



Investor Conference Call

Financial Year 2014

16 April 2015

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

- VGT with strong performance in 2014
- Efficiency programme continues to deliver results
- All planned major investment projects in 2014 successfully realised
- Financial structure characterised by well-balanced maturity profile and comfortable liquidity position
- Excellent credit standing, A- rating with stable outlook from S&P

Key Regulatory and Organisational Achievements

- Agreement under public law with BNetzA: Settlement of outstanding disputes relating to 2008 – 2012
- NDP¹ 2014 in line with NDP 2013, all major investment projects confirmed
- Higher process efficiency achieved via reorganisation of technical department

¹ NDP: Network Development Plan

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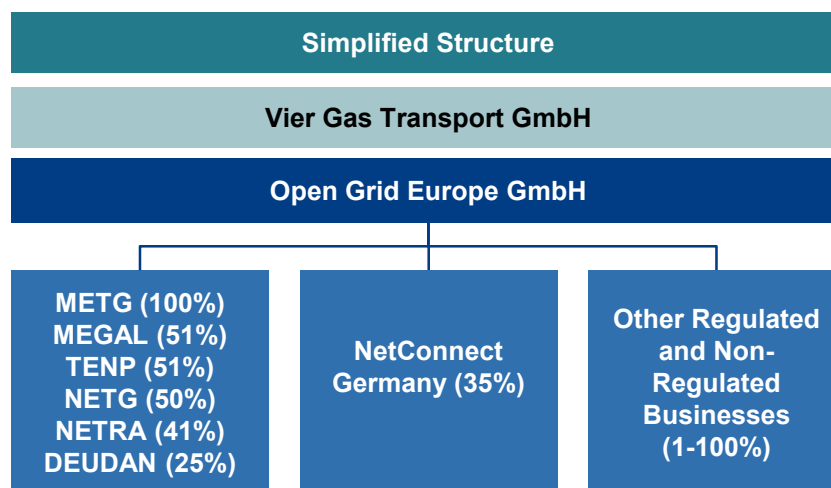
Vier Gas Transport at a Glance

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
- Legally established end of 2003 as subsidiary of E.ON Ruhrgas AG
 - ▶ Operating history dates back 85 years
 - ▶ Fully stand alone company since 2012

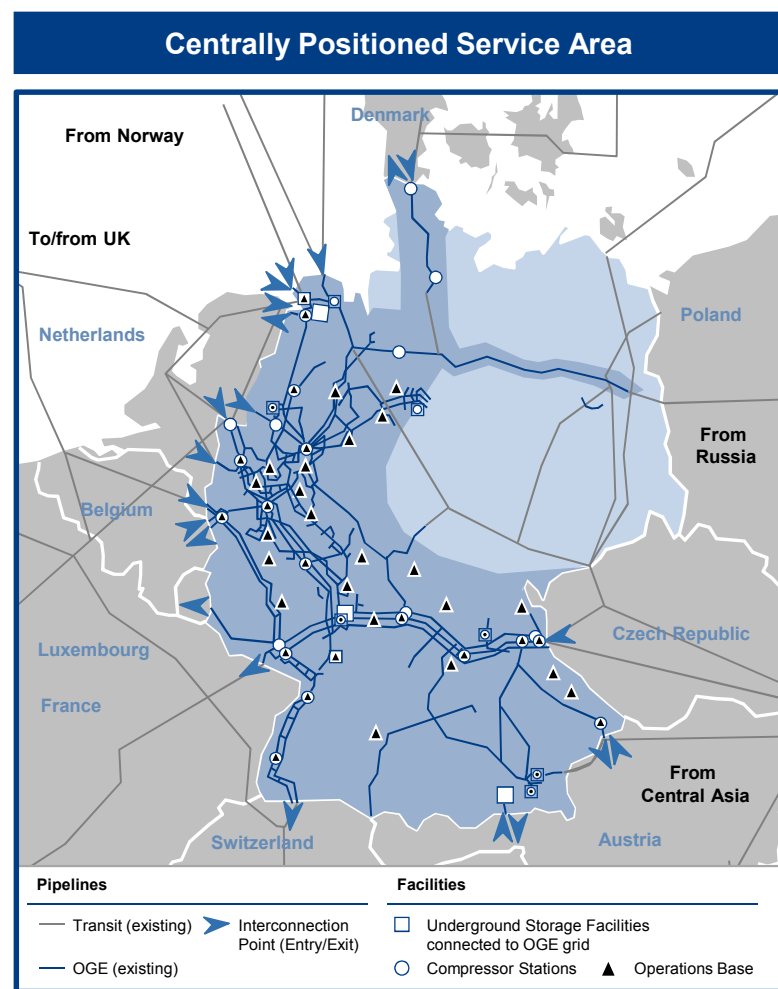
Key Figures VGT Group (2014)

