

Présentation – French System

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**Société Anonyme
de Gestion de Stocks de Sécurité**



STRATEGIC STORAGE FRAMEWORK

- I E A
- E U
- FRANCE



IEA OBLIGATION

90 days of net imports



European Union

First directive : 1968

Current obligation : 90 days of previous
year's consumption

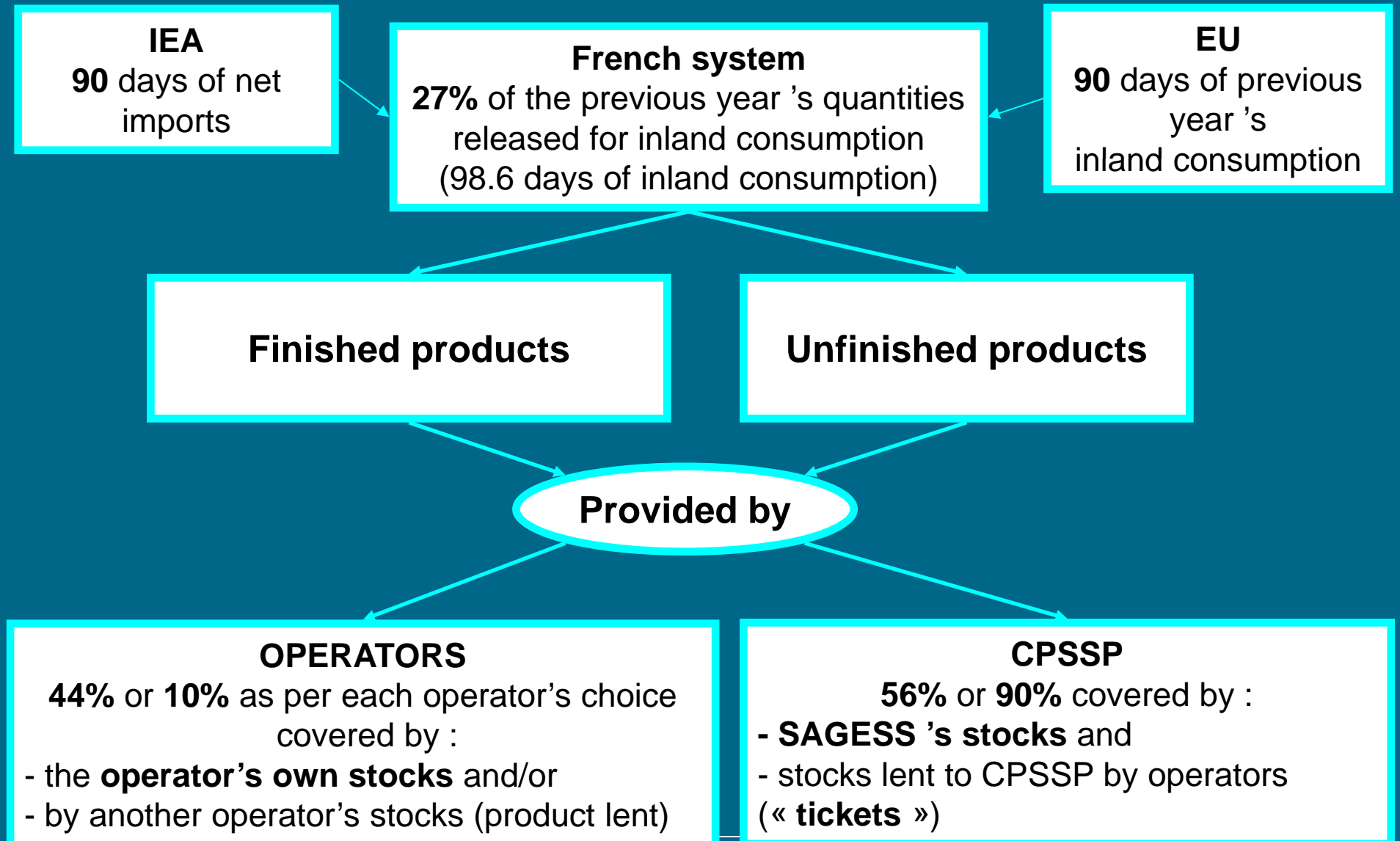
FRANCE



