

Challenges for the gas industry due to the structural changes of Central/Eastern European gas markets

**23rd World Gas Conference
Amsterdam, 8th June 2006**

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External impulses on the situation in Slovakia

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**Significant
increase of world
oil and gas prices**

**New legal
(regulated)
framework**

...

External impulses on the situation in Slovakia

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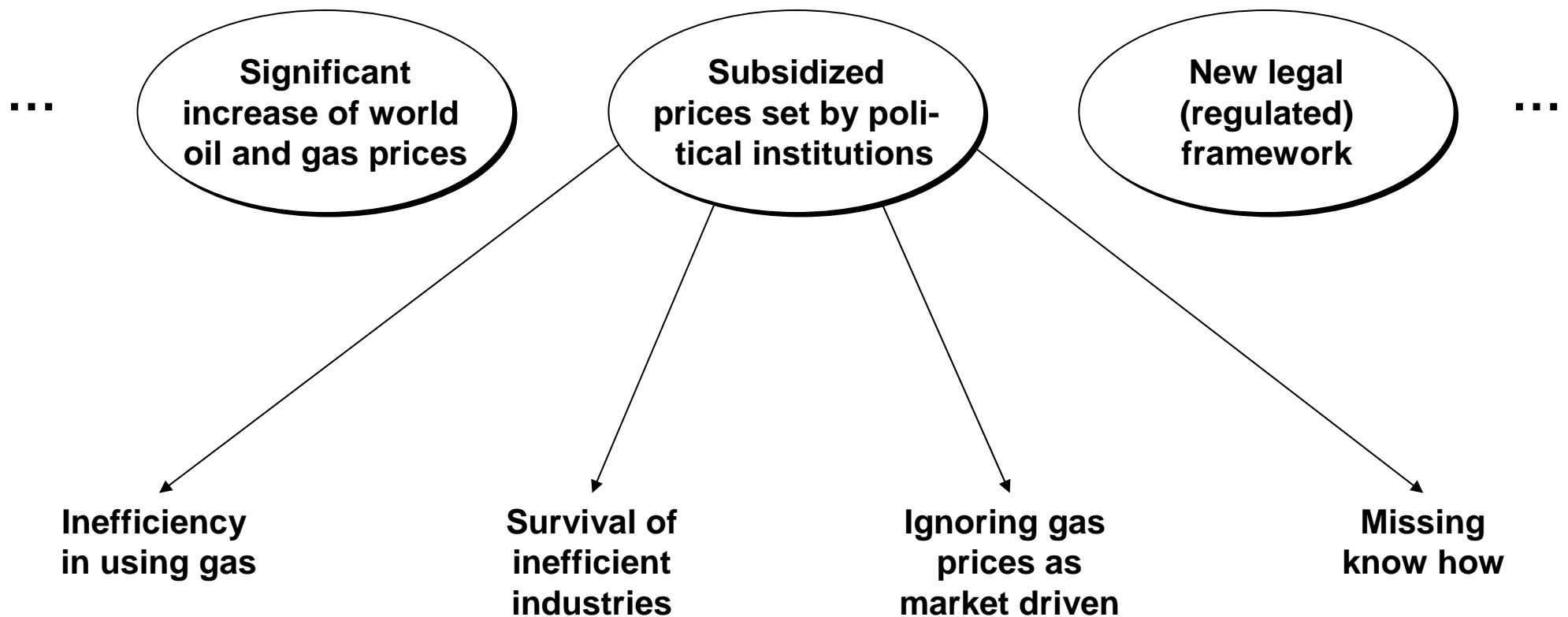
**Significant
increase of world
oil and gas prices**

