

# Wintershall Dea reels from UAE project as Q3 net profit drops 86%

LONDON, UK, October 31, 2023 /EINPresswire.com/ -- Wintershall Dea announced an 86% slide (YoY) in its Q3 net profit on Monday, putting the drop down to suppressed oil and gas prices, unexpected maintenance outages affecting its Norwegian operations, the loss of Russian business and the effects of capital costs on a project in the UAE.

According to the company's earnings report, adjusted net income stood at €61 million (\$64.4 million) in the period from July to September, down from €429 in the same period the previous year. Disregarding the adjustment, the company saw a Q3 loss of €535 million, resulting from impaired assets and restructuring operations in the amount of €587 million.

The majority of the impairments were attributed to the Ghasha gas development project in the United Arab Emirates, which experienced an increase in costs, according to Wintershall's Chief Financial Officer Paul Smith: "Capital costs have gone up and that's now reflected in our revised planning assumptions." The company has a 10% stake in the project.

This month, the Abu Dhabi National Oil Company (ADNOC) handed out \$17 billion in new contracts at Ghasha. The development is the world's biggest field of sour gas, a type of natural gas containing large quantities of hydrogen sulphide. The project has stated its intention to operate at net zero CO2 emissions.

Another factor affecting Wintershall Dea's balance sheet is the cessation of Russian operations and the resulting restructuring of the company, in which BASF holds a majority share. The events forced Wintershall to make a €223 million pre-tax provision during the quarter.

Losing access to major Russian production assets in the aftermath of the invasion of Ukraine in February 2022 had a major impact, as did the company's loss of access to its stake in the now-defunct Nord Stream 1 gas pipeline. It also had to write off €1 billion worth of financing in the non-operational Nord Stream 2 project. Operations in Russia had been a major source of income for the company for several decades, providing half of Wintershall's total output before the 2022 conflict began. The operator now hopes to make €200 million in yearly cost savings after losing its Russian earnings, and announced the layoff of 500 employees in September.

Daily production during Q3 stood at 324,000 boe, representing a reduction of 1% after output at the Aasta Hansteen and Skarv fields was disrupted by unplanned maintenance. Due to higher

development activity outside of Russia, spanning Europe, Latin America and the Middle East and North Africa region, the company saw its capital expenditure rise by 11% to €243 million.

Wintershall Dea's CEO Mario Mehren urged investments in fossil fuels in order to facilitate a secure and affordable energy transition, naming Norway as "the most important source of gas to Europe for decades to come".

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.reuters.com/business/energy/wintershall-dea-q3-net-profit-plunges-86-uae-project-weighs-2023-10-30/>

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