



viergas

Condensed Interim

Consolidated Financial Statements

2020

1 January to 30 June

Vier Gas Transport GmbH

(Translation – the German text is authoritative)



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Balance Sheet

in € million	30 Jun. 2020	31 Dec. 2019
Assets		
Non-current assets		
Intangible assets	60.6	67.8
Goodwill	840.3	840.3
Property, plant and equipment	3,989.9	3,939.9
Financial assets	101.1	101.0
<i>Companies accounted for using the equity method</i>	62.9	65.9
<i>Other financial assets</i>	38.2	35.1
Deferred tax assets	32.8	32.8
Non-current receivables	83.7	83.9
Total	5,108.4	5,065.7
Current assets		
Inventories	27.0	31.9
Trade receivables (including advance payments made)	20.7	19.0
Receivables from tax creditors	8.7	19.1
Other receivables	46.8	28.2
Current securities	0.0	50.0
Liquid funds	294.2	1,011.2
Total	397.4	1,159.4
Total assets	5,505.8	6,225.1
Equity and liabilities		
Equity		
Subscribed capital	.	.
Additional paid-in capital	925.6	925.6
Retained earnings	271.5	268.0
Accumulated other comprehensive income	-0.2	-0.2
Total	1,196.9	1,193.4
Non-current liabilities		
Provisions for pensions and similar obligations	203.6	178.7
Other provisions	99.3	93.1
Financial liabilities	3,221.3	3,143.5
Other non-current liabilities	91.8	91.7
Deferred tax liabilities	479.6	468.4
Total	4,095.6	3,975.4
Current liabilities		
Other provisions	24.9	43.6
Financial liabilities	58.0	872.1
Trade payables	30.8	32.0
Income tax liabilities	0.3	0.0
Other liabilities	99.3	108.6
Total	213.3	1,056.3
Total equity and liabilities	5,505.8	6,225.1

For mathematical reasons the tables may include rounding differences of +/- one unit (€, % etc.).

Income Statement

in € million	1 Jun. – 30 Jun. 2020	1 Jun. – 30 Jun. 2019
Revenues	563.7	538.3
Changes in inventories	2.1	1.1
Own work capitalised	13.5	12.4
Cost of materials	-164.4	-147.8
Personnel costs	-88.7	-83.5
Depreciation, amortisation and impairment charges	-90.1	-81.6
Other operating income	1.6	9.4
Other operating expenses	-39.5	-47.6
Income before financial result and taxes	198.2	200.7
Income from equity investments	.	0.1
Income from companies accounted for using the equity method	0.2	0.4
Interest result	-38.9	-37.1
<i>of which interest expense</i>	-39.0	-37.2
Financial result	-38.7	-36.6
Earnings before tax	159.5	164.1
Current taxes	-37.4	-49.7
<i>of which income tax allocation</i>	-34.3	-46.5
Deferred taxes	-11.2	3.0
Income taxes	-48.6	-46.7
Net income	110.9	117.4
Share in net income attributable to the sole shareholder of the parent company	110.9	117.4

Statement of Comprehensive Income

in € million	1 Jun. – 30 Jun. 2020	1 Jun. – 30 Jun. 2019
Net income	110.9	117.4
Other comprehensive income	-17.4	21.2
Reclassifiable OCI	.	.
<i>Cash flow hedges</i>	.	.
Not reclassifiable OCI	-17.4	21.2
<i>Remeasurement of defined benefit plans</i>	-17.4	21.2
Comprehensive income	93.5	138.6
Share in net income attributable to the sole shareholder of the parent company	93.5	138.6

For mathematical reasons the tables may include rounding differences of +/- one unit (€, % etc.).

