

Fitch maintains BBB rating for Wintershall Dea

LONDON, UK, March 28, 2023 /EINPresswire.com/ -- Leading credit rating agency Fitch Ratings has left its long-term issuer default rating (IDR) for Wintershall Dea unchanged, reaffirming the German oil and gas giant's BBB rating with a Stable Outlook classification. The justifications for the rating – which is considered investment grade – included the company's diversified portfolio of assets, concentration of activities in politically stable regions, relatively low through-the-cycle leverage, and long-term financial and environmental outlook.

Wintershall Dea's exit from the Russian market, which was announced earlier this year, is being treated as neutral by the rating agency. This is largely because Fitch stopped taking dividends from Russian joint ventures into account after the beginning of the full-scale invasion of Ukraine last year. The Russian assets held by the company are protected by the German federal government's Investitionsgarantien programme, which secures the foreign investments of certain German companies. Fitch is viewing any potential payouts made in the wake of exit options as an upside to its forecasts.

The case of Russia notwithstanding, most of Wintershall's oil and gas production over the last year was located in Northern Europe (64%), with the majority of cash flows expected to continue to arrive from politically stable regions. Other regions include Latin America (21%) and the Middle East and North Africa (15%). In this regard, the company compares favourably with its single-country producer competitors, such as Aker BP (Norway) and Diamondback (US).

In terms of environmental policy, the company is on track to reach net-zero Scope 1 and 2 upstream emissions by 2030, and is developing its carbon management and hydrogen activities. Fitch views the environmental outlook as a continuation of the company's existing plans.

As for the company's financials, Fitch believes that Wintershall Dea will hit its strategic production targets with the realization of projects that are currently in the pipeline. The financial strategy is expected to remain broadly unchanged.

German group BASF owns 72.7% of Wintershall Dea with remainder is held by Russian investors Mikhail Fridman, Petr Aven and German Khan.

<https://www.fitchratings.com/research/corporate-finance/fitch-affirms-wintershall-dea-at-bbb-outlook-stable-28-03-2023>

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