Total Revenues	€1,017m
EBITDA	€506m
CAPEX	€210m
Total Employees ¹	1,355



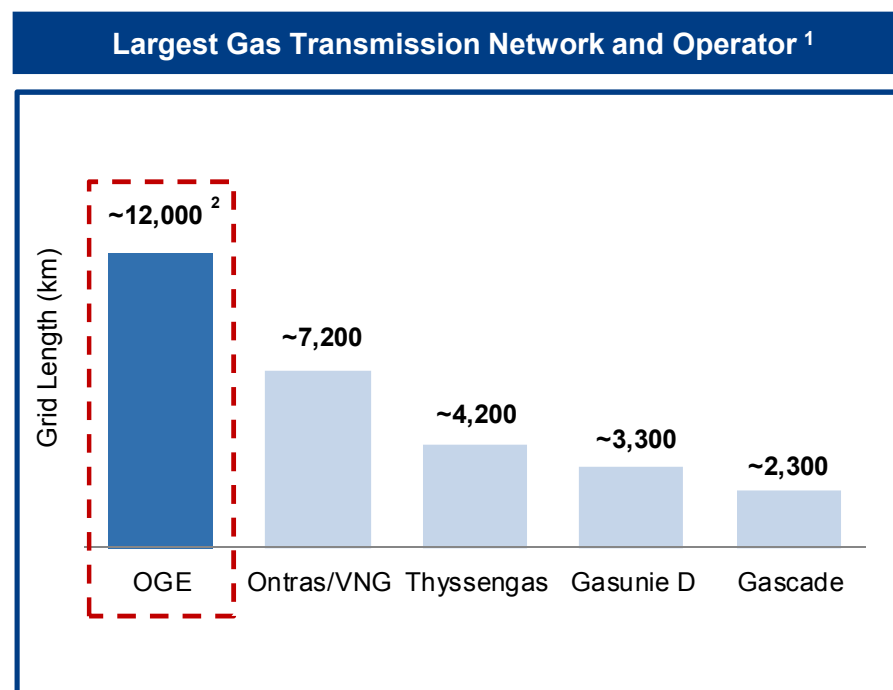
¹ Average employees of financial year 2014 (excluding management and apprentices)

A Key Gas Transmission System Operator at the Heart of Europe



¹ Source: FNB Gas "Entwurf Netzentwicklungsplan Gas 2015"

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



- Covering 70% of the total shipping volume in Germany with approx. 62.5 bcm p.a.
- 27 compressor stations and 97 units
- Approx. 51 entry and 1,100 exit points with 17 interconnections to bordering countries
- 450 national and international customers

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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” (2015) 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"> Current OGE efficiency factor of 100%, therefore no individual cost reduction target Increase of CPI¹ remunerated, but offset by general productivity factor of 1.5% Relative performance vs. targets drives profitability within regulatory period Investment measures for expansion & restructuring capex remunerated without delay

¹ CPI: Consumer Price Index

Development Options for 3rd Regulatory Period (2018 – 2022)

BNetzA Evaluation Report on Incentive Regulation

- No need for significant change in regulatory framework identified
- Several development options analysed and evaluated by BNetzA; decision forwarded to legislation

Term Sheet Ministry of Economy for ARegV-Amendment: Overall Stability Intended

- No significant amendments for TSOs¹ intended, explicit focus on diminishing time lag for DSO² investments
- Investment measures for remuneration of expansion capex to be preserved
- General and individual efficiency factor will remain (determination by BNetzA)
- Efficiency carry-over / efficiency bonus as incentives, however limited impact expected
- New regulatory account mechanism shall be implemented (sliding-3-years-release) to stabilise revenues