Statement of Changes in Equity

in € million	Subscribed capital*	Additional paid-in capital	Retained earnings	Change in accumulated other comprehensive income Cash flow hedges	Total
1 Jan. 2020	.	925.6	268.0	-0.2	1,193.4
Comprehensive income			93.5	.	93.5
Net income			110.9		110.9
Other comprehensive income			-17.4		-17.4
<i>Remeasurement of defined benefit plans</i>			-17.4		-17.4
<i>Change in accumulated other comprehensive income</i>				.	.
Profit transferred			-90.0		-90.0
of which profit transferred in advance			-90.0		-90.0
30 Jun. 2020	.	925.6	271.5	-0.2	1,196.9

in € million	Subscribed capital*	Additional paid-in capital	Retained earnings	Change in accumulated other comprehensive income Cash flow hedges	Total
1 Jan. 2019	.	925.6	254.0	-0.7	1,178.9
Comprehensive income			138.6	.	138.6
Net income			117.4		117.4
Other comprehensive income			21.2		21.2
<i>Remeasurement of defined benefit plans</i>			21.2		21.2
<i>Change in accumulated other comprehensive income</i>				.	.
Profit transferred			-75.0		-75.0
of which profit transferred in advance			-75.0		-75.0
30 Jun. 2019	.	925.6	317.6	-0.7	1,242.5

*The subscribed capital of VGT is € 25k. It is fully paid in and unchanged over the previous year.

For mathematical reasons the tables may include rounding differences of +/- one unit (€, % etc.).

Cash Flow Statement

in € million	1 Jun. – 30 Jun. 2020	1 Jun. – 30 Jun. 2019
Cash provided by operating activities	275.6	233.5
Net income	110.9	117.4
Depreciation and amortisation/impairment charges	90.1	81.6
Changes in provisions	1.5	-10.3
Changes in deferred taxes	11.1	-3.0
Dividends received ¹	11.1	10.6
Changes in plan assets	0.1	-1.2
Interest received	0.1	.
Other adjustments ²	42.5	41.0
Changes in operating assets, liabilities and income tax	8.2	4.7
<i>Inventories</i>	4.9	15.2
<i>Trade receivables</i>	-0.1	10.7
<i>Other operating receivables and tax claims</i>	-14.5	0.6
<i>Trade payables</i>	-4.6	-16.3
<i>Other operating liabilities and tax obligations</i>	22.5	-5.5
Gain/Loss (-) from disposal of assets	.	1.6
<i>Intangible assets and property, plant and equipment</i>	.	1.6
Non-cash gains from transitional consolidation	0.0	-8.9
Cash used for investing activities	364.7	-114.2
Proceeds from the disposal of intangible assets and property, plant and equipment	.	0.1
Additional cash from business combinations	0.0	10.3
Purchases of investments in intangible assets and property, plant and equipment	-130.3	-125.3
Purchases of other equity investments and equity-accounted investments	-8.6	.
Proceeds from / purchases of other financial investments	503.6	0.7
<i>Proceeds from the disposal of other financial investments</i>	513.4	76.6
<i>Purchases of other financial investments</i>	-9.8	-75.9
Cash used for financing activities	-897.3	-120.5
Interest paid	-38.7	-38.5
Proceeds from financial liabilities	78.9	31.6
Repayments of financial liabilities	-816.5	-31.6
Dividends paid ³	-121.0	-82.0
Changes in cash and cash equivalents	-257.0	-1.2
Cash and cash equivalents at beginning of period	530.4	334.2
Cash and cash equivalents at end of period	273.4	333.0

Liquid funds can be reconciled to cash and cash equivalents in accordance to IAS 7 as follows:

in € million	30 Jun. 2020	31 Dec. 2019
Liquid funds	294.2	1,011.2
Fixed deposits more than 3 months	-20.0	-480.0
Restricted cash and cash equivalents	-0.8	-0.8
Cash and cash equivalents	273.4	530.4

¹ Including dividends received from non-consolidated equity investments as well as the distribution from outside shareholders resulting from joint operations amounting to € 0.1 million (first half of the previous year: € 0.6 million).

