

# Press Release

## VNG Annual Report 2008:

### **VNG wins new markets and continues rapid development.**

**Record gas sales for the eleventh year in succession. Higher net income.**

**Greater focus on foreign business. Breakthrough in Norwegian production through acquisition of Endeavour Energy Norge AS.**

**Leipzig, May 14, 2009.** In the 2008 financial year, VNG – Verbundnetz Gas AG, Leipzig sold 171.4 billion kWh of natural gas, setting a new record for the eleventh year in succession (2007: 165.2 billion kWh). Net income increased even more markedly, by about 8 % to 140.8 million euros (2007: 130 million euros). "We have exceeded our growth targets," said Executive Board Chairman Dr. Ewald Holst. Sales revenues rose markedly from 4.2 billion euros to 5.5 billion euros. This rise was mainly due to the development in oil prices, which continued at a very high level for a certain time and were only reflected in gas sales prices in the 2008 financial year.

### **New offices in Germany and affiliates in other European countries**

With offices in Munich, Stuttgart, Frankfurt a.M., Düsseldorf and Hamburg, VNG was able to win market shares in the western states of Germany. These helped to more than compensate for losses of market shares in the company's traditional sales area caused by competition. Holst: "The development of affiliates and joint ventures in other European countries, especially Poland, Italy, the Czech Republic, Slovakia and Switzerland, proved successful in 2008 and offers considerable growth potential for the future." He said that the company had not simply defended its traditional markets but had adopted an offensive approach to winning customers throughout Germany as well as in other European countries. Poland and Italy remained VNG's main sales areas outside Germany. With G.EN. GAZ ENERGIA, VNG holds first place among private gas suppliers in Poland. Since October 1, 2008, the company has been able to significantly increase deliveries to Poland following the conclusion of a multi-year contract with the Polish market leader Polskie Gornictwo Naftowe i Gazownictwo S.A., Warsaw. The foundations have also been laid for further sales growth in Italy.

### **Diversification and production breakthrough**

VNG's gas procurement strategy continues to be based on diversification. In addition to tripling the share of spot and futures trading in its procurement portfolio to 11%, VNG is concentrating on developing its own natural gas production. With this aim in mind, VNG Norge AS extended its portfolio to eight production licences in Norway in 2008. By acquiring Endeavour Energy Norge AS in April this year, VNG has decisively stepped up its activities on the Norwegian Continental Shelf, making its final breakthrough in gas production. Klaus-Dieter Barbknecht, Board Member, Gas Procurement, commented: "We are very happy about the acquisition, which takes us a significant step towards our ambitious target of covering up to ten percent of gas sales from our own sources from 2019.

### **Good prospects**

VNG intends at least to maintain its position as Germany's third-largest gas importer and one of the top ten importers in Europe and to continue its growth. Holst: "In future, we will be paying greater attention to market shares in other European countries. The successes of the past few years give us reason to be confident that we are well on the way to becoming a European player." Holst said that there was additional customer potential, both in countries already supplied by VNG and in Germany's other neighbours such as the Benelux countries, Austria and Denmark.