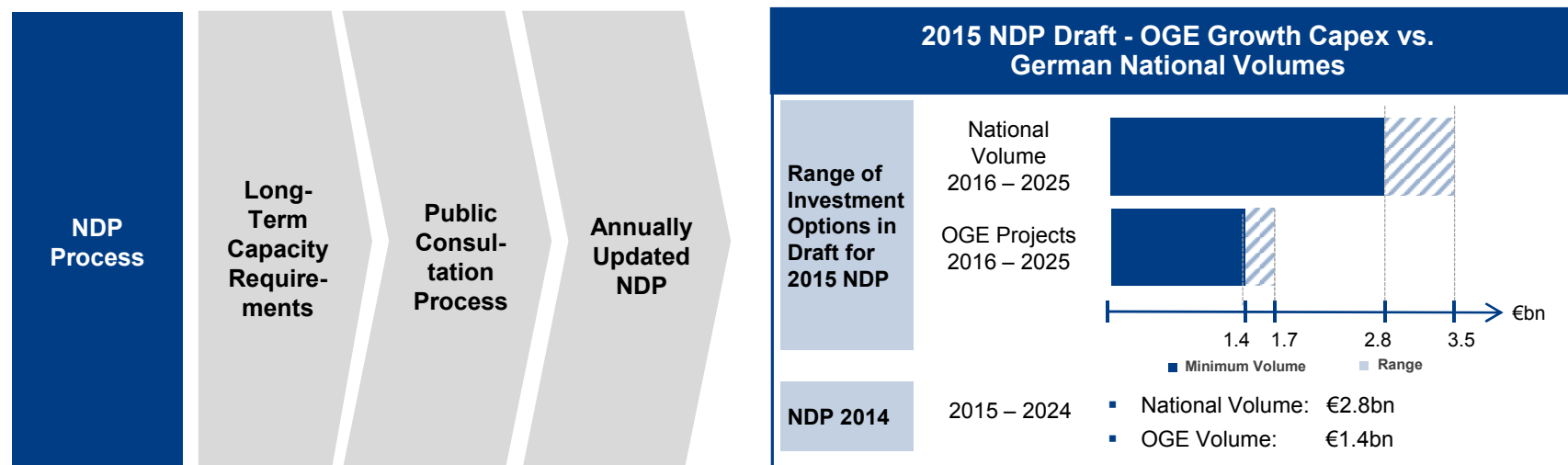
Time Schedule

- Amendment of Incentive Regulation announced for second half of 2015
- Determination of Return on Equity and general efficiency factor (Xgen) by BNetzA expected for 2016

¹ TSO: Transmission System Operator

² DSO: Distribution System Operator

Predictable and Low Risk Capex



Manageable Capex Requirements

- NDP 2014 is an evolution of former NDP
- Capex peaks avoided in 2014 NDP
- Limited maintenance Capex due to good condition of OGE's assets

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

Capacity / Capex Planning

- Efficient Capex spending ensuring future investment requirements are met under NDP
- OGE has demonstrated a strong track record of delivering projects on time

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.

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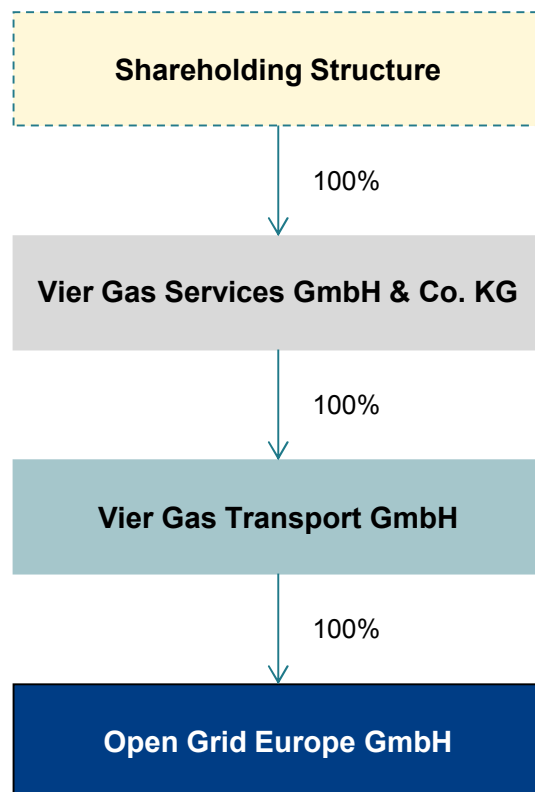
Financial Performance

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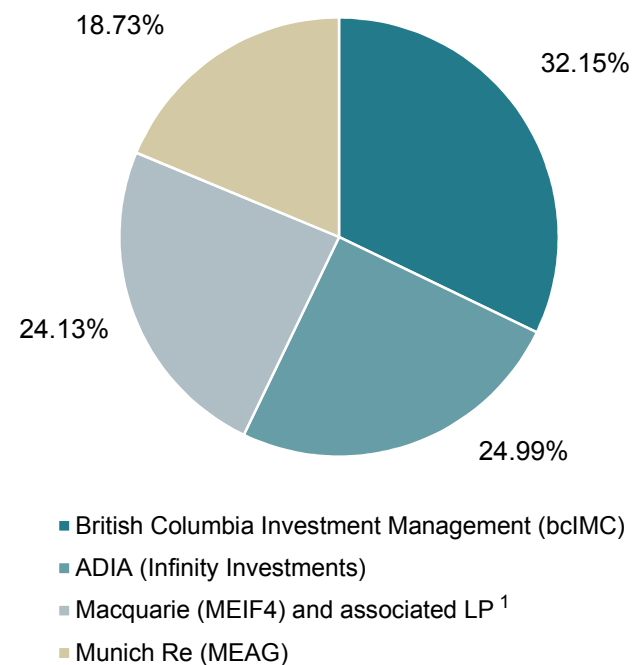
Outlook