**Subsidized
prices set by poli-
tical institutions**

**New legal
(regulated)
framework**

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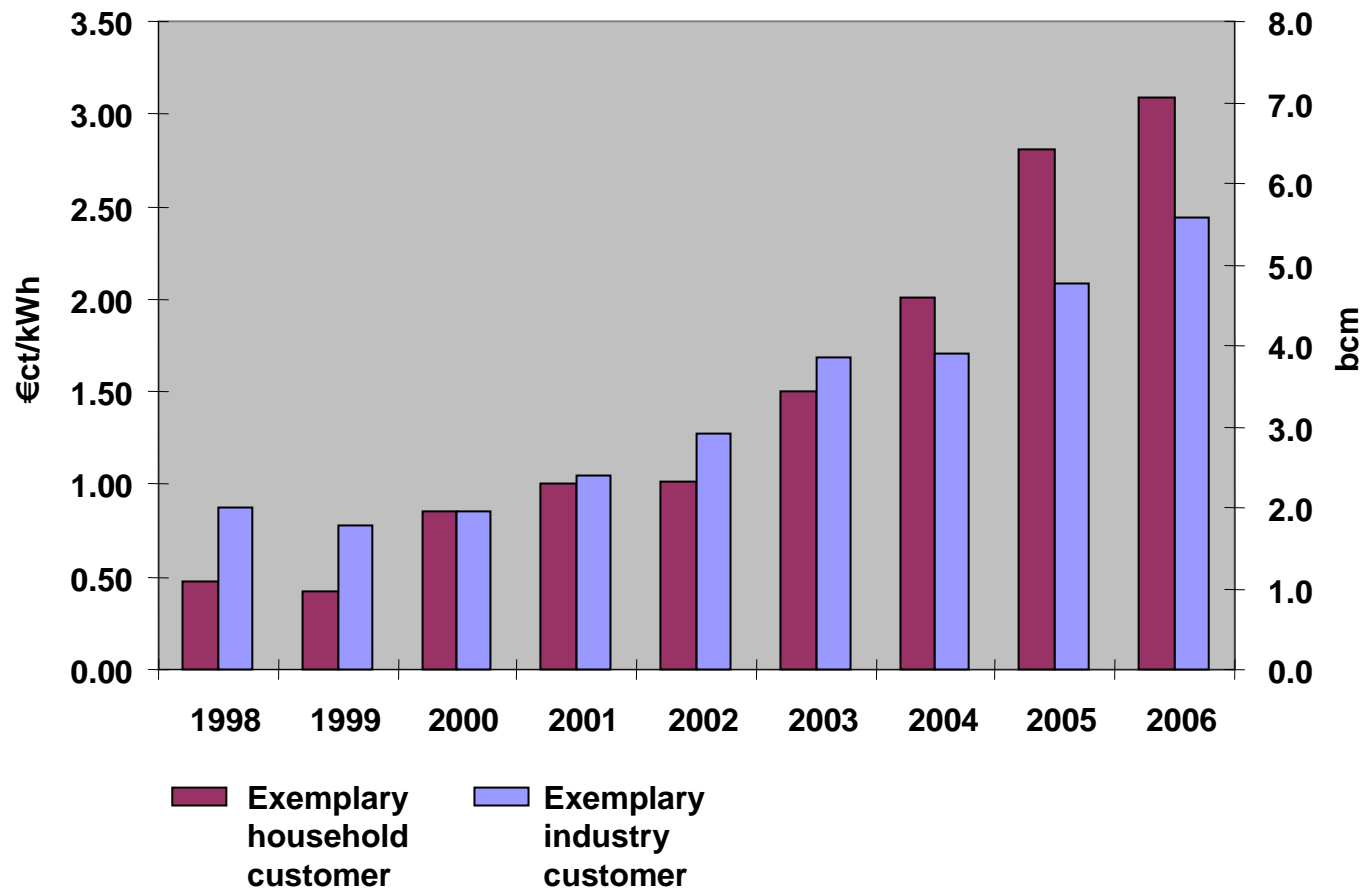
Historic situation Slovakia



