



**Connecting
Markets**

IGU WOC3 Meetings

Prague, 7 October 2014





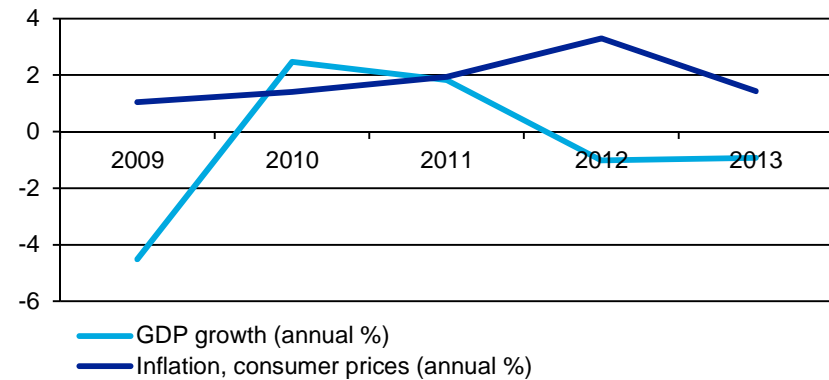
Basic Macroeconomic Data

Czech Republic

2013	Czech Republic
GDP per capita (current US\$)	18,861.43
No. inhabitants	10,521,500
Unemployment Rate	7.0%
Surface / Area (km ²)	78,867



Czech Republic	2009	2010	2011	2012	2013
GDP growth (%)	-4.51	2.47	1.82	-1.02	-0.93
Inflation CPI (%)	1.04	1.41	1.94	3.30	1.43

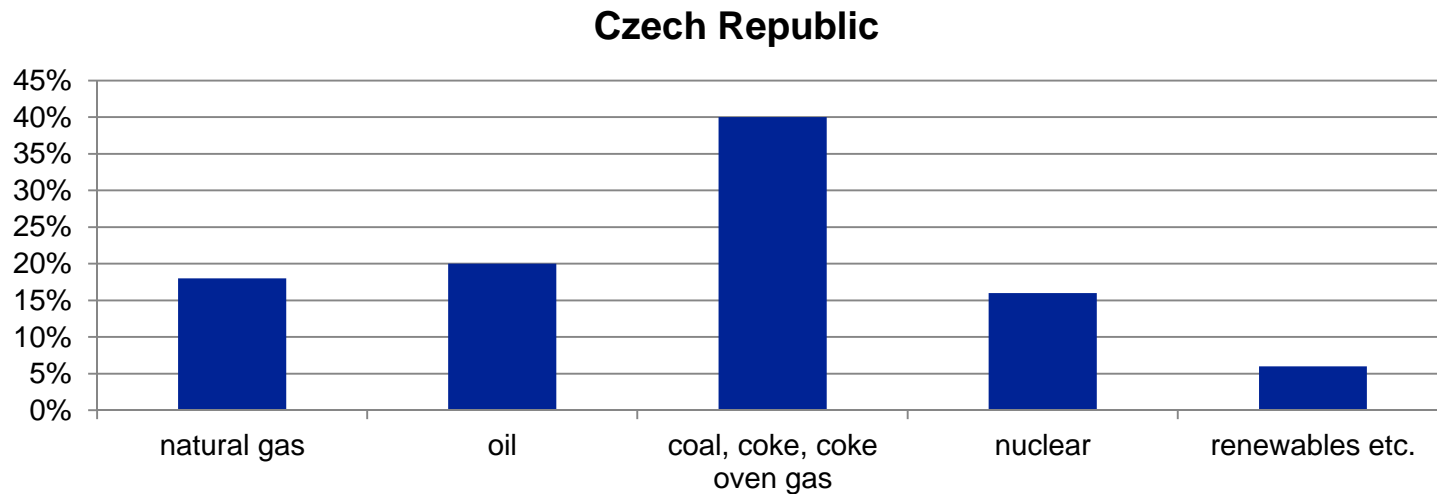


Sources: The World Bank; OECD



Primary Energy Mix and Gas Supply

Share of fuels in primary energy mix



Indigenous gas production vs. domestic demand

2012 [bcm/a]	Gas production	Gas consumption
Czech Republic	0.2	8.3

Sources: National Energy Board Canada; OTE; U.S. Energy Information Administration



Connecting Markets



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NET4GAS's Shareholder Structure