² This item mainly includes adjustments from the interest result and from at-equity adjustments.

³ The dividends paid consist of the remaining profit transfer for the 2019 financial year amounting to € 31.0 million and an advance profit transfer amounting to € 90.0 million paid to VGS (first half of the previous year: remaining profit transfer for the 2018 financial year amounting to € 7.0 million and an advance profit transfer amounting to € 75.0 million).

Notes to the condensed interim consolidated financial statements of Vier Gas Transport GmbH for the period from 1 January to 30 June 2020

1 Basic Information

The registered head office of Vier Gas Transport GmbH ("VGT" or "the Company") is Kallenbergstraße 5, 45141 Essen. The sole shareholder is Vier Gas Services GmbH & Co. KG ("VGS"), Essen. VGS is therefore the ultimate domestic parent company of the Group and in principle obliged to prepare consolidated financial statements. However, since Vier Gas Holdings S.à r.l. ("VGH"), Luxembourg, publishes consolidated financial statements and a Group management report as the highest European parent company in the Group, in accordance with Section 291 HGB (German Commercial Code) VGS is exempt from preparing consolidated financial statements and a Group management report. VGS is invoking this exemption. VGT is a capital market-oriented corporation within the meaning of Section 264d HGB. As capital market-oriented parent company domiciled in Germany, VGT is obliged to prepare consolidated financial statements pursuant to Section 315e HGB.

The Company is registered under HRB 24299 in the commercial register of the Essen local court.

The object of the Company is to acquire, hold and manage as well as sell equity investments in companies or their assets and every action or measure connected therewith and the provision of services of any nature for its subsidiaries, including but not limited to the provision of financial services.

The business operations of the Group are conducted by Open Grid Europe GmbH ("OGE"), Essen, including its equity investments ("OGE Group"). OGE performs the activities of a gas transmission network operator and is subject to supervision by the Federal Network Agency (BNetzA), the German regulatory authority. Furthermore, OGE provides services for the gas industry.

2 Summary of Significant Accounting Policies

2.1 Basis of presentation

The condensed interim consolidated financial statements for the period from 1 January to 30 June 2020 have been prepared in accordance with IAS 34 "Interim Financial Reporting".

The condensed interim consolidated financial statements do not contain all information and disclosures necessary for year-end consolidated financial statements and are therefore to be read in conjunction with the consolidated financial statements for the financial year from 1 January to 31 December 2019.

In this interim report, the same accounting and consolidation policies are used as in the preparation of the consolidated financial statements for the year 2019, with the exception of the application of new standards, set out in section 2.2.

In accordance with IAS 1 "Financial Statements: Presentation", the consolidated balance sheet has been prepared using a classified balance sheet structure. Assets and liabilities are classified as current if they are expected to be realised or are due to be settled within twelve months of the reporting date or within the normal business cycle of the Group.

Unless otherwise stated, all figures are in million euros (€ m). Figures under 50 thousand euros are indicated in the tables by the insertion of a full stop.

2.2 Effects of new accounting standards

Accounting standards and interpretations applied for the first time

All new, amended or revised accounting standards are generally applied from the date when the EU requires mandatory application.

Accounting standards and interpretations published but not yet applied

New, amended or revised standards and interpretations that have been published but whose adoption is not yet mandatory in the financial year and their impact on the consolidated financial statements are explained in the following:

IAS 1 – Presentation of Financial Statements

On 23 January 2020, the IASB issued amendments to IAS 1 "Classification of Liabilities as Current or Non-current". These amendments clarify that the classification of a current liability depends on the rights of the entity at the reporting date. If the entity has a substantive right to defer settlement of the liability for at least twelve months after the reporting date, this liability is to be classified as non-current irrespective of when settlement is intended or expected. The amendments to IAS 1 have not yet been adopted into European law. The IASB has postponed first-time adoption by one year and is now determined for financial years beginning on or after 1 January 2023. In the Group the amendments could affect the recognition of revolving credit facilities ("RCFs") utilised as well as the recognition of liabilities relating to the one-sided capital contributions of minority shareholders. These and other effects on the Group are currently being examined.

