



## **GASUM GROUP, INTERIM REPORT FOR 1 JANUARY TO 31 MARCH 2009**

- Net sales €347.7 million (€331.6 million, 1 January to 31 March 2008)
- Operating profit €14.6 million (€24.2 million)
- Natural gas sales 12.6 TWh (13.6 TWh)
- Sales were affected by the international financial recession which resulted in major cuts in the industrial use of natural gas.
- Gasum acquired a 20% shareholding of Biovakka Suomi Oy.
- Gasum expects natural gas sales for the entire year to decrease slightly from last year's levels.
- Gasum expects an increase in the Group's operating profit for 2009 on the year before.

Gasum Oy focuses on the import, wholesale and transmission of natural gas in Finland. The Gasum Group includes the parent company, Gasum Oy, and its fully-owned subsidiaries Gasum Paikallisjakelu Oy and its Estonian subsidiary Gaasienergia AS, Gasum Energiapalvelut Oy, Helsingin Kaupunkikaasu Oy and Gas Exchange Ltd.

### **Market**

Gasum's sales of natural gas decreased on the corresponding period a year earlier. Sales of natural gas in January-March totalled 12.6 TWh, down 7.1% on the corresponding period a year earlier. There was a particular decrease in the industrial use of natural gas. The use of natural gas in heat and power production remained close to last year's level.

The total price of natural gas, exclusive of tax, was up 14% on the corresponding period a year earlier. The price took a downturn towards the end of 2008, and during the period under review it went down by around 12%. Gasum estimates the price to drop by another 17% in Q2. Gasum anticipates the annual natural gas price level in 2009 to be down around 13% on 2008.

In March Gasum also dropped the price of natural gas sold for vehicle use at filling stations.

On 5 March 2009 Gasum, Kangasalan Lämpö Oy and Ruoka-Saarioinen Oy signed letters of intent regarding the supply of natural gas. These pertain to the exploration of a natural gas transmission connection in the Lempäälä-Kangasala-Sahalahti section and preparations by the parties towards signing natural gas connection and supply agreements in autumn 2009. Gasum aims to begin pipeline construction on the section in 2010, with the work anticipated to take around a year. If realised, the value of the pipeline investment will be around €10 million.

### **Net sales and result**

Gasum Group's net sales for January-March increased from the corresponding period a year earlier and were €347.7 million (€331.6 million). Natural gas sales totalled 12.6 TWh (13.6 TWh).

Group operating profit was down year-on-year, totalling €14.6 million, equivalent to 4.2% of net sales, while the corresponding figures a year earlier were €24.2 million and 7.3% respectively. The profit before extraordinary items and taxes was €14.4 million (€24.7 million). The price development of comparison fuels used to price natural gas had a negative impact on Gasum's financial results.

## **Investments**

Gasum's gross investments in fixed assets during the period under review amounted to €23.6 million (€10.3 million). Investments focused mainly on the maintenance and construction of the transmission pipeline network.

On 16 January 2009 the Uusimaa Regional Environment Centre provided its statement as the coordinating authority regarding the Environmental Impact Assessment (EIA) programme on Gasum's Mäntsälä-Siuntio natural gas pipeline project. In its statement the Regional Environment Centre finds that the content of the programme meets the requirements set in the Act on Environmental Impact Assessment Procedure and that the programme has been processed as required by the Act. The EIA report proper on the environmental impacts of the project will be produced in the second stage of the process on the basis of the EIA programme. Gasum's aim is to submit the report to the authority in August. Following the authority's statement on the report, Gasum will apply for an expropriation permit on the areas of land needed for pipeline construction. Gasum aims to have the new pipeline ready for use in 2011.

The construction of the new parallel pipeline between Hämeenlinna and Lempäälä was underway during the period under review. On 12 March 2009 the Western Finland Environmental Permit Authority issued Gasum a permit to construct a natural gas pipeline under the Makkaransekä section of Lake Vanajavesi, and construction has already commenced. The pipeline is due for launch in autumn 2009.

The refurbishment of the main pipeline is underway in Kouvola over a section extending 27 km between Pajari and Kiehuva. Construction will be completed in July 2009.

Gasum is expanding its natural gas distribution network in the Kouvola area. The new pipeline connection will bring industrial facilities and homes in the Kausala area the opportunity to start using natural gas. The distribution pipeline will be completed by the end of November 2009.

The construction of a new natural gas vehicle (NGV) filling station began in Porvoo in November. The station is expected to be ready for use in late May. Preparations for a new filling station in Roihupelto, Herttoniemi, Helsinki, are also underway.

## **Finance and equity ratio**

Gasum Group's quick ratio was 0.8 (1.1), and the equity ratio at the end of the period was 55.3% (60.5%).

## **Personnel**

Gasum Group employed an average of 220 (209) persons during the period under review.

## **Operational development**

In February Gasum and Biovakka began partnership in the production of biogas for transmission via the natural gas network for use as transport fuel. Signed in Turku on 27 February 2009, the agreement also brought Gasum a minority shareholding of Biovakka Suomi Oy.

