

▶ **Exporting liberalisation skills to Europe**

**The successful rise from a national trailblazer to  
an internationally recognised player**

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### ***Success in natural gas business is a question of***

- ▶ security of supply
- ▶ confidence
- ▶ customer orientation
- ▶ the right price and
- ▶ flexibility while providing a comprehensive range of services

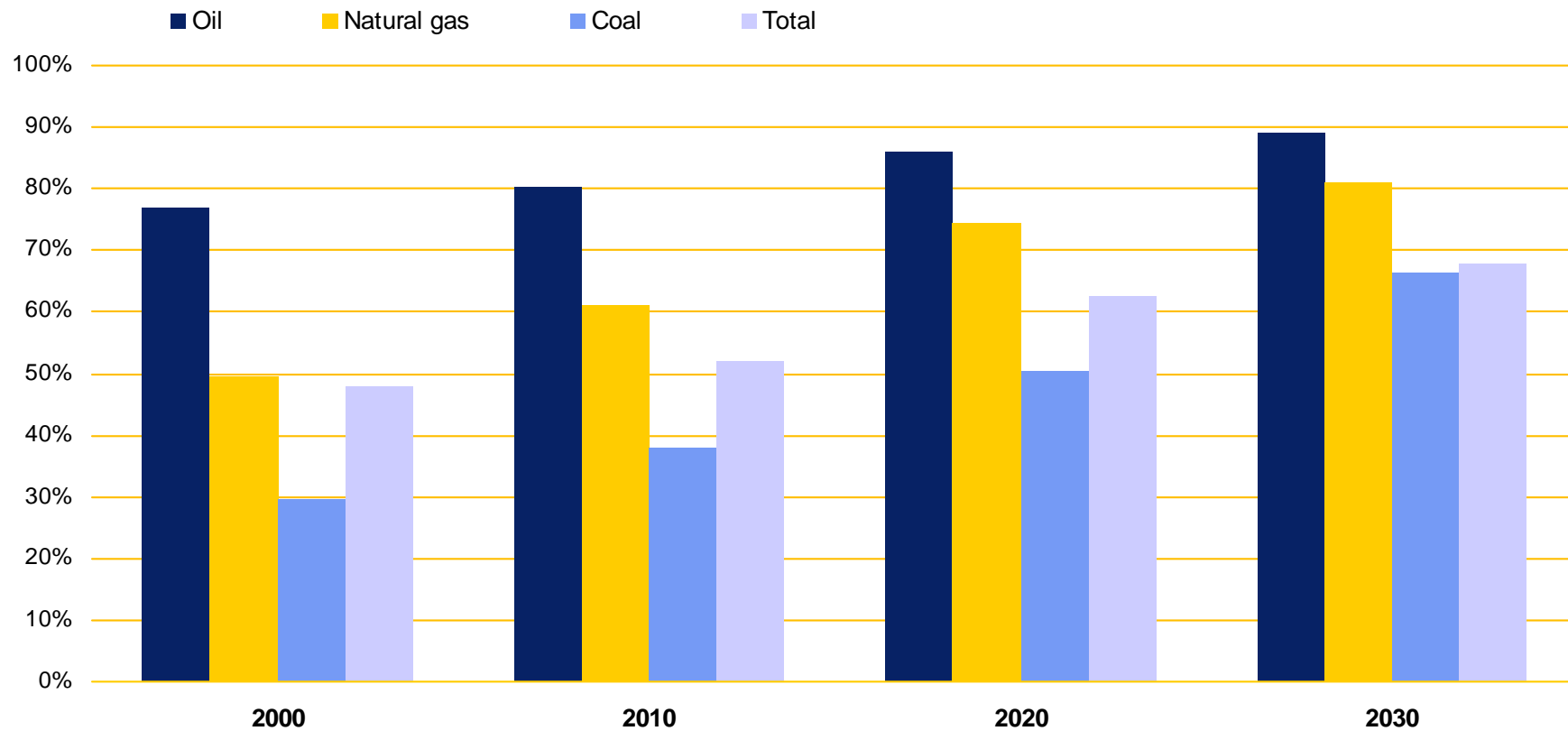
The business-to-business segment served by EconGas is a hotly contested sector.