2.3 Scope of consolidation and business combinations

In addition to VGT as parent company, the scope of consolidation includes the following companies:

	30 Jun. 2020	31 Dec. 2019
Number of fully consolidated companies (subsidiaries)	4	4
Number of joint operations	4	4
Number of companies accounted for using the equity method	1	1

In the first half of 2020, no significant changes in acquisition and establishment of companies occurred.

2.4 Impairment

VGT performs the annual goodwill impairment testing at the level of the cash-generating unit in the fourth quarter of each financial year. Testing is also performed if circumstances indicate that goodwill may be impaired.

In the first half of 2020, there was no indication of circumstances, which would have required an unscheduled testing for impairment of goodwill or other assets. The Group continuously monitors the current development of the Corona crises. In total, the effects on the Group are not material and there is no evidence of impairment.

3 Selected explanatory information on the balance sheet

Intangible assets and property, plant and equipment

In the first half of 2020, additions to intangible assets and to property, plant and equipment amounting to € 139.3 million (first half of the previous year: € 89.9 million) are mainly related to the construction of a new machine unit at the compressor station in Krummhörn, the construction of the connection pipeline Stockum – Bockum-Hövel and the new construction of one compressor station with three machine units in Rimpar as well as investments in the pipeline project Zeelink.

Provisions for pensions and similar obligations

The development of pension obligations is based on the actuarial report for the medium-term planning 2020 of the Group. The actuarial rate is unchanged to the actuarial report for the consolidated financial statements 2019. The increase of pension provisions is mainly due to price losses in plan assets amounting to € 19.6 million (first half of the previous year: price gains amounting to € 20.9 million).

Financial liabilities

The financial liabilities decreased in the amount of € 736.3 million compared with the end of the financial year 2019. The development mainly results from the repayment of the bond, issued in 2013, in the amount of € 750.0 million. In contrast, financing activities by the project company MEGAL led to an increase of financial liabilities in the amount of € 15.3 million.

The development of derivative financial instruments is explained in section 5.

4 Selected explanatory information on the income statement

4.1 Revenues

Revenues

Of the revenues generated in the 2020 interim report period, € 501.9 million (first half of the previous year: € 478.9 million) result from the gas transmission business, € 5.0 million (first half of the previous year: € 6.2 million) from transport-related services and € 56.8 million (first half of the previous year: € 53.2 million) from technical and commercial services.

In the following table, the revenues generated are split into revenues from contracts with customers and revenues from leases and then broken down into the divisions Transport business and Other Services business:

1 Jan. – 30 Jun. 2020 in € million	Transport business	Other Services business	Total
Revenue from contracts with customers	506.9	56.3	563.2
Revenue from leases	0.0	0.5	0.5
Total revenues	506.9	56.8	563.7

1 Jan. – 30 Jun. 2019 in € million	Transport business	Other Services business	Total
Revenue from contracts with customers	485.1	52.7	537.8
Revenue from leases	0.0	0.5	0.5
Total revenues	485.1	53.2	538.3

Generally, revenues from the Transport business are recognised at a point in time and revenues from the Other Service business are recognised over time. Revenues from the Transport business are subject to regulation by the BNetzA and revenues from the Other Services business are basically generated in the unregulated gas industry segment.

The classification into Transport business and Other Services business is in line with the entity-wide disclosures as part of the segment reporting.

Cost of materials

The expenses for raw materials and supplies mainly comprise expenses for fuel energy and usage fees. This item also includes expenses for market area changeover and biogas levies, which are largely passed on to the customers and collected in revenues of the transport business. The expenses for purchased goods mainly relate to maintenance costs as well as other services purchased in connection with the service business.