Group Ownership Structure: Experienced Long-Term Investors

Simplified Group Structure



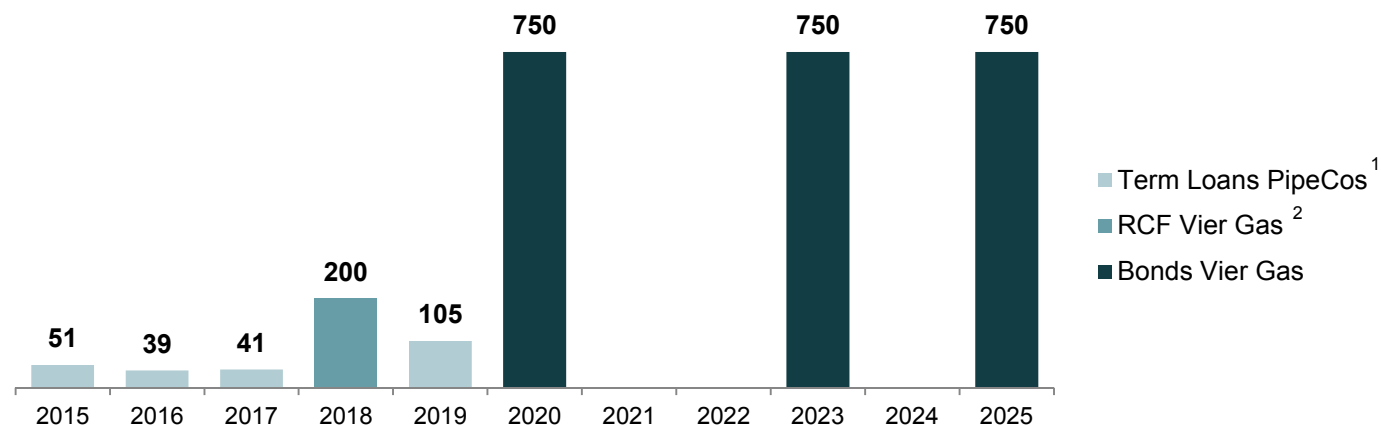
Shareholder Composition



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

Well-Balanced Maturity Profile of Vier Gas Group (as of 31-12-2014)

Financing Volume (in m€)



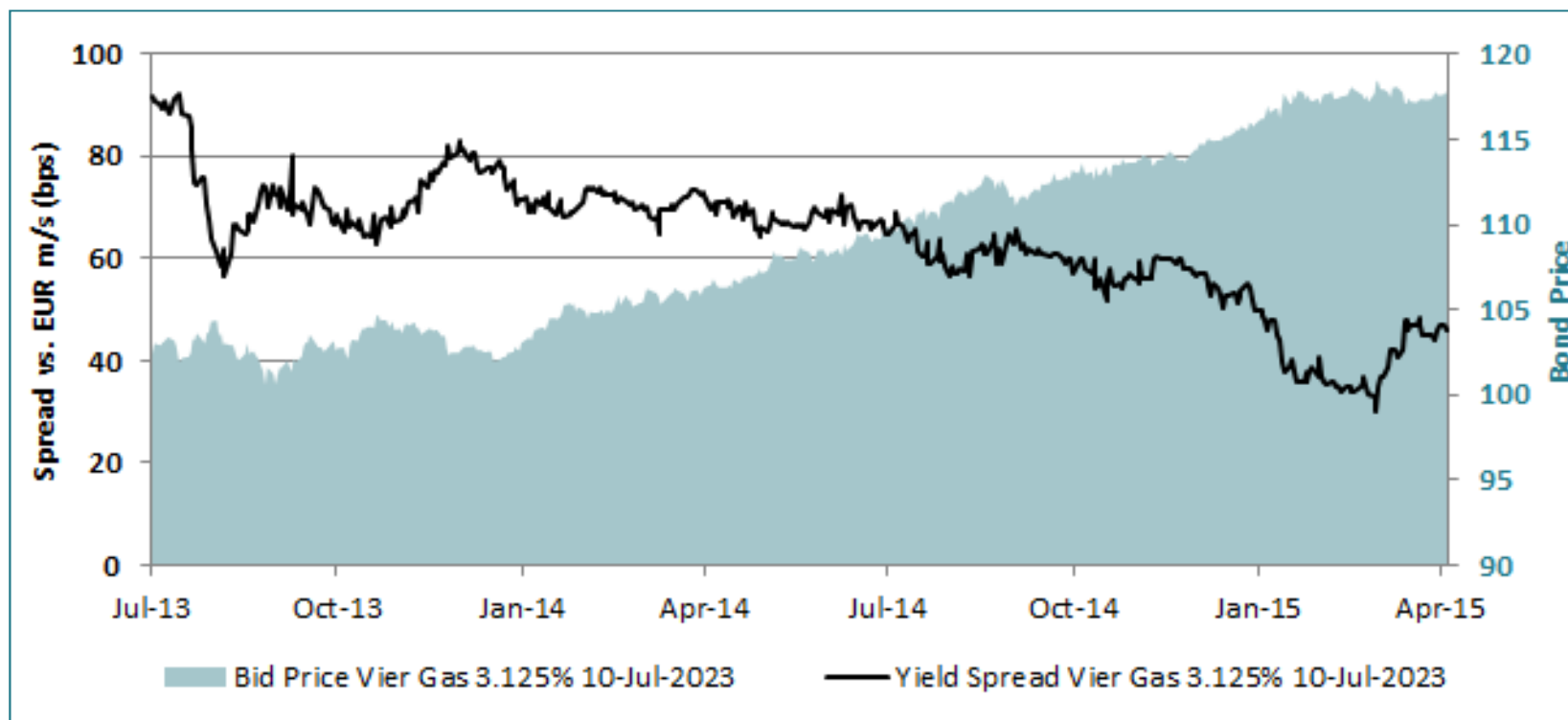
Bond Terms

	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 PipeCos = Pipeline Companies, including €3m of drawn credit facilities / pro-rata share (51%)