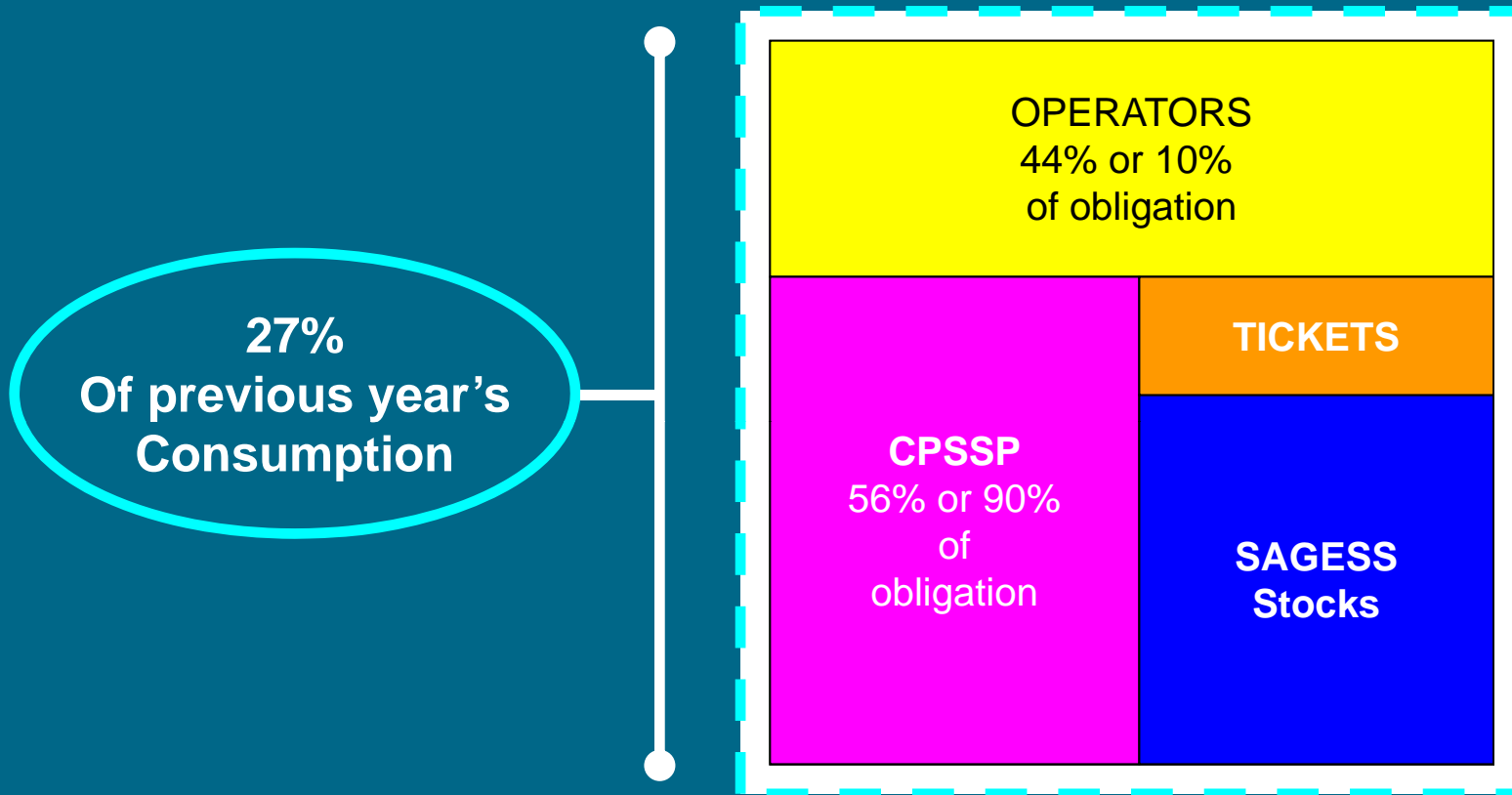
STOCKPILING ORGANISATION

PRIVATE STOCKS ONLY	PRIVATE STOCKS and GOVERNMENT OWNED STOCKS	PRIVATE STOCKS and AGENCY	AGENCY	GOVERNMENT
Australia Canada England Greece Italy Luxembourg Norway Sweden Turkey	Japan South Korea Poland Ireland	Austria Belgium Denmark Finland France The Netherlands Portugal Spain Switzerland	Germany Hungary	Czech Republic New Zealand United States