Other operating expenses

In the first half of 2020, the main item in the other operating expenses amounting to € 17.5 million (first half of the previous year: € 14.2 million) are the IT costs. Furthermore, miscellaneous other operating expenses especially include expenses for services rendered by third parties, insurance premiums, social insurance contributions and travelling costs.

Financial result

The financial result amounting to € -38.7 million (first half of the previous year: € -36.6 million) is largely affected by interest expenses for corporate bonds in the amount of € 36.0 million (first half of the previous year: € 34.6 million). In addition, this item includes capitalised borrowing costs as well as interest expenses from the discounting of non-current provisions.

Income taxes

The income taxes consist of € 3.1 million (first half of the previous year: € 3.2 million) original current taxes, € 34.3 million (first half of the previous year: € 46.5 million) tax expenses from income tax allocations and € 11.2 million deferred tax expenses (first half of the previous year: deferred tax income amounting to € 3.0 million).

5 Financial instruments

As of 30 June 2020, two hedged transactions in place are included in position interest cash flow hedges with maturities of up to 4.5 years (first half of the previous year: up to 5.5 years). The cash flows from hedged transactions secured in cash flow hedge accounting occur in the period from 2020 to 2024 (first half of the previous year: 2019 to 2024) and affect the income statement at the same time.

The fair values of the interest derivatives used in cash flow hedges total € -0.3 million (31 December 2019: € -0.4 million). The nominal values of these hedging instruments total € 21.7 million (31 December 2019: € 37.0 million).

No currency forwards exist as of 30 June 2020.

No ineffectiveness resulted in the interim period. In the first half of 2020, accumulated other comprehensive income before allowance for deferred taxes changed by € 5.2k to € -0.3 million (first half of the previous year: change of € 26.0k). Of this figure, a loss of € 0.1 million (first half of the previous year: € 0.5 million) was reclassified to the income statement.

Measurement of derivative financial instruments

Financial instruments are measured by determining fair value. The fair value of derivative financial instruments is sensitive to movements in underlying market rates. The Group determines and monitors the fair value of derivative financial instruments at regular intervals. Fair values for each derivative financial instrument are determined as being equal to the price at which one party can sell the rights and/or obligations to an independent third party. The fair values of derivative financial instruments are calculated using common market valuation methods with reference to market data available as of the measurement date including a credit value adjustment in the case of positive market values and a debit value adjustment in the case of negative market values. All derivative financial instruments are measured separately.

Additional information on financial instruments

All financial instruments recognised at fair value are divided into three categories defined in accordance with IFRS 13, as follows:

- Level 1 – quoted market prices
- Level 2 – measurement techniques
(inputs that are observable on the market)
- Level 3 – measurement techniques
(inputs that are unobservable on the market)

In the period from 1 January to 30 June 2020, unchanged to the previous year, there were no reclassifications between level 1 and level 2, nor were there any reclassifications to or out of level 3. Furthermore, there was no change in purpose for the financial assets that would have caused a change to the classification of an asset. The Group holds no credit enhancements or collateral that would minimise the credit risk. The carrying amount of the financial assets therefore reflects the potential credit risk.

There is no net reporting for these financial assets and financial liabilities since no enforceable master netting arrangements or similar agreements exist.

The following balance sheet items include financial instruments measured at fair value:

in € million	30 Jun. 2020	31 Dec. 2019
Other non-current liabilities	0.3	0.4

The fair value measurement based on measurement sources, which are classified as level 2.

The financial assets recognised at fair value through other comprehensive income relate to derivative financial instruments that are included in hedge accounting. These include derivative interest rate hedging contracts, which are based on ISDA (International Swaps and Derivatives Association) agreements and on the German Master Agreement for Financial Derivatives Transactions, which was published by the Association of German Banks. The fair values of the interest hedging instruments were calculated on the basis of discounted, expected cash flows. Discounted cash values are determined for interest rate swaps for each individual transaction as of the reporting date. The market interest rates for the remaining terms of the financial instruments were used. These include market factors which other market participants would also take account of when setting prices.