² Completely undrawn

Positive Bond Performance Continues to Demonstrate Good Standing in Credit Markets

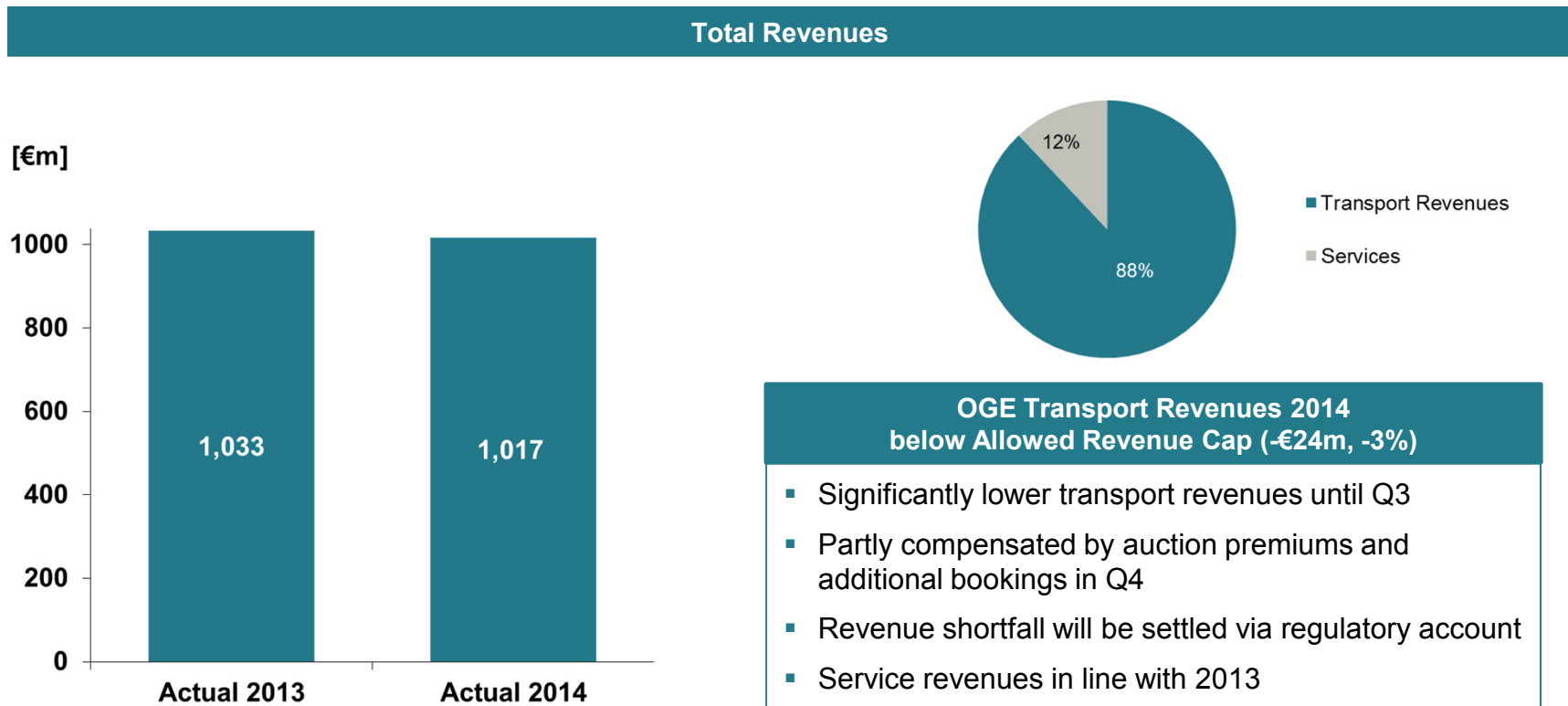


Source: Thomson Reuters Eikon (dd 15 April 2015)

