

Following EnBW and Eni's majority acquisition of Gasversorgung Sueddeutschland GmbH, EnBW is also seeking to win over local authorities and public suppliers for strong partnerships in the gas-supply market.

Substantial growth prospects for gas supply in Baden-Wuerttemberg - merging of electricity- and gas-supply markets.

Stuttgart, Germany (ots) - Following conclusion of the contract for the majority acquisition of Gasversorgung Sueddeutschland GmbH (GVS) by the German-Italian gas-supply market consortium of EnBW Energie Baden-Wuerttemberg AG and Eni SpA, EnBW also wishes to win over local authorities and their public suppliers for strong partnerships to develop the gas-supply market. 'Together with Eni, GVS, public suppliers and customers, we wish to actively benefit from the opportunities offered by the liberalized gas-supply market', announced EnBW's managing director Pierre Lederer to journalists in Stuttgart on Monday. Moreover, it was the strategic aim of the third-largest German energy-supply company to play an active role in the merging of the electricity- and gas-supply markets under the conditions created by the liberalized energy-supply market in Europe.

Takeover of the GVS majority by the EnBW/Eni team was - according to Mr Lederer - 'absolutely perfect to secure GVS's future.' By pooling the strengths of EnBW (partnership concept, understanding of local authorities and sales skills in Germany) and Eni (supply and transport know-how as well as recourse to their own gas), a strong alliance would be formed. With its 1,881 kilometres of gas-pipeline network, GVS, Germany's fourth-largest long-distance gas-supply company, would admirably complement the development, transport and sales chain. The integrated gas-supply market concept linked to the joint venture of EnBW and Eni could soon be realized - from gas procurement from various development regions, efficient transport and distribution networks up to and including competitively priced supply and expert customer management.

Mr Lederer is convinced that the faltering development of the gas-supply market in Germany and the rest of Europe hitherto can be attributed, above all, to an inadequate number of fully competent market participants at all stages along the gas-supply market chain. In addition, the wheeling regulations are not effective enough and there is a lack of large supplies of gas freely available to the market.

In addition, Mr Lederer expressed doubts as to whether the 'Gas II association agreement' concluded in May 2002 would bring about the preconditions required to create effective competition on the gas-supply market, which would in turn benefit consumers. Therefore, ownership of gas-supply networks was playing a key role in the active development of the gas-supply market.

Mr Lederer praised the Italian Eni concern as the 'ideal strategic gas-supply partner for EnBW.' Eni's global activities and vast know-how in all sectors of the gas-supply industry would enhance the energy-market expertise of Germany's third-largest energy-supply concern. Eni had direct access to gas fields and production in various regions - which could be of great importance in view of the growing demand for gas supply and, within this context, trends towards shortages and higher prices that could become a reality in future. Eni could also transport gas to Germany thanks to its own pipelines and transport rights.

On the basis of EnBW's strategic partnership with Electricité de France (EDF), particularly on the European electricity-supply market, the partnership with Eni now offered the opportunity, also within EnBW's gas-supply area, to play a key role in developing the market together with one of the world's leading companies in this sector.

The EnBW/Eni gas-supply partnership - including the future joint GVS subsidiary - would also directly involve local authorities and their public suppliers, provided these were incorporated into, wanted to remain or wished to become part of the gas-supply market chain with EnBW/Eni/GVS. Furthermore, EnBW/Eni/GVS would provide their partners with professional and fair support to develop the gas-supply market - and would, in turn, benefit from the customer proximity of their partner public suppliers. The concern expressed on occasions in the past that EnBW/Eni wanted to squeeze the public suppliers out of the market, had been alleviated as far as partners in local authorities were concerned, pointed out Mr Lederer.

EnBW/Eni - the ideal team to secure GVS's future and its development.

The important role that Gasversorgung Sueddeutschland GmbH would play within EnBW and Eni's integrated gas-supply market concept, was at the same time a 'guarantee of development and, therefore, an effective way to ensure GVS's future', stated Mr Lederer. As an independent company integrated within the EnBW/Eni consortium, GVS would be able to help develop the gas-supply market - from procurement and transport up to and including the supply of industrial customers and public suppliers - in the Baden-Wuerttemberg region, where its regular customers were, and beyond.