The financial liabilities measured at fair value through other comprehensive income relate to derivative financial instruments that are included in hedge accounting. These financial instruments comprise derivative interest rate hedging contracts. The fair values of interest rate hedging contracts were calculated on the basis of discounted, expected cash flows. The market interest rates for the remaining terms of the financial instruments were used.

6 Other Information

6.1 Contingencies

All financings in the VGT Group (in the form of bonds or bank loans) are granted to the borrowing Group companies without the provision of collateral security. As of 31 December 2020, the total amount of bank guarantees in favour of third parties was € 2.7 million (first half of the previous year: € 3.3 million).

6.2 Leases

The Group as Lessee

In property, plant and equipment the Group recognises capitalised right-of-use assets in particular for land and buildings and for vehicles. The following table shows the right-of-use assets recognised in the balance sheet by class as of 30 June 2020:

in € million	30 Jun. 2020	31 Dec. 2019
Land and buildings	16.0	15.3
Vehicles	4.6	5.0
Total	20.6	20.3

Lease liabilities are recognised in financial liabilities as follows:

in € million	30 Jun. 2020	31 Dec. 2019
Non-current lease liabilities	16.9	16.8
Current lease liabilities	3.8	3.6
Total	20.7	20.4

The cash used for financing activities contains cash outflows resulted from cash payments in the amount of € 2.3 million (first half of the previous year: € 1.9 million) for principal portions of lease liabilities.

6.3 Business transactions with related parties

In the first half of 2020, the remaining distributable profit of the financial year 2019 amounting to € 31.0 million (first half of the previous year: € 7.0 million) was paid to VGS. Furthermore, an advance profit transfer for the financial year 2020 in the amount of € 90.0 million (first half of the previous year: € 75.0 million) was paid to VGS.

6.4 Events after the balance sheet date

In July 2020, two loans each amounting to € 10.0 million were repaid by the project company MEGAL. In the Group, the repayment of these loans reduces financial liabilities in the amount of € 10.2 million.

6.5 Management

The following persons have been appointed to the Management and as representatives of the Company:

Stephan Kamphues
Chairman of the VGT Board of Management

Hilko Cornelius Schomerus
Managing Director, Macquarie Infrastructure & Real Assets
Frankfurt am Main

Laurent Fortino
Senior Investment Manager, Infrastructure Division, ADIA
Abu Dhabi/United Arab Emirates

Lincoln Hillier Webb
Executive Vice President, Infrastructure & Renewable Resources, British Columbia Investment Management Corp.
Victoria, British Columbia/Canada

Alexander Bögle
Senior Investment Manager, Private Equity & Infrastructure, MEAG MUNICH ERGO Asset Management GmbH
Munich

Cord von Lewinski
Managing Director, Macquarie Infrastructure & Real Assets
Frankfurt am Main

Richard W. Dinneny
Senior Portfolio Manager, Infrastructure & Renewable Resources, British Columbia Investment Management Corp.
Victoria, British Columbia/Canada

Guy Lambert
Head of Utilities, Infrastructure Division, ADIA
Abu Dhabi/United Arab Emirates

With the exception of Stephan Kamphues, the managing directors are not employees of the Company.

Essen, 31 July 2020

Vier Gas Transport GmbH

The Management



Stephan Kamphues



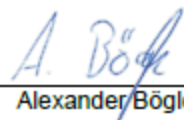
Hilko Cornelius Schomerus



Laurent Fortino



Lincoln Hillier Webb



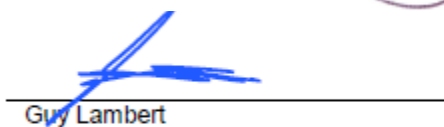
Alexander Bögle



Cord von Lewinski



Richard W. Dinneny



Guy Lambert