



**Lufthansa**

# Deutsche Lufthansa AG Corporate Fuel Management

September 17th, 2009

AAG Session, European Supply Demand Fundamentals

Helmut Fredrich,

Vice President



## The European Refinery structure is changing

The refinery situation in Europe is at the moment characterised by the following:

- small margins
- fall in demand for gasoline
- high proportion of middle destillates

Thus refiners are acting accordingly:

- cutbacks in production (only 75% of crude throughput at the moment)
- cutbacks in investments
- reduction of jobs
- sales of refineries
- shutdown of refineries

## The European Refinery structure is changing - Examples

Examples of delays/reduction of investments:

- PKN Orlen reduces investments from 1,6 Mrd to 1,2 Mrd USD
- OMV delays modernisation of their refinery Petrobrazi, Romania
- ConocoPhillips moves decision on Wilhelmshaven invest to autumn 2009
- ENI reduces investprogramme by 30% (from 4 Mrd to 2,8 Mrd Euro)

....

Examples of job cuts:

- Total will cut 555 jobs in downstream-area
- Repsol cut 50 jobs in Puertollano Refinery (zw. Madrid und Cordoba)
- PKN Orlen will cut cuts by 19% from 4.800 to 3.900

....

## In addition oilcompanies are withdrawing from airports

Examples:

- Chevron withdrew from continental Europe long time ago
- Mergers eliminated Fina, Elf, Mobil, DEA, Aral/Veba.....
- Connoco withdrew from Germany and airports in UK...
- Exxon withdrew from Finnland, Czeck Republik, East German Airports.....
- BP withdrew from Birmingham and Manchester...
- Q8 stopped sales in Brussels

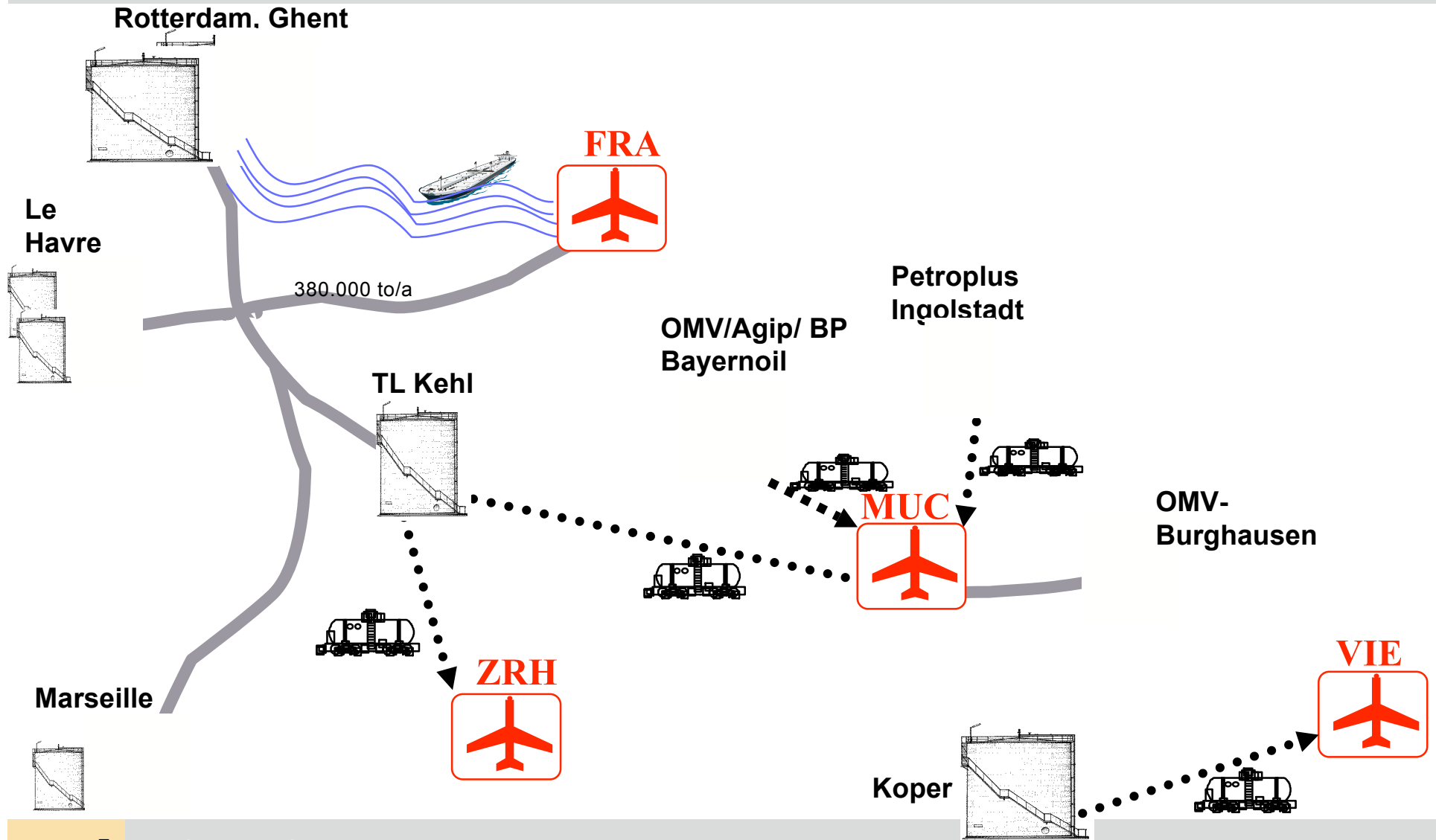
.....

New Suppliers?:

- Q8 in Stuttgart
- Morgan Stanley ?
- Oilcompanies which are not engaged yet in Intoplanesales?

....

# Self supply for LH-Group a necessity due to shrinking numbers of suppliers (e.g. FRA, MUC, ZRH, VIE)



Thank you for your attention