In future, the gas-supply market expertise and customer relations of EnBW and Neckarwerke Stuttgart AG (NWS) would be incorporated into this gas-supply market network.

Scheme to develop the gas-supply market

Mr Lederer sees excellent opportunities for growth and development on the gas-supply market in Baden-Wuerttemberg, where the regular customer base of EnBW and GVS is located. Here, the figure of 16% for those who use natural gas as primary energy is clearly well below the national average of 21% (both figures were recorded in 1999). This also applies to the use of gas for domestic heating, where the national average in this important growth market is around 45%. In Baden-Wuerttemberg, however, the average is only around 37% (figures recorded in 2000). The gas joint venture, to which EnBW and Eni has each contributed as much as 50%, will also aim to develop the gas-supply market, not only in Baden-Wuerttemberg but also in other regions, and was open-minded about concluding further partnerships with public suppliers and other customers.

EnBW recognizes further prospects in connection with the possible E.ON/Ruhrigas ministerial approval. Here, EnBW has always made it clear that, in addition to an improvement in liquidity in gas production and the required neutralization of the networks, 'aeration' of vertical integration had to be an indispensable and integral part of the requirements. Against this background, Mr Lederer underlined EnBW's interest in Thuega.

An increase in transport and storage capacities was also a key factor in the development of the gas-supply market - an examination of pipelines and sites for additional gas-storage facilities had already begun. At the same time, it was 'also feasible, together with other companies, to build new storage facilities or extend existing ones', stated Mr Lederer. By way of example, he cited the projects planned by Ruhrigas and Wingas to construct gas-supply pipelines through Baden-Wuerttemberg.

Mr Lederer saw GVS's growth potential in the gas-supply sector in further acquisitions and partnerships, above all, in neighbouring regions: as for instance Bayerngas.

On Thursday of last week, EnBW Energie Baden-Wuerttemberg AG and Eni SpA acquired 62.22% of Gasversorgung Sueddeutschland GmbH through their gas-supply market joint venture. Corresponding contracts were also concluded between the federal state of Baden-Wuerttemberg, which held 25% of GVS shares hitherto, among six joint shareholders, who held 37.22% of GVS, and the buyers EnBW and Eni. Options agreements on these business shares were concluded with two joint shareholders (Heilbronn and Ulm), who together hold 4.38% of GVS shares. Furthermore, the joint venture of EnBW and Eni intends to acquire the 33.4% share that Neckarwerke Stuttgart AG (NWS), which is part of EnBW, holds in GVS. This acquisition would increase the joint venture's share in GVS by 95.62%. All contracts are still subject to approval by the competent monopolies and mergers commission, which the contracting partners expect to gain during the summer.

Gasversorgung Sueddeutschland GmbH (Stuttgart) supplies directly and indirectly around 750 towns and communities via its 1,881-kilometre long-distance pipeline. During the business year 2000/2001, GVS achieved a turnover of approximately EUR 1.7 billion with 74,223 gigawatt hours.

Eni SpA (Rome), one of the world's leading energy-supply companies, achieved net annual income of EUR 7.8 billion with turnover of EUR 48.9 billion during 2001. Within the gas-supply sector, Eni has a network at its disposal that covers several continents as well as its own development and production installations, secure supply sources and transport networks. Hardly any other company is in such a favourable situation.

With over 4.5 million customers, annual turnover of EUR 7.9 billion and net annual income of EUR 272 million (2001), the EnBW Group is one of the fastest growing companies in Germany and on the liberalized European energy-supply markets.

EnBW Energie Baden-Wuerttemberg AG  
Company communication  
Durlacher Allee 93  
76131 Karlsruhe  
Tel.: +49 (07 21) 63-1 43 20  
Fax: +49 (07 21) 63-1 26 72  
unternehmenskommunikation@enbw.com  
www.enbw.com