Allianz (50%) Capital Partners

- Allianz is Europe's largest insurer and the world's second largest asset manager, with more than EUR 1.8trn of total assets under management
- Allianz serves more than 78m customers in about 70 countries, and is the third largest insurer in the Czech Republic with EUR 276m gross written premiums in 2013
- Allianz Capital Partners (ACP) was founded in 1998 to invest the capital of Allianz insurance companies in alternative assets like infrastructure and renewables
- ACP currently has approximately EUR 9bn assets under management and has 42 investment professionals based in Munich, London, New York and Singapore
- Current ACP's infrastructure portfolio includes:
 - NET4GAS acquired in 2013
 - Gassled acquired in 2012
 - Chicago Parking Meters acquired in 2009

BOREALIS (50%) Infrastructure

- OMERS (Ontario Municipal Employees Retirement System) is one of Canada's leading pension funds with c. CAD 65bn in net assets as of 31 December 2013
- Borealis is the Infrastructure arm of OMERS, investing in infrastructure since 1998
- Borealis oversees a global portfolio of c. 20 companies with the total equity value of c. CAD 12bn
- Borealis is a long-term investor focusing on high quality businesses with predictable, stable underlying economics
- Current Borealis Infrastructure portfolio includes:
 - Caruna (electricity distribution) acquired in 2014
 - NET4GAS acquired in 2013
 - High Speed 1 (railways) acquired in 2010
 - Teranet (electronic land registration) acquired in 2008
 - Associated British Ports acquired in 2006
 - Scotia Gas Networks acquired in 2005



Company Snapshot

NET4GAS is a strategically positioned gas TSO in Central Europe

NET4GAS at a Glance

- Holds an exclusive license for gas transmission in the Czech Republic
- Operates 3,800 km of high-pressure pipelines incl. "GAZELLE" which since 2013 connects the Czech Republic to the new northern export corridor for Russian gas into the EU ("Nord Stream")
- Operates four compressor stations, three border transfer stations and nearly a hundred domestic transfer stations
- Transmits 45 bcm/a, out of which c. 80% for international gas transit (contracted up to 2035) and c. 20% for domestic gas consumption
- More than 500 employees



At the Heart of European Gas Flows



- NET4GAS can flexibly react to changing gas flow patterns in Europe and secure gas transit to different markets due to
 - its strategic position within Central Europe
 - bi-directional capacities at all major cross-border points
 - availability of sufficient spare transmission capacities
- 20% of NET4GAS's revenues are from domestic gas transport, while the total share of gas transport cost in end consumer prices in the Czech Republic is c. 1%



NET4GAS is at the crossroads of the main transit corridors in Europe



Description

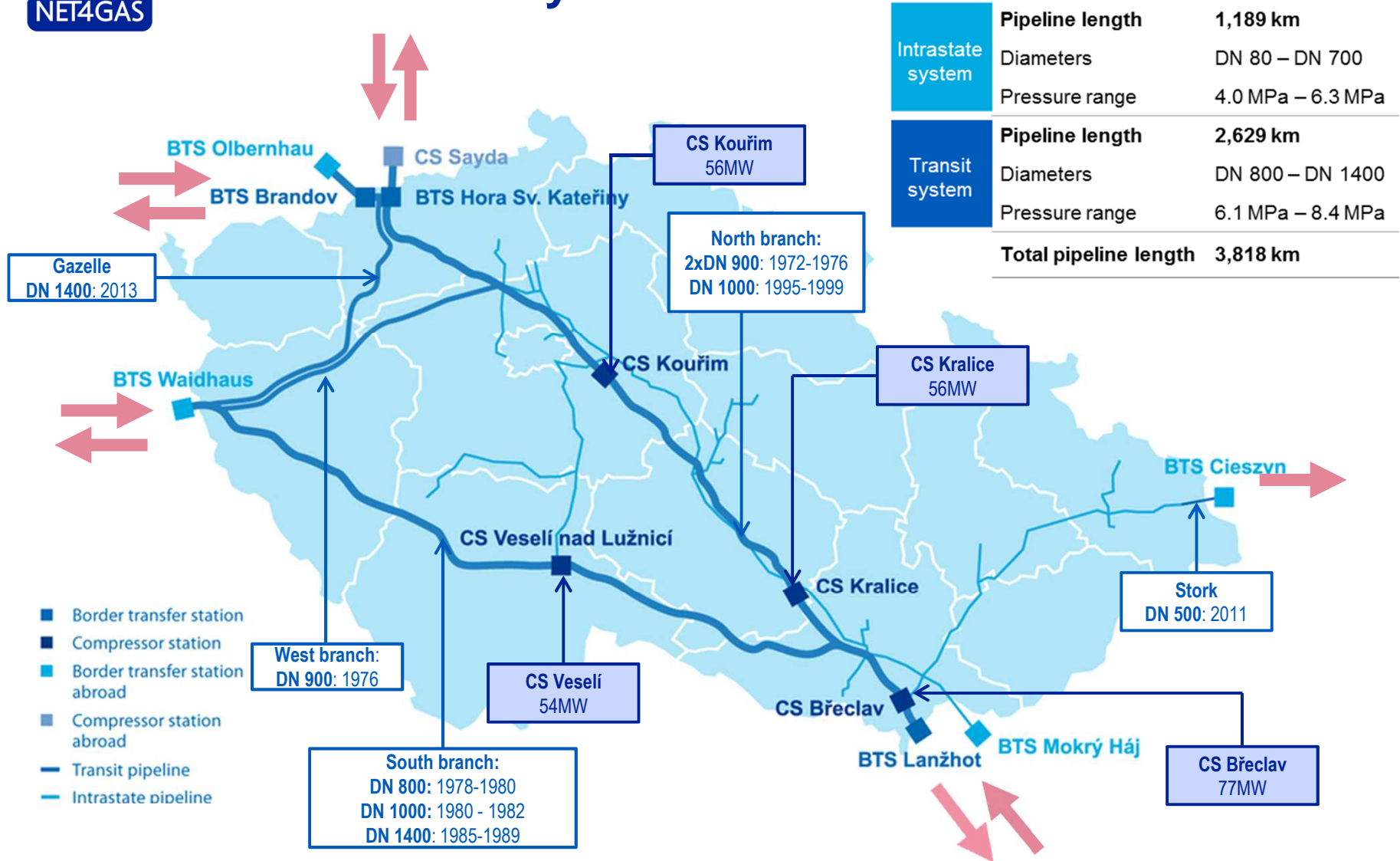
- NET4GAS has a strategic position at the heart of Europe and is connected to the main routes for Russian gas into EU