### ***EconGas' recipe for international growth lies in***

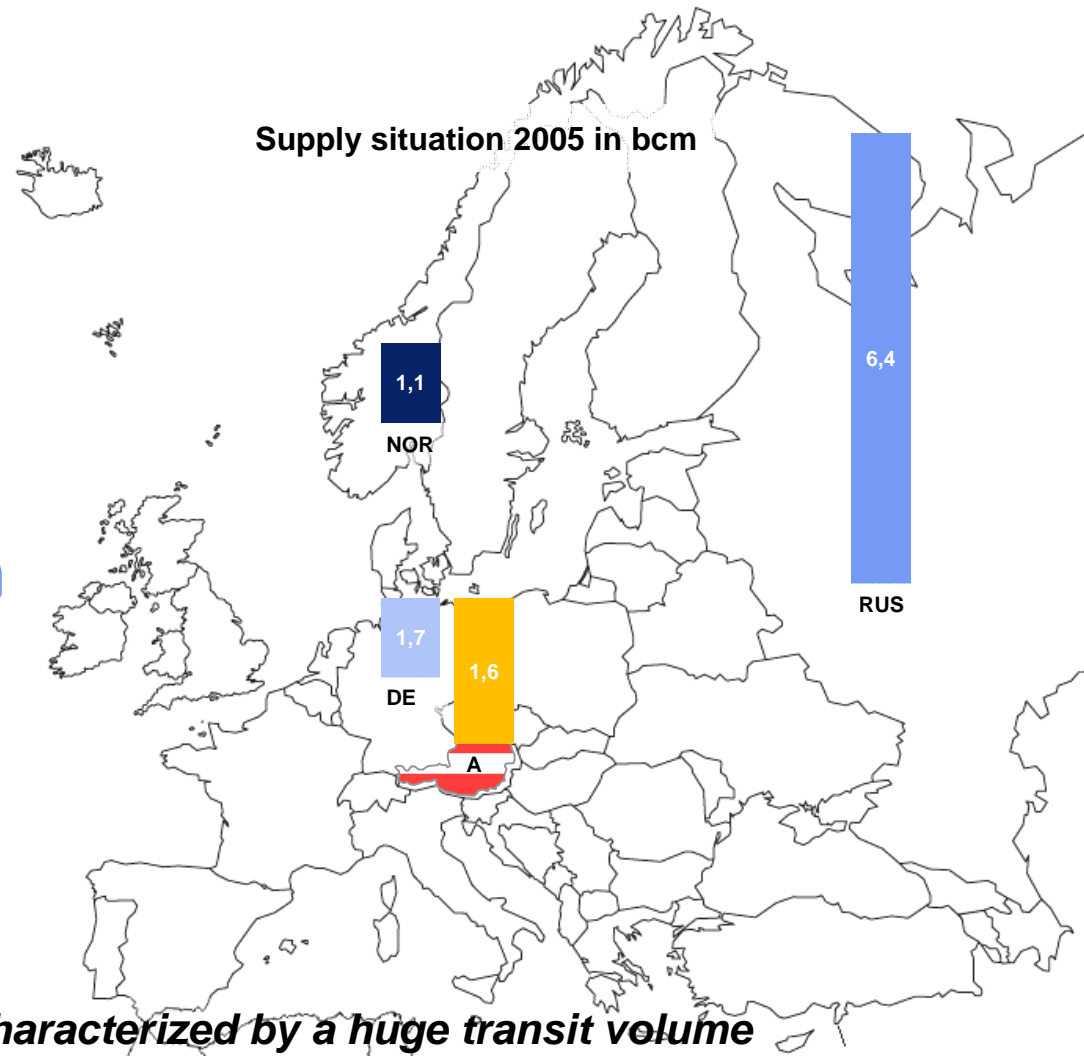
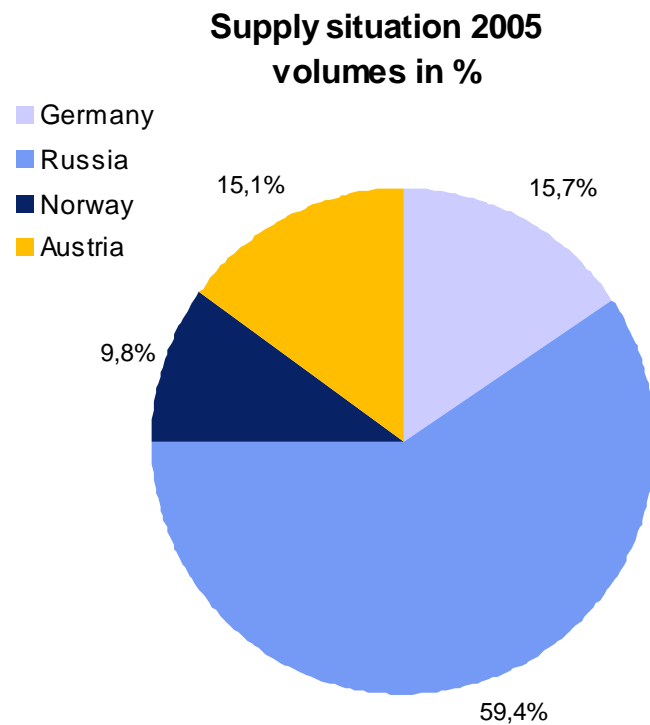
- ▶ its dynamic, market oriented approach
- ▶ lean organisational structures
- ▶ optimised processes which mean flexible and rapid decision making
- ▶ access to diversified and reliable sources of supply
- ▶ access to long term storage and transport capacities