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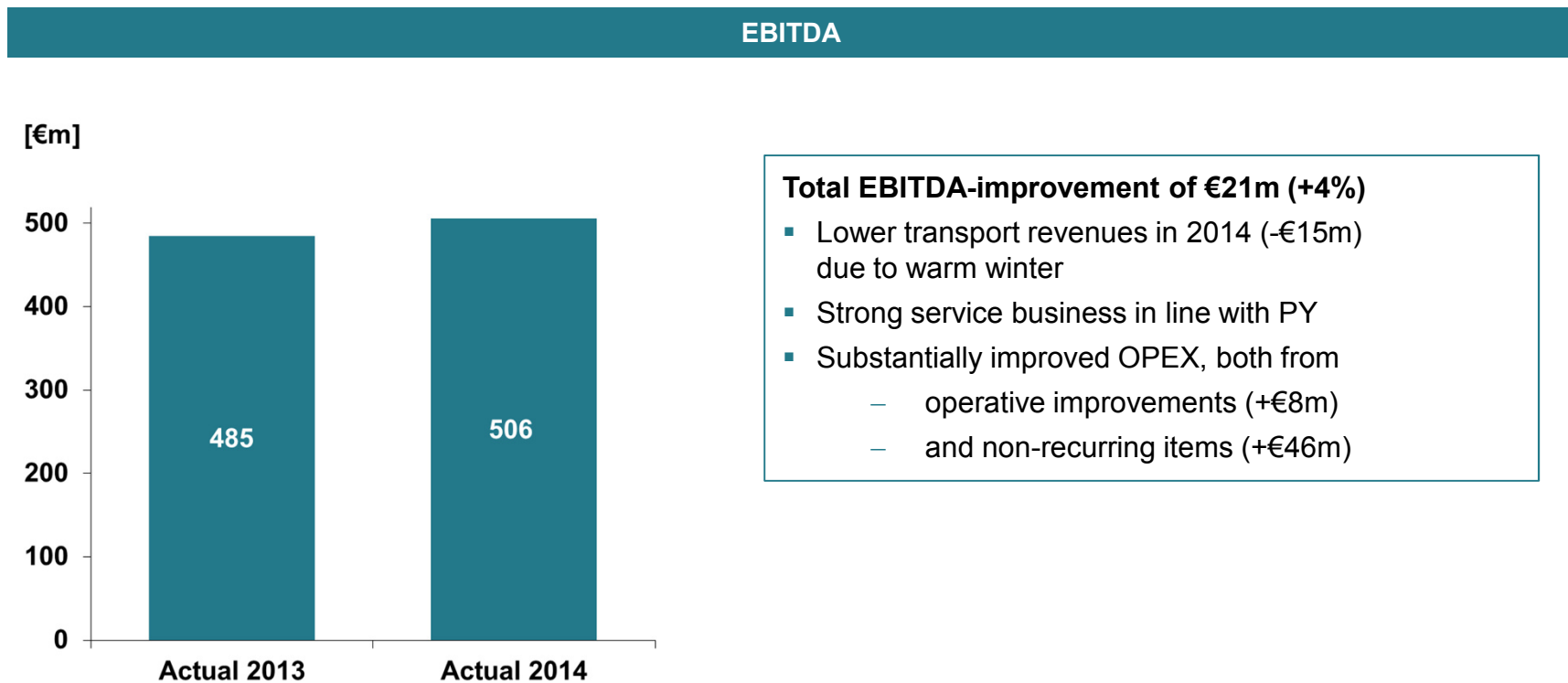
Revenues 2014 Almost on Prior Year Level

IFRS Consolidated Vier Gas Transport financial statements



EBITDA 2014 at €506m Outperforms Prior Year

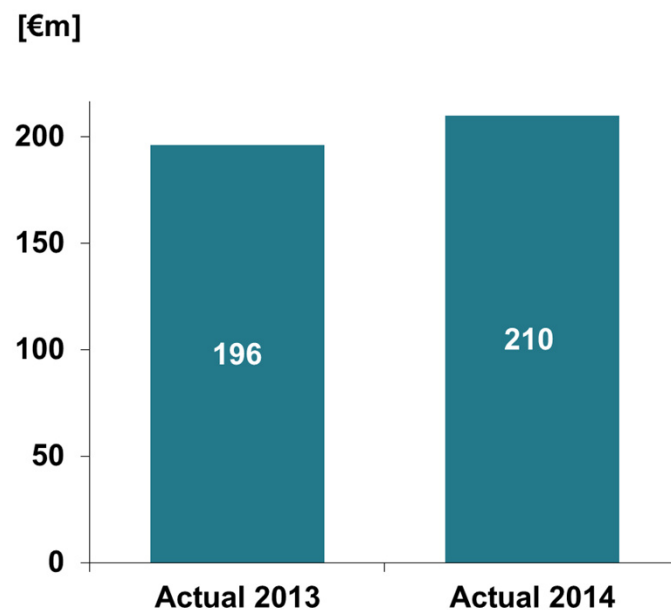
IFRS Consolidated Vier Gas Transport financial statements