NET4GAS is directly connected to:

- **Ukraine->Slovakia transit route**
- **Belarus->Poland transit route (via Germany/STEGAL)**
- **Baltic Sea->Germany transit route (Nord Stream/OPAL)**



Overview and flexibility of NET4GAS's Transmission System





Gas storages



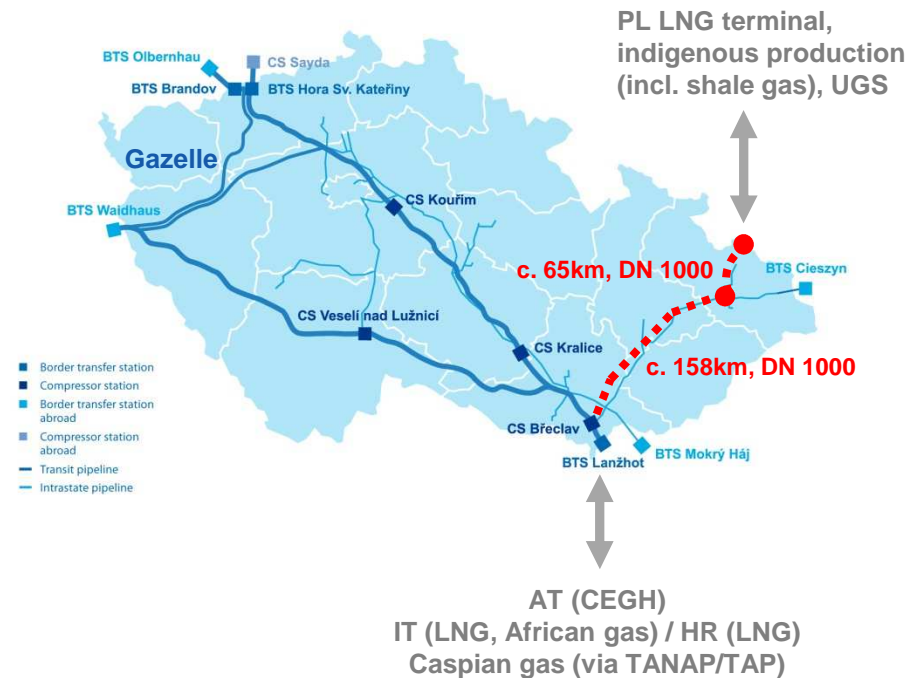


The Polish/Czech gas interconnector project

Project description

- The project is designed to:
 - establish the missing North-South gas corridor in central Europe and connect the Czech Republic to the LNG terminal in Poland
 - support market integration thus enhancing competition and contributing to lower gas prices
- Project status:
 - project granted Project of Common Interest (“PCI”) status by the EU Commission in 2013 and short-listed as priority project in 2014
- Total investment of 400 million EUR in the Czech Republic

Infrastructure Map



The project is crucial for enhancing security of gas supplies in Central and Eastern Europe and it will also foster market integration.