Strategic Oil Stock Management – SAGESS & CPSSP



HOW OBLIGATION IS COVERED



Each operator has an obligation depending upon its previous year's consumption, for each of the 4 categories :

- 1 Gasoline
- 2 Gas oil
- 3 Jet Fuel
- 4 Heavy Fuel oil



SAGESS stocks localisation objectives

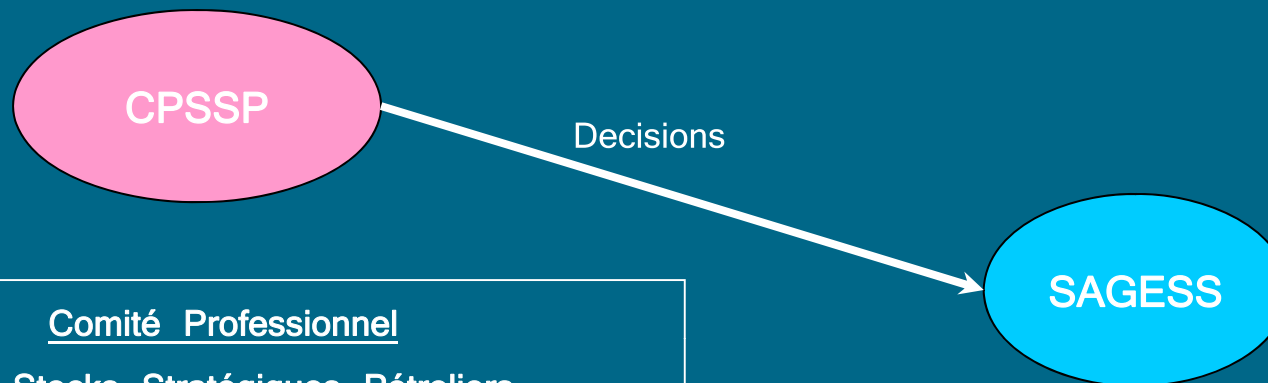
In addition of the 27% of consumption national obligation, Sagess has to fulfil localisation objectives of its stocks, defined by DGEC (Ministry of Energy).

Objectives : keep in each of the 7 defence zones (defence zone = group of administrative regions) of the metropolitan territory a minimum SAGESS stock of :

- 10 days of consumption for gasoline
- 15 gas oil



How is the system operated ?



Comité Professionnel des Stocks Stratégiques Pétroliers

- Decides strategy of strategic stocks and takes main decisions: **SAGESS** purchases or sales program, fees paid by the operators, etc..
- Gets its stocks (56 % or 90% of the operators obligation) from:
 - SAGESS: own stocks
 - Tickets by oil companies for the remaining quantities

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- Responsible for its own stocks to CPSSP
- Responsible for operating the whole system, including CPSSP (Convention)



