	stable

Standard&Poor's Full Analysis 03 Jun 2016 [Download \(0,32 MB\)](#)

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



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Financial Information > Publications > Financial Reports

Financial Reports

Preliminary Group Results 2016 Vier Gas Transport GmbH [German \(0,07 MB\)](#) [English \(0,07 MB\)](#)

Interim Consolidated Financial Statements H1/2016 Vier Gas Transport GmbH [German \(0,68 MB\)](#) [English \(0,65 MB\)](#)

Key Facts H1/2016 Vier Gas Transport GmbH [Download \(0,54 MB\)](#)

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Appendix:

Financial Statements 2016

VGT Group Income Statement 2016

IFRS Consolidated Vier Gas Transport financial statements

[€m]	2016	2015	Δ
Transport revenues	828	762	+66
Other revenues	120	124	-4
Total revenues	948	886	+62
Other income	47	59	-13
Cost of materials	-286	-349	+63
Personnel costs	-151	-152	+1
Other expenses	-74	-93	+19
Equity income	3	6	-3
EBITDA	485	357	+128
Depreciation	-163	-154	-10
EBIT	322	203	+119
Net financial result*	-65	-66	+2
Current taxes	-91	-32	-58
Deferred taxes	-1	-3	+2
Net Income	165	102	+64

* Equity income included in EBITDA

Note: Aggregated figures may contain rounding differences

VGT Group Balance Sheet 2016

IFRS Consolidated Vier Gas Transport financial statements

[€m]	Assets			Equity and Liabilities			
	2016	2015	Δ		2016	2015	Δ
Intangible assets	54	74	-20	Equity	949	859	+90
Goodwill	830	830	+0	Pension provisions	134	72	+62
Tangible assets	2,990	2,851	+139	Other provisions	138	129	+10
Financial assets	169	95	+74	Provisions	273	201	+72
Total fixed assets	4,044	3,851	+193	Financial liabilities	2,570	2,524	+46
Inventory	33	31	+1	Trade payables	55	12	+44
Financial receivables	17	1	+15	Other liabilities	130	103	+27
Cash	189	150	+40	Total liabilities	2,755	2,638	+116
Trade receivables	31	24	+7	Deferred tax liabilities	490	537	-47
Other assets	129	115	+14				
Current assets	398	321	+77				
Deferred tax assets	24	64	-39				
Total	4,467	4,236	+231	Total	4,467	4,236	+231

Note: Aggregated figures may contain rounding differences

VGT Group Cash Flow Statement 2016

IFRS Consolidated Vier Gas Transport financial statements

[€m]	2016	2015	Δ
Net Income/loss before P&L transfer	165	102	+ 64
Depreciation and amortisation	163	154	+ 10
Changes in deferred taxes	1	3	- 2
Other (incl. working capital)	131	64	+ 67
Operating Cash Flow	461	322	+ 139
Investing Cash Flow	-347	-186	- 161
Free Cash Flow	114	136	- 22
Financing Cash Flow	-74	-235	+ 161
Total Cash Flow of the period	40	-99	+ 138
Cash Position beginning of period (01.01.)	150	248	- 99
Cash Position end of period (31.12.)	189	150	+ 40

Note: Aggregated figures may contain rounding differences