# Europe's dependency on imports

## Europe's 25 dependency on imports per primary energy sources 2000 - 2030 in %



# Austria's supply situation



***Austrian natural gas market is characterized by a huge transit volume***



# The Austrian natural gas market – point of departure

Before the liberalisation process, natural gas market was characterized by:

- ▶ De facto monopolies in Austria
- ▶ 2 national natural gas producers, 1 natural gas importer, 9 local distribution companies
- ▶ at the minimum 3 steps to the industrial customer and 4 to households

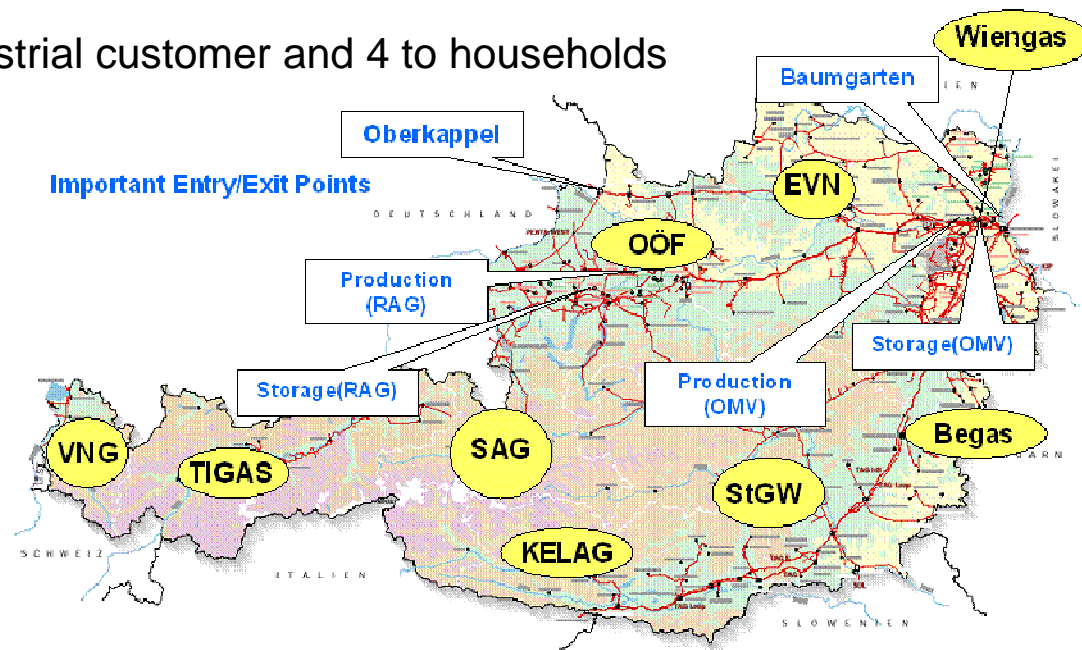
## Two producing companies

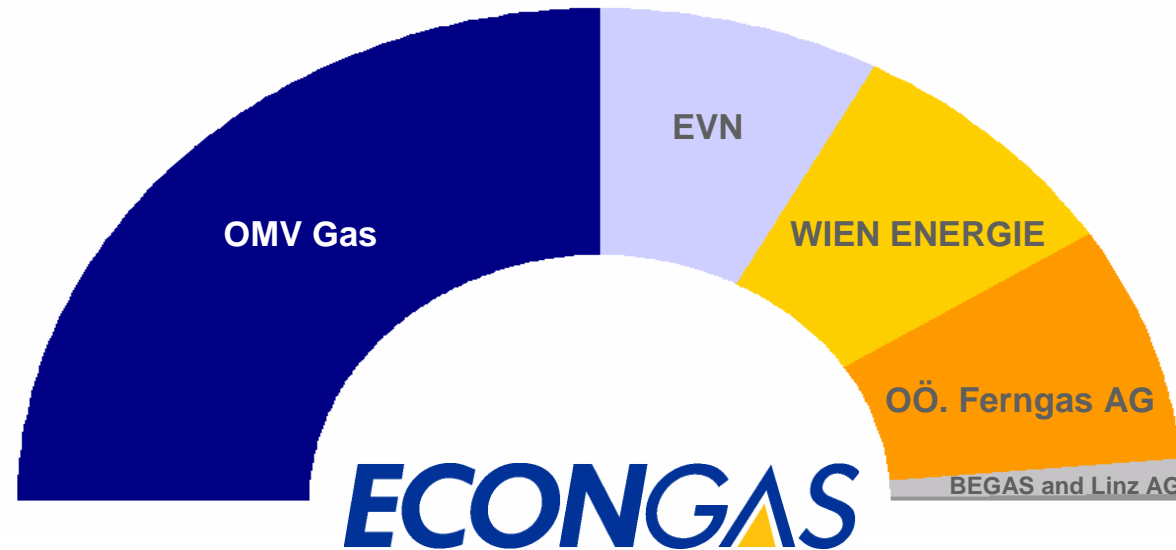
- ▶ OMV
- ▶ RAG

## One importing company

- ▶ OMV

## Nine local distribution companies





- ▶ international experience of OMV
- ▶ closeness to customers through local Austrian distribution companies

***...leads to***

combined strength to render even better services to our customers in a fully independent and unbundled framework

- ▶ Full market opening
- ▶ Capacities on pipelines within Austria are linked to customers
- ▶ Austrian natural gas market is divided into three control areas
- ▶ Within the three control areas different Balancing Groups exist. Suppliers and customers are organized in balance groups, whose responsibility consists in the balancing of supply and sales
- ▶ EconGas represents a balancing group
- ▶ Balancing is effectuated on hourly basis

**EconGas as a successful central European gas marketing company**





### ***EconGas as a European natural gas specialist for business customers***

- ▶ Ensuring Austria's gas supply as an Austrian player on the natural gas market
- ▶ Supply of natural gas across borders to internationally active customers
- ▶ Energy solutions – tailor-made and value for money, with maximum supply security
- ▶ Lean company with strong customer-orientation and clear target focus

***The customer is at the very center of all of our activities!***

### ▶ **Business development**

- ▶ Registration of the merger at the antitrust authority (Kartellgericht) in April 2002
- ▶ Approved by the antitrust authority in October 2002
- ▶ Signing of contracts in December 2002

### ▶ **2004/2005 – second business year (closing 31.03.2005):**

- ▶ Marketing and selling gas in neighbouring markets
- ▶ Diversification of supply portfolio
- ▶ Second Gas Release Program in July 2004
- ▶ Further development of internal organisation