CPSSP Board : 13 members

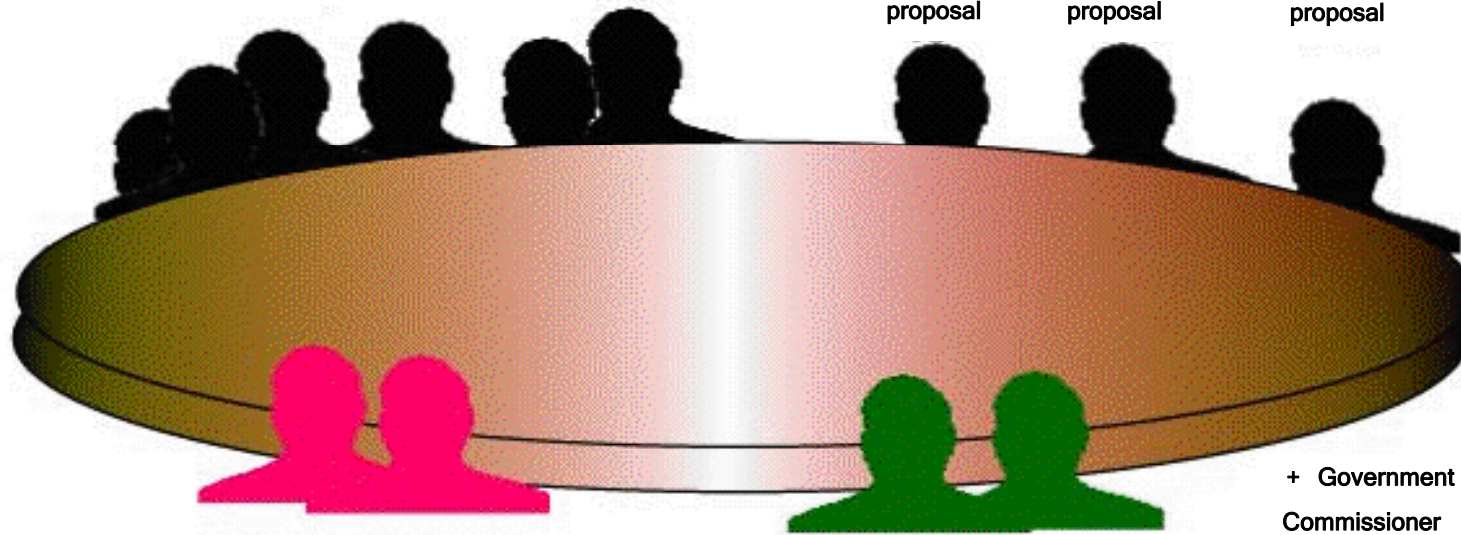
9 members nominated on proposal of representative professional organisations