CAPEX 2014 at Prior Year Level

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CAPEX



Capex Overview 2014

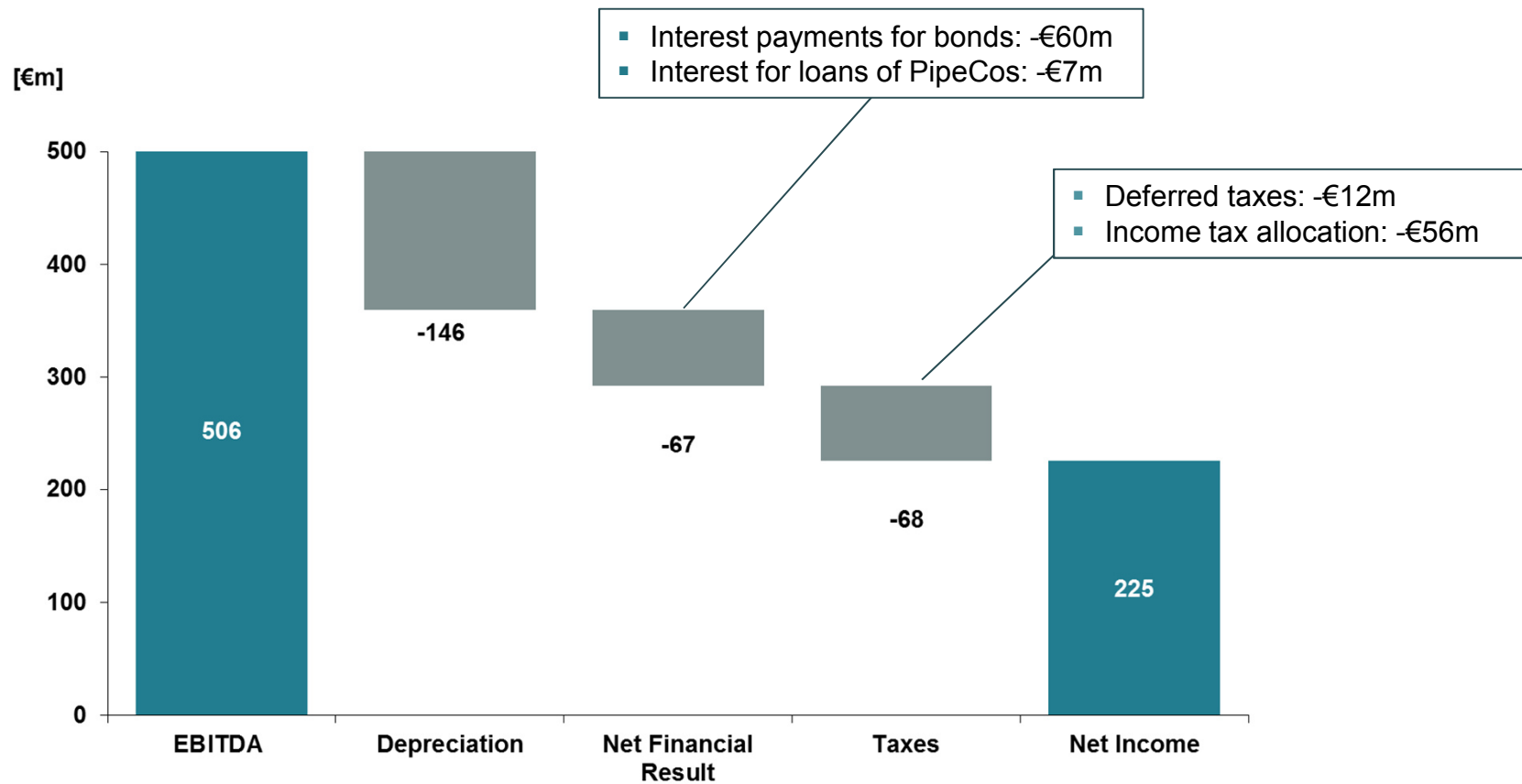
▪ OGE Pipelines	€37m
▪ OGE Compressor Stations	€31m
▪ IT, Control & Communication	€47m
▪ Capital Increase PipeCos	€48m
▪ PipeCos Capex	€48m

By Category

▪ Grid Development	€ 19m	(9%)
▪ Modernisation/ Replacement	€ 143m	(68%)
▪ Capital Increase PipeCos	€ 48m	(23%)

Net Income 2014 on a Strong Level

IFRS Consolidated Vier Gas Transport financial statements



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Outlook: Predictable Returns and Organic Growth

2015 and beyond

- EBITDA 2015 expected significantly below 2014
 - Lower transport revenues due to compensation of excess revenues 2013
 - Absence of positive one-off effects in OPEX
- Focusing on internal growth and further optimisation of internal cost structures
- Implementing investment programme in line with NDP
- Preparing for 3rd regulatory period
- Further developing the European gas market integration
- Refinancing of Pipeline Companies (TENP/ MEGAL)