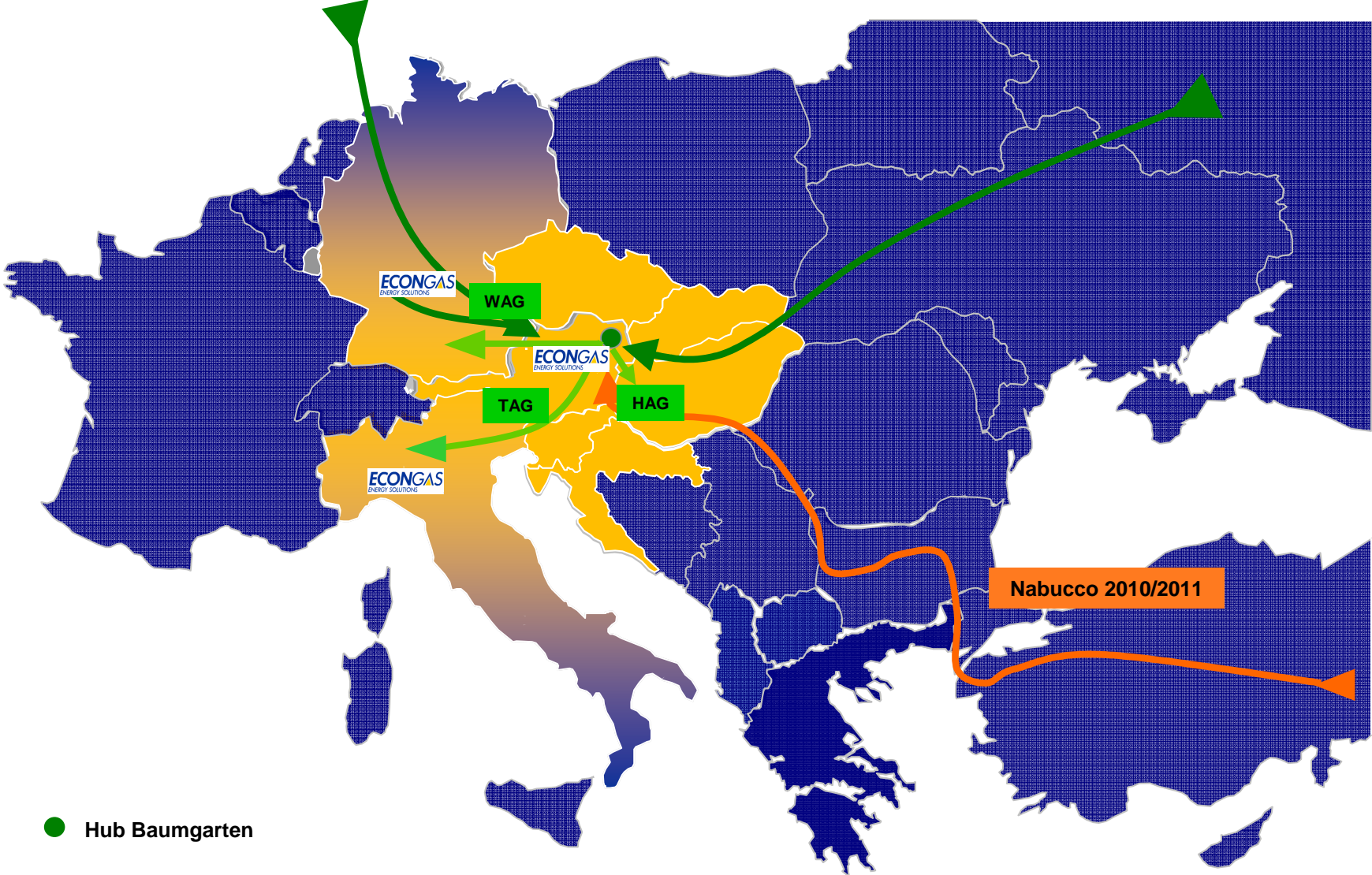
### ▶ **2005/2006 – third business year (closing 31.03.2006):**

- ▶ Establishment of subsidiary in Germany
- ▶ Establishment of subsidiary in Italy
- ▶ Third Gas Release Program in July 2005
- ▶ Further diversification of supply portfolio