UFIP proposal

UIP proposal

FFPI proposal

FF2C proposal

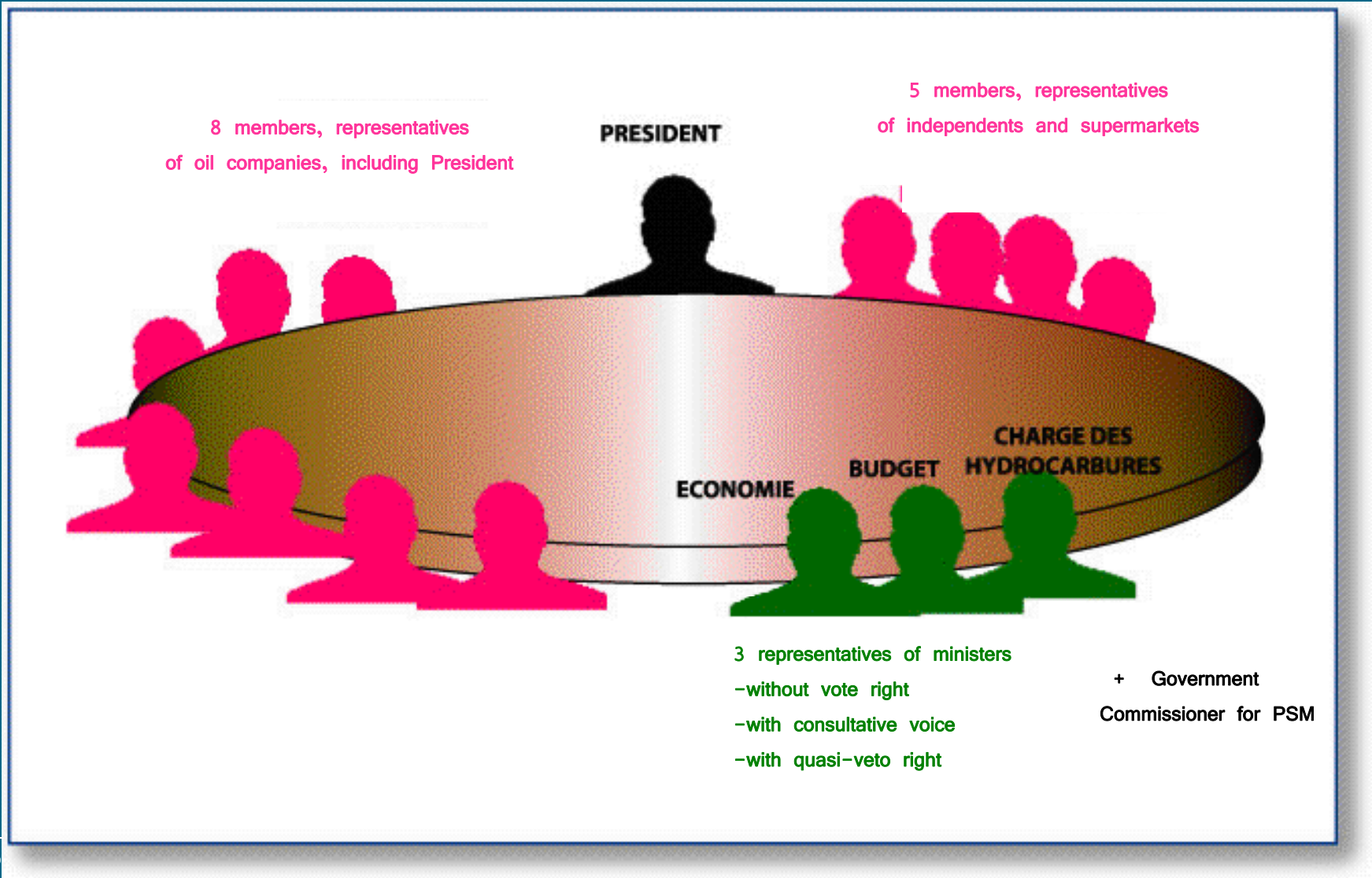


2 members nominated thanks to their competence

2 members nominated upon proposal of ministers in charge of economy and budget

+ Government Commissioner
+ representative of general economic and financial control

SAGESS Board : 13 members



SAGESS : specific points

Strategic stocks : general interest

→ impartiality with all operators; consensus needed

Sagess Strategy : not owning but hiring storage

→ contracts at > 1 year in >120 depots

Need for consistent products →

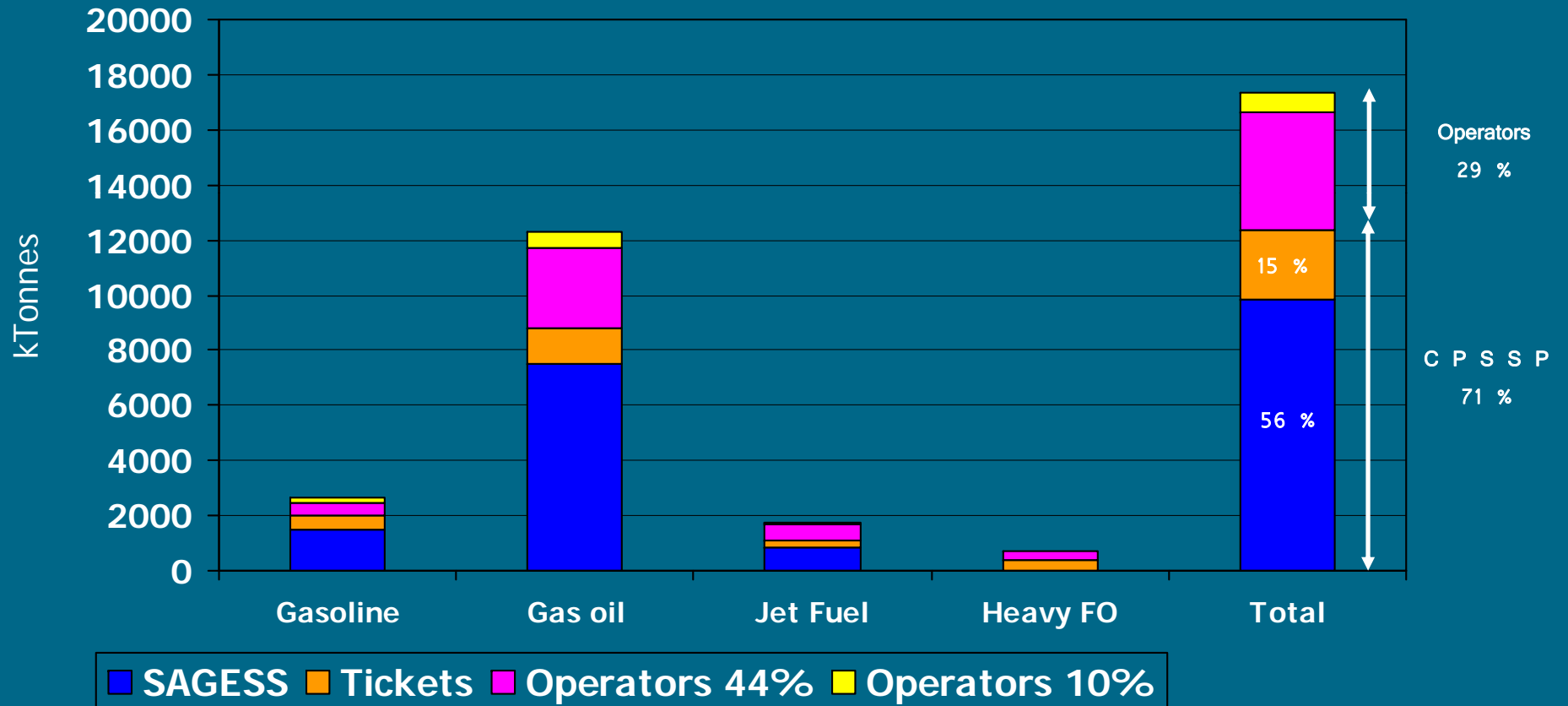
- Updating at standards (huge activity in 2007 & 2008)
- Products renewal frequency :
 - Jet : 1 year
 - Gasoline : 2 years
 - Gas Oil : 3 years