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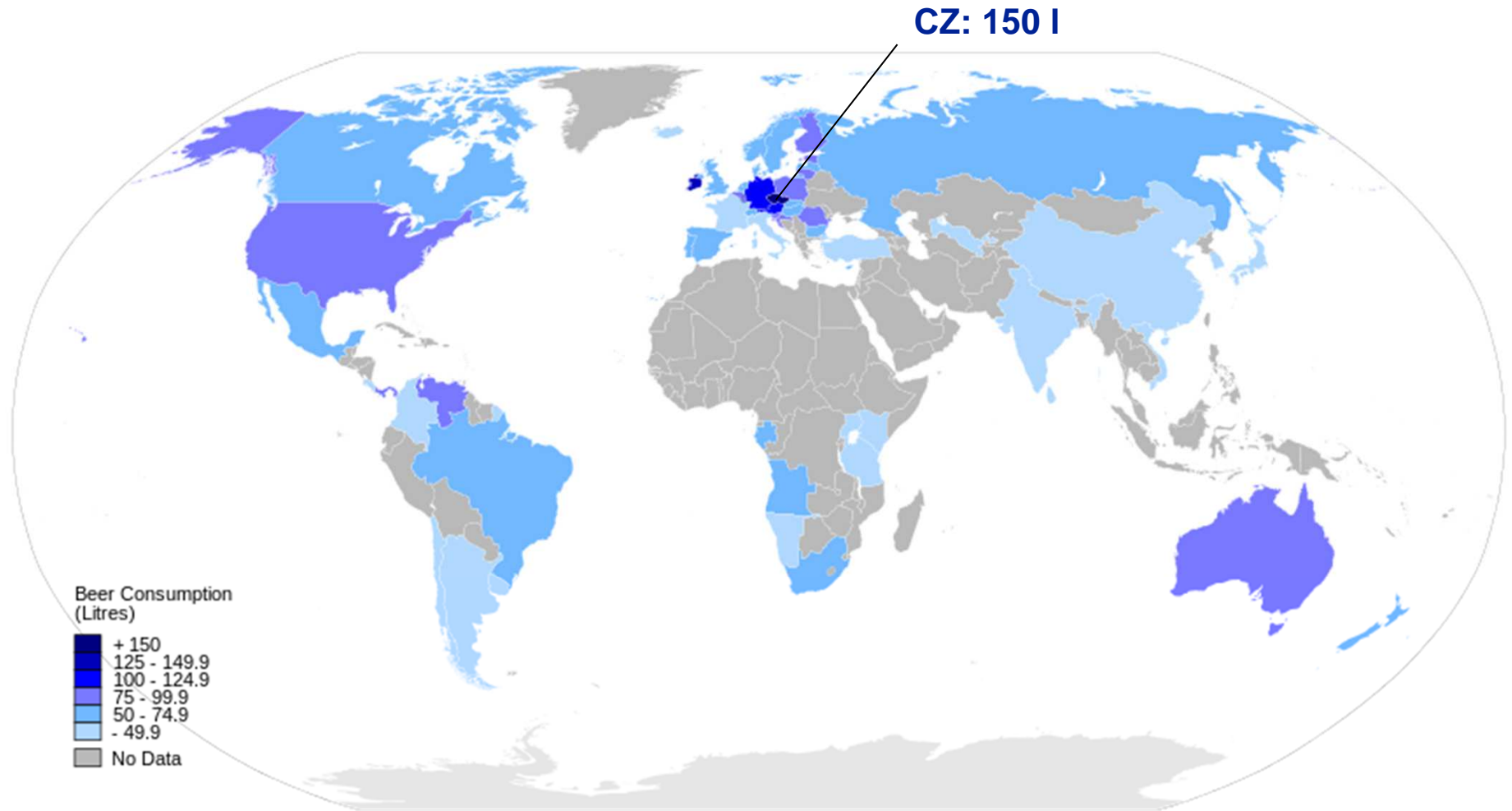
...and





Beer consumption per capita

Litres per year





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Děkuji vám za pozornost

Radek Benčík, COO
radek.bencik@net4gas.cz
www.net4gas.cz