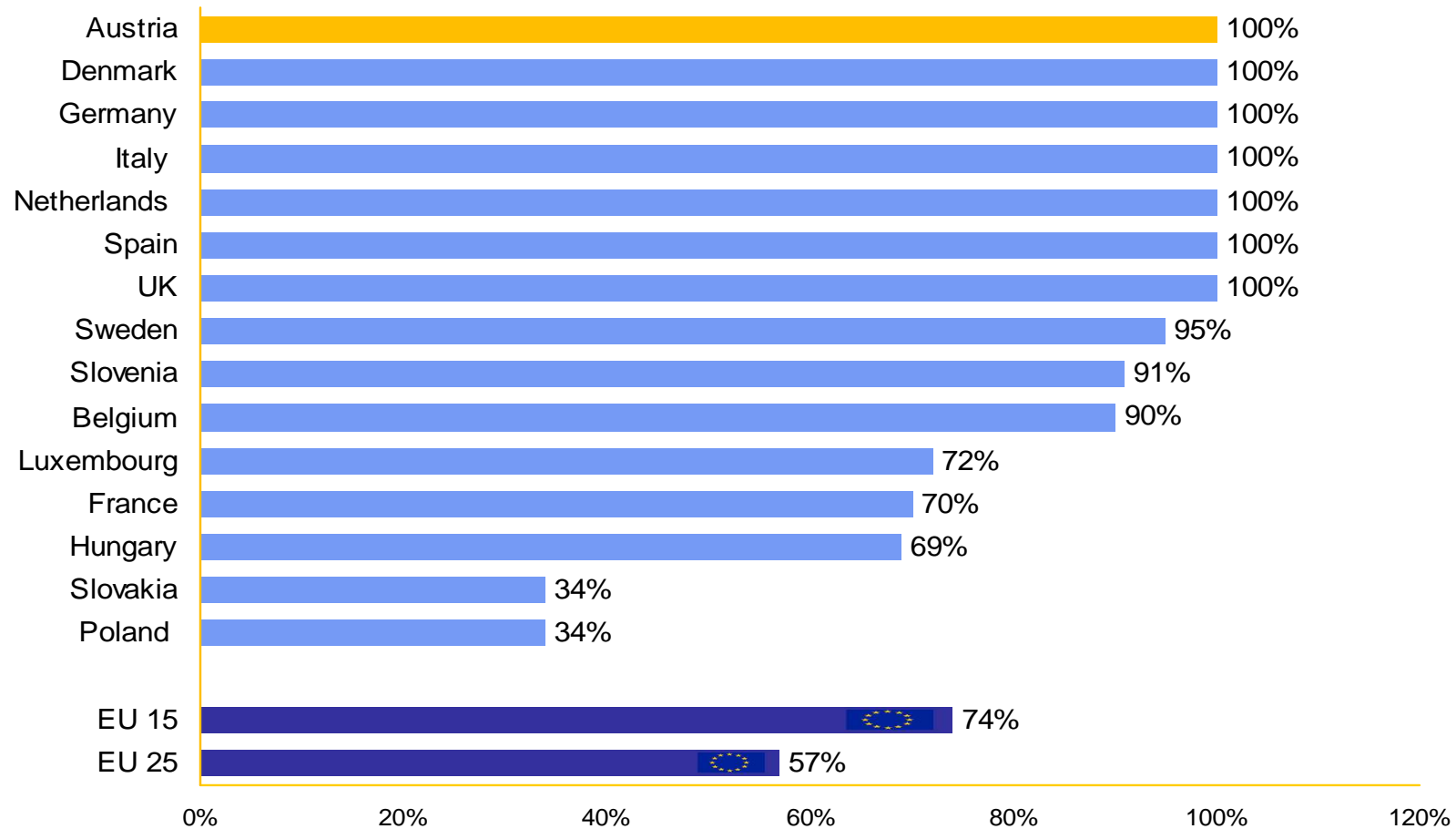


ARES-Tower, Vienna Donau-City

# EconGas' home market



## Degree of liberalisation of European natural gas markets in %



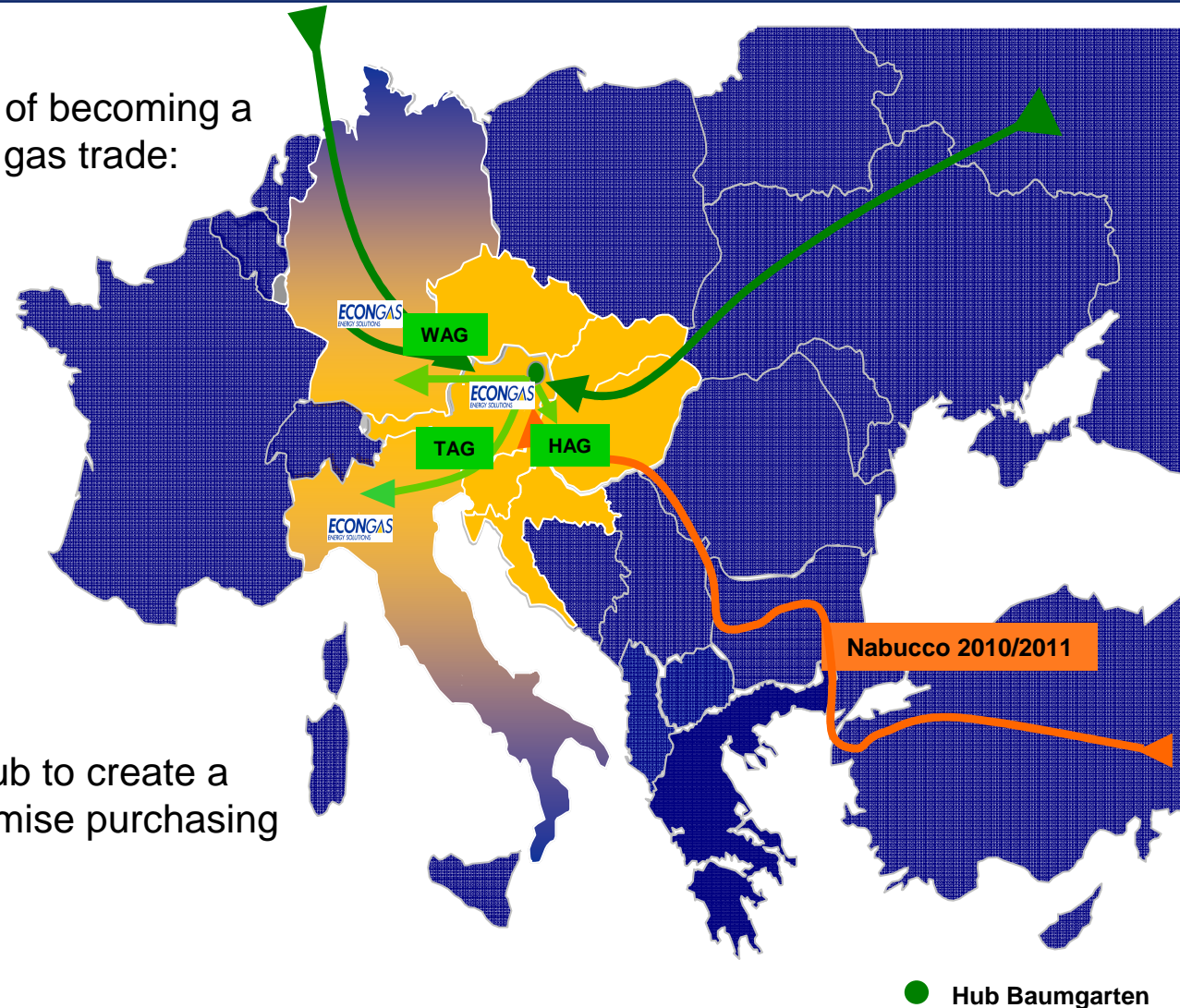
- ▶ Status of market opening in Europe is very different
- ▶ De jure liberalisation in home market but barriers still exist – due to local players but also due to market models => EconGas' strategy supports the European initiative on regional markets
- ▶ EconGas has founded two subsidiaries – one in Northern Italy and one in Southern Germany
- ▶ Further build up of direct sales in home market
- ▶ Extension of trading business with regards to a sustainable customer base
- ▶ We expect
  - ▶ non discriminatory access to capacities
  - ▶ harmonized regional balanced markets
  - ▶ clear and stable regulatory framework

## Trading – central position in the heart of Europe

What gives us the chance of becoming a centre of Europe's natural gas trade:

- ▶ geopolitical position
- ▶ transport capacities
- ▶ storage capacity
- ▶ trading know-how

Use of the Baumgarten Hub to create a sustainable market to optimise purchasing and sales



- ▶ Trading gains new significance in the liberalised natural gas market
- ▶ Function of trading (including trading on different European hubs) will be situated between a classical supply function and a classical sales function
- ▶ Participation on Gas Release Programs as well as trading on European gas hubs are seen as a possibility to overcome market entry barriers in target markets
- ▶ Management of business related basis risks, which might consist substantially in the incongruity of time, formula and quantities is a major central function in a modern trading.
- ▶ In July 2005, EconGas sold 270 mcm in its third internet auction (27 lots at 10 mcm)

- ▶ Natural gas has a bright future in Europe
  
- ▶ EconGas with its dynamic and market oriented approach is well positioned in Europe
  - ▶ secured and diversified access to longterm supplies
  - ▶ access to equity gas
  - ▶ access to storage and transport capacities
  - ▶ marketing and business know-how
  - ▶ lean and flexible organisation
  
- ▶ Our goal is to
  - ▶ be the partner of choice for both, customers and suppliers
  - ▶ provide sustainable results for the benefit of our shareholders



## What EconGas stands for...

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<b>E</b>	<b>nergy</b>
<b>C</b>	<b>ompetence</b>
<b>O</b>	<b>ptimization</b>
<b>N</b>	<b>ature</b>
<b>G</b>	<b>rowth</b>
<b>A</b>	<b>dvantage</b>
<b>S</b>	<b>olutions</b>

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