Need for stocks quality in accordance with consumption

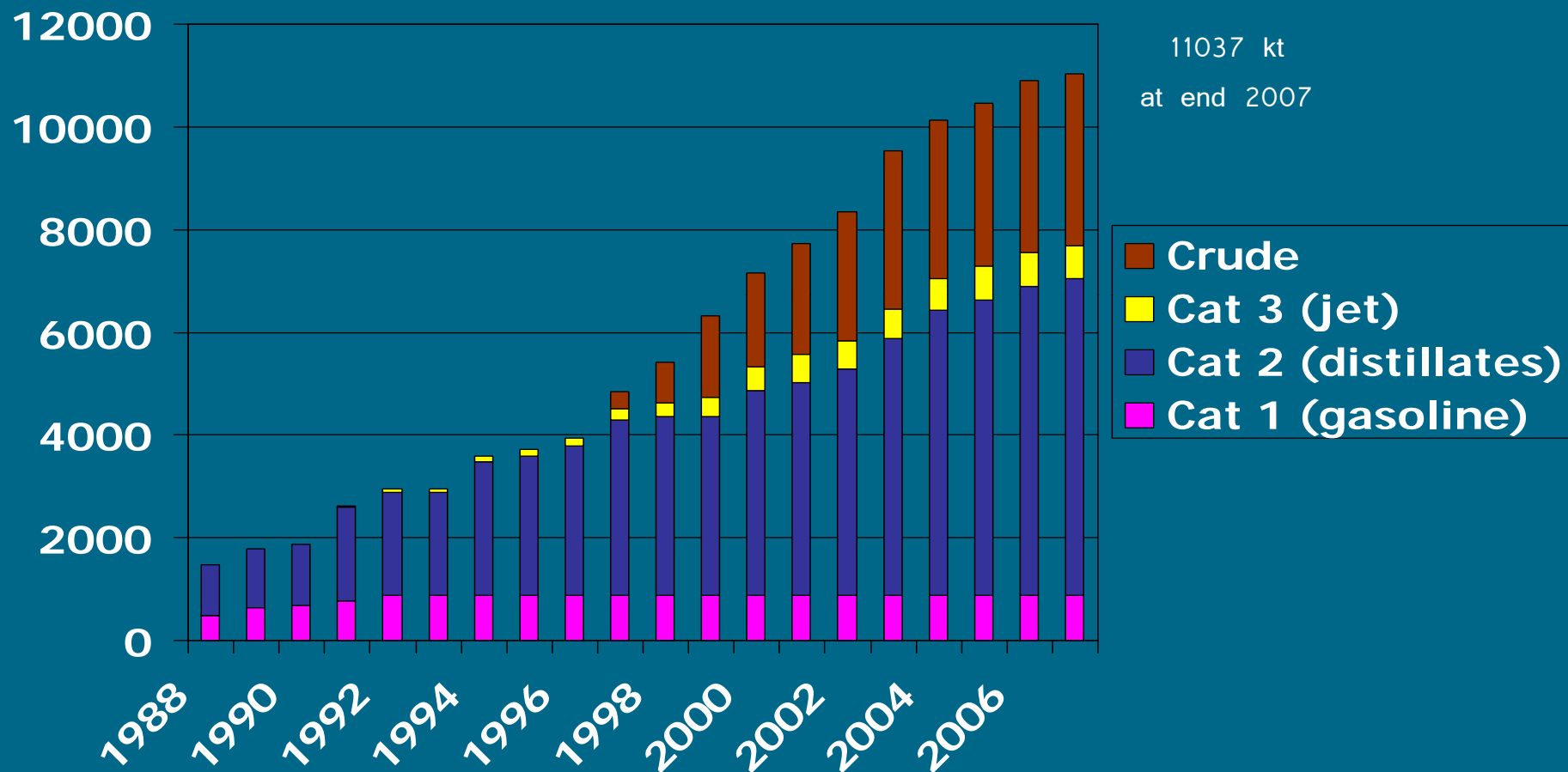
→ rebalance between Diesel against Heating Oil