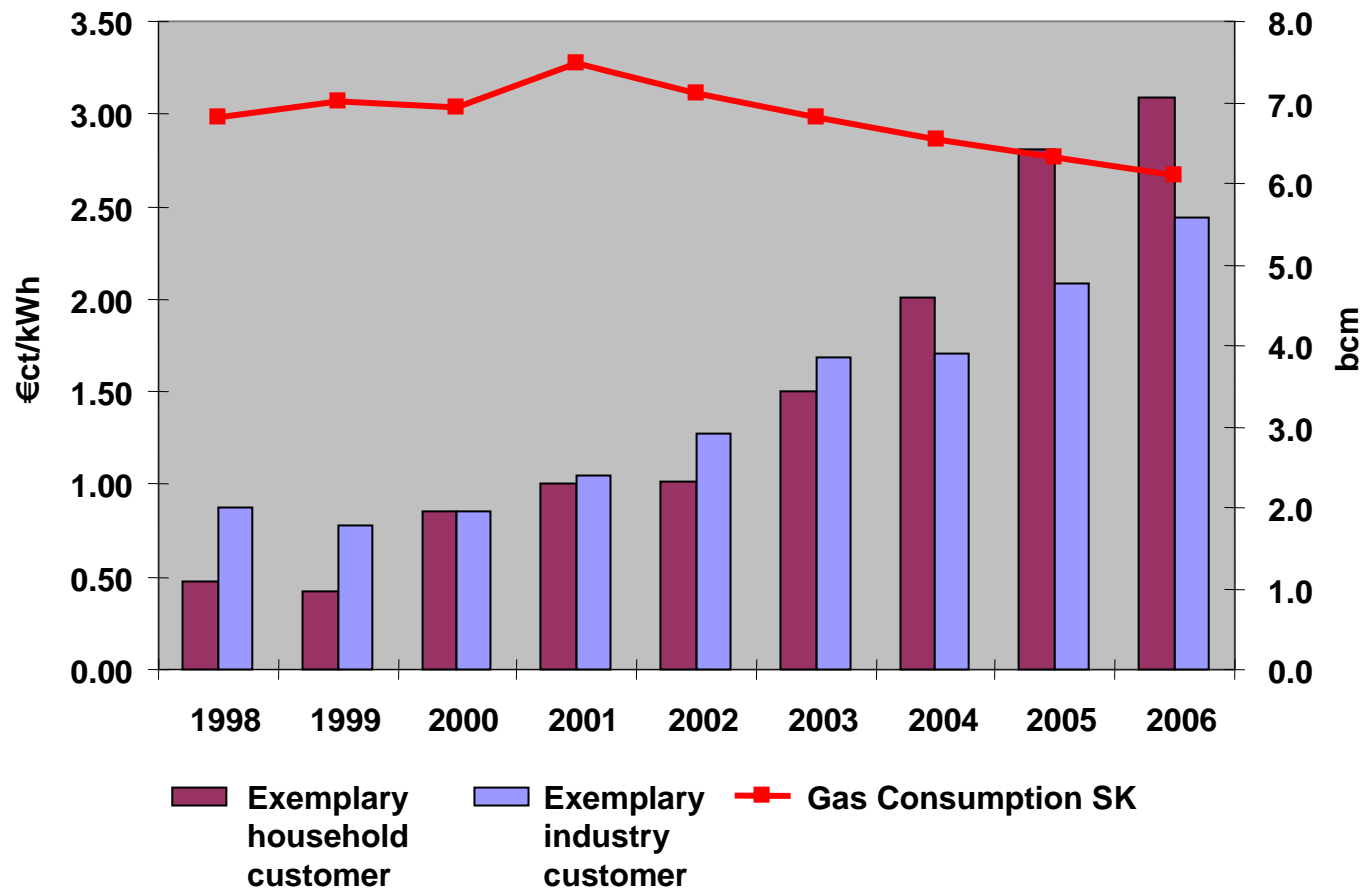
What happened since 2002 in the Slovak Gas Industry?

- ✓ Regulated tariff system for transmission and distribution
- ✓ Cost reflective pricing
- ✓ Significant efficiency increase (e.g. >20% less employees)
- ✓ Full restructuring allowing for management unbundling 01.01.2004
- ✓ IFRS accounting 01.01.2006
- ✓ SAP IS-U implementation 01.01.2006
- ✓ Legal unbundling 01.07.2006

Price increase vs. gas consumption



Price increase vs. gas consumption



Resulting challenges for the gas industry

- Slight decrease of total gas consumption
- Significant change of structure in the industrial segment
- Increasing competition to other fuels (e.g. wood)
- PR challenge