Biovakka currently operates two biowaste processing plants in the Turku area and aims to construct biogas production facilities near the natural gas transmission network. The natural gas network can be employed for the use of biogas as transport fuel. Gasum has set the objective of covering most of the transport demand for gas with biogas.

Gasum and Biovakka aim to build four biogas production facilities within the natural gas network area by the year 2012. The first biogas facility in an area within the natural gas network is planned for Nastola. Gasum anticipates the facility to supply biogas for NGVs in 2011.

The two tank trailers for the transport of liquefied natural gas (LNG) acquired by Gasum were taken into use in February. The value of one articulated truck is approximately €0.5 million. Gasum has been supplying small amounts of LNG from the Porvoo liquefaction plant for more than 13 years. A considerably larger LNG production plant and warehouse are under construction in Porvoo and due for completion for production use in summer 2010.

Gasum will introduce a revised natural gas pricing system (tariff) at the beginning of 2010 to replace the current tariff in force since 2006. Gasum presented the structure of the new tariff to customers in May. The tariff is being finalised and will be presented to customers in August. There will be no major changes in the pricing system, but efforts have been made to create new elements that improve market flexibility.

### **Future prospects**

Gasum expects natural gas consumption for the entire year to decrease slightly from last year's levels. Gasum anticipates natural gas sales in 2009 to reach around 44 TWh. The most important reason for this is the international financial recession which is causing cuts in the industrial use of natural gas. Fortum's new natural gas fuelled Suomenoja power plant will become operational in the summer and use around 400 million m<sup>3</sup> of gas a year.

Neste Oil Plc announced in conjunction with its financial statements for 2008 that it will not continue the project to expand its Naantali refinery. Neste Oil was one of the two main customers of the pipeline planned with Turun Seudun Maakaasu ja Energiatuotanto (TSME) for the supply of natural gas to the Turku economic zone. Gasum will continue commercial negotiations with TSME.

Gasum will also continue investments in the transport use of natural gas. A new filling station will open in Porvoo in May and in Roihupelto, Helsinki, in July. An agreement regarding a plot of land was signed in April with Kesko for a filling station in Lahti.

Gasum has continued explorations into the utilisation of biogas with Biovakka Suomi Oy. Opportunities to produce, recover and transmit biogas in Gasum's pipeline network are explored throughout the natural gas network. Gasum anticipates that the use of biogas as a transport fuel in particular will help promote the targets set by the European Union on Finland regarding renewable fuels more efficiently. This should also be taken into consideration in the process towards the creation of the new feed-in tariff proposed for electricity generated from biogas.

The plans published in March by the Finnish Government regarding changes in energy taxation will have a major impact on the status of natural gas. The competitiveness of natural gas against coal will increase but that against other fuels such as peat and biofuels will decrease considerably. Gasum joins the opinion of players in the sector expressed through the Finnish Natural Gas Association whereby the new taxation solution will not serve efforts to combat climate change or achieve improved air quality. The solution treats heat producers unequally and puts consumers in unequal positions.

## GENERAL MEETING OF SHAREHOLDERS

Gasum's general meeting of shareholders took place on 25 May. Items on the agenda were the income statement, balance sheet and consolidated financial statements for the period 1 January to 31 December 2008 as well as the report of the Board of Directors. Gasum decided to pay a dividend of €0.467 per share for 2008. Members of the Supervisory Board, the Board of Directors and the CEO were discharged from liability for the 2008 financial year.

Members of the Supervisory Board due to retire by rotation, **Stansilav Tsygankov**, **Sergei Emelianov** and **Achim Saul**, were reappointed for the next term. **Marcus Söhrich** had submitted his request for resignation, with **Lukas Spechtin** appointed to replace him until the end of the term.

## Ownership structure

There were no changes in Gasum Oy's ownership structure during the period under review. Gasum is owned by

:

Fortum 31%

Gazprom 25%

the Finnish State 24%

E.ON Ruhrgas 20%

Espoo, 26 May 2009

Antero Jännes  
CEO

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€m / %	1 Jan to 31 March 2009	1 Jan to 31 March 2008	1 Jan to 1 Dec 2008
<b>Income statement</b>			
Net sales	347.7	331.6	1218.2
Operating profit	14.6	24.2	33.8
as % of net sales	4.2	7.3	2.8
Profit before appropriations and taxes	14.4	24.7	35.0
<b>Balance sheet</b>			
Balance sheet total	680.6	672.0	671.6
<b>Non-current assets</b>			
Intangible assets	8.1	8.2	8.1
Tangible assets	499.1	443.7	481.5
<b>Current assets</b>			
Inventories	8.7	8.4	10.6
Receivables	130.3	138.6	154.7
Short-term investments	30.3	70.1	13.3
Cash and bank balances	3.7	2.6	2.9
<b>Share capital</b>	178.3	178.3	178.3
<b>Liabilities</b>			
Long-term liabilities	39.4	18.2	12.4
Short-term liabilities	205.7	186.0	235.9
<b>Other information</b>			
Number of employees, average	220	209	209