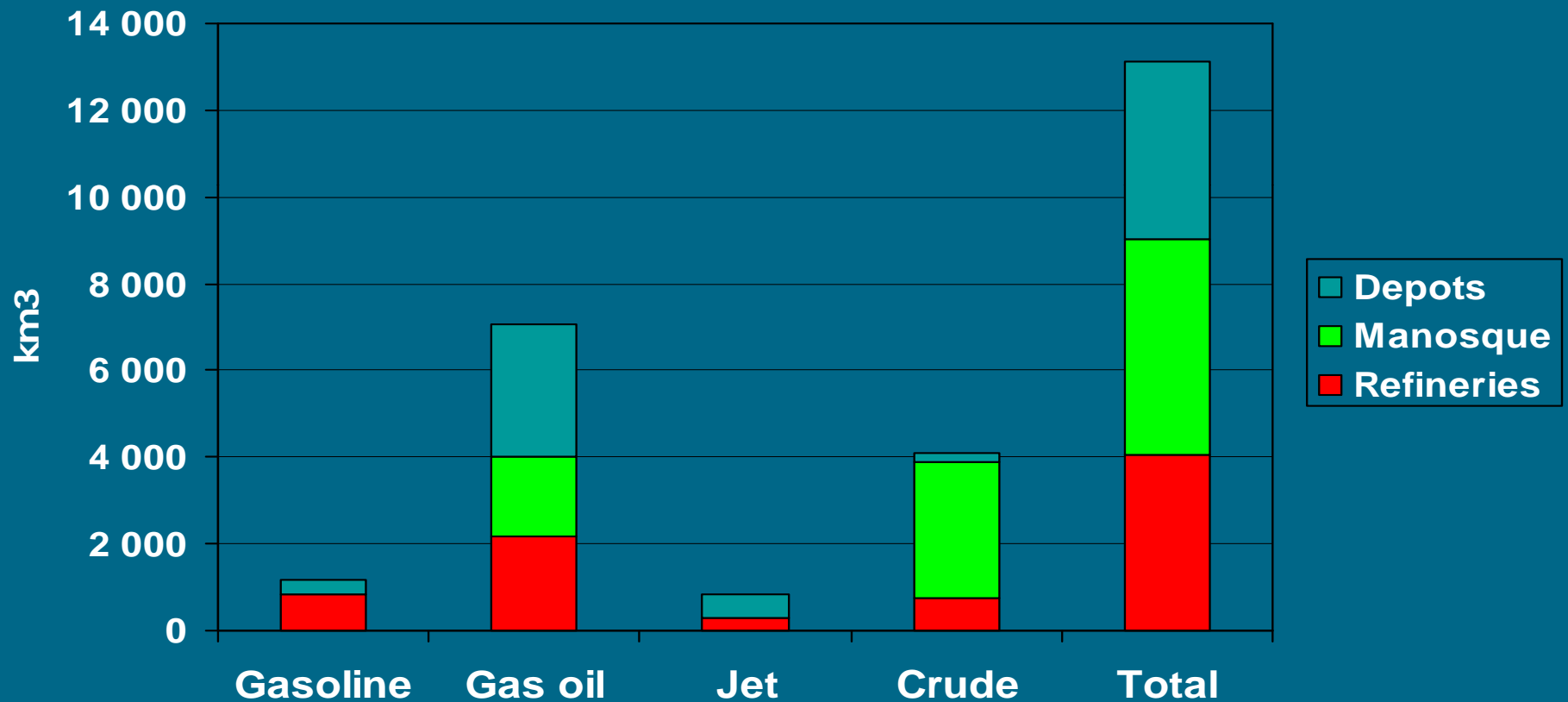
Reserve obligation coverage (2008 - 2009)



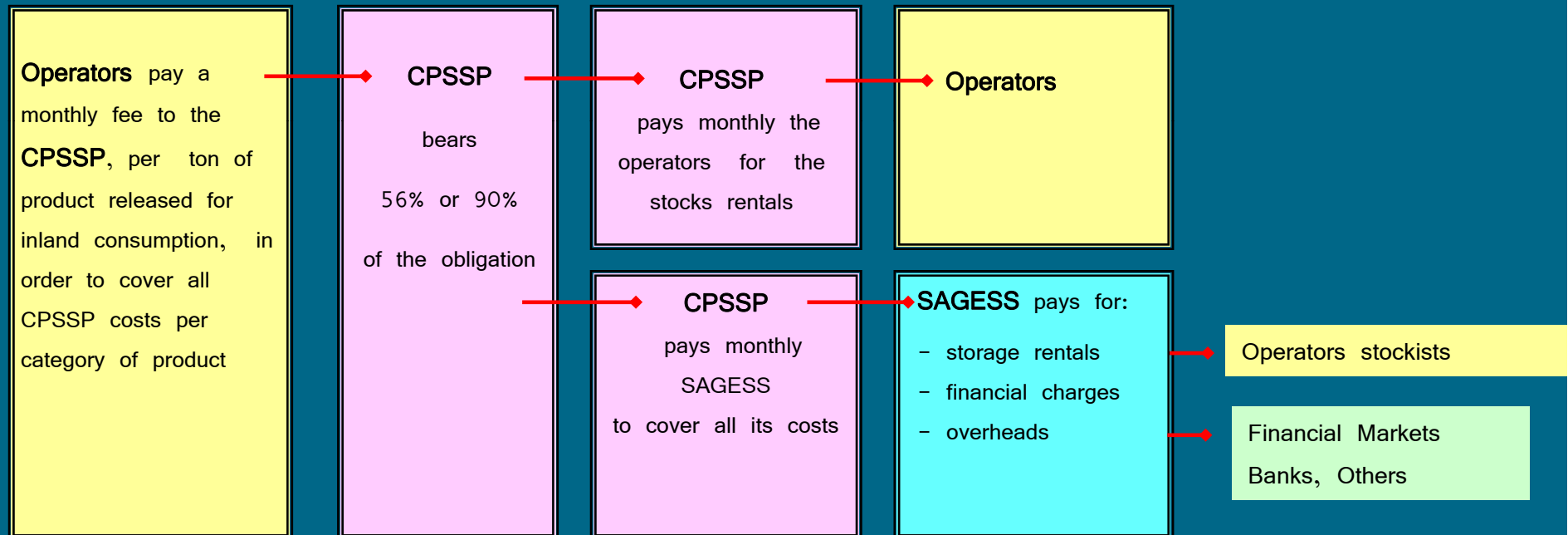
SAGESS inventories evolution