Treasury Contacts & Ongoing Investor Engagement

Contacts



Axel Berndt

Head of Finance, Accounting & Tax



Sebastian Brauer

Head of Corporate Finance & Treasury

Viergas Website



The screenshot shows the Viergas website home page. At the top is the Viergas logo and a search bar. Below the logo are navigation links: About us, Financial Information, Contact, and Imprint. The main content area features a large image of a gas pipeline with the text: "Vier Gas Transport GmbH. Vier Gas Transport GmbH is the sole owner of Open Grid Europe, Germany's leading natural gas carrier with a gas transmission network of around 12,000 km in length. With its modern and efficient pipeline network and comprehensive range of services, Open Grid Europe offers and arranges future-orientated gas transmission solutions. Vier Gas Transport GmbH acquired 100% of the shares in Open Grid Europe from E.ON Ruhrgas AG, Essen, on 23 July 2012." Below this is a section for "Publications" with the text: "Here you will find all relevant publications on the business figures of Vier Gas Transport GmbH." and a "Contact" section with the text: "Do you have any questions or need any information?". At the bottom, there is a footer with the copyright notice "© Vier Gas Transport GmbH 2015" and a list of links: About us, Financial Information, Contact, Imprint, Top of page, E-mail, and Print.



The screenshot shows the Viergas website Financial Reports page. At the top is the Viergas logo and a search bar. Below the logo are navigation links: About us, Financial Information, Contact, and Imprint. The main content area features a section for "Financial Reports" with a list of reports: "Interim Consolidated Financial Statements H1/2014", "Key Facts H1/2014", and "Consolidated Financial Statements 2013". Each report has a download link and a file size. The "Interim Consolidated Financial Statements H1/2014" report is available in German (0,59 MB) and English (0,37 MB). The "Key Facts H1/2014" report is available as a download (0,42 MB). The "Consolidated Financial Statements 2013" report is available in German (1,65 MB) and English (1,14 MB).

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Appendix:

Financial Statements 2014

VGT Group Income Statement 2014

IFRS Consolidated Vier Gas Transport financial statements

[€m]	2014	2013	Δ
Transport Revenues	893	909	-15
Other Revenues	124	125	-1
Total Revenues	1,017	1,033	-16
Other Income	76	36	+40
Cost of Materials	-379	-355	-24
Personnel costs	-149	-148	-1
Other expenses	-65	-89	+24
Equity Income	6	7	-1
EBITDA	506	485	+21
Depreciation	-146	-138	-8
EBIT	360	346	+13
Net Financial Result	-67	-127	+60
Current Taxes	-56	-13	-43
Deferred Taxes	-12	-120	+108
Net Income	225	87	+139

Note: Aggregated figures may contain rounding differences

VGT Group Balance Sheet 2014

IFRS Consolidated Vier Gas Transport financial statements

[€m]	Assets		
	2014	2013	Δ
Intangible assets	92	107	-15
Goodwill	830	830	+0
Tangible assets	2,800	2,770	+31
Financial assets	101	108	-7
Total fixed assets	3,825	3,816	+9
Inventory	34	35	-1
Financial receivables	4	16	-12
Cash	248	293	-45
Trade receivables	65	77	-12
Receivables affiliated companies	54	40	+14
Other assets	61	52	+9
Current assets	466	514	-47
Deferred tax assets	30	16	+14
Total	4,321	4,346	-24

Equity and Liabilities			
	2014	2013	Δ
Equity	897	772	+125
Pension provisions	137	40	+97
Other provisions	131	132	-1
Provisions	269	173	+96
Financial liabilities	2,533	2,603	-70
Trade payables	26	63	-37
Payables affiliated companies	44	143	-98
Other liabilities	56	89	-33
Total liabilities	2,660	2,899	-238
Deferred tax liabilities	495	502	-7
Total	4,321	4,346	-24

Note: Aggregated figures may contain rounding differences

VGT Group Cash Flow Statement 2014

IFRS Consolidated Vier Gas Transport financial statements

[€m]	2014	2013	Δ
Net income/loss before P&L transfer	225	87	+ 139
+/- Depreciation, amortisation, impairment charges and reversals	146	148	- 1
+/- Changes in deferred taxes	12	120	- 108
+/- Other (incl. working capital)	45	122	- 77
= Operating Cash Flow	429	477	- 48
+/- Investing Cash Flow	-199	-192	- 8
= Free Cash Flow	229	285	- 56
+/- Financing Cash Flow	-274	-318	+ 43
= Total Cash Flow of the Period	-45	-33	- 12
+/- Opening balance cash	293	326	- 33
= Cash Position end of Period	248	293	- 45

Note: Aggregated figures may contain rounding differences

Definition of Net Financial Result

IFRS Consolidated Vier Gas Transport financial statements

[€m]	2014	2013	Δ
Income before financial result and taxes	354	340	+14
Equity Income	6	7	-1
Depreciation	146	138	8
EBITDA	506	485	+21
Depreciation	-146	-138	-8
EBIT	360	346	+13
Financial Result (as reported)	-61	-120	60
Adj. for Equity Income (incl. in EBITDA)	-6	-7	1
Net Financial Result	-67	-127	+60
Current Taxes	-56	-13	-43
Deferred Taxes	-12	-120	108
Net Income	225	87	+139

Note: Aggregated figures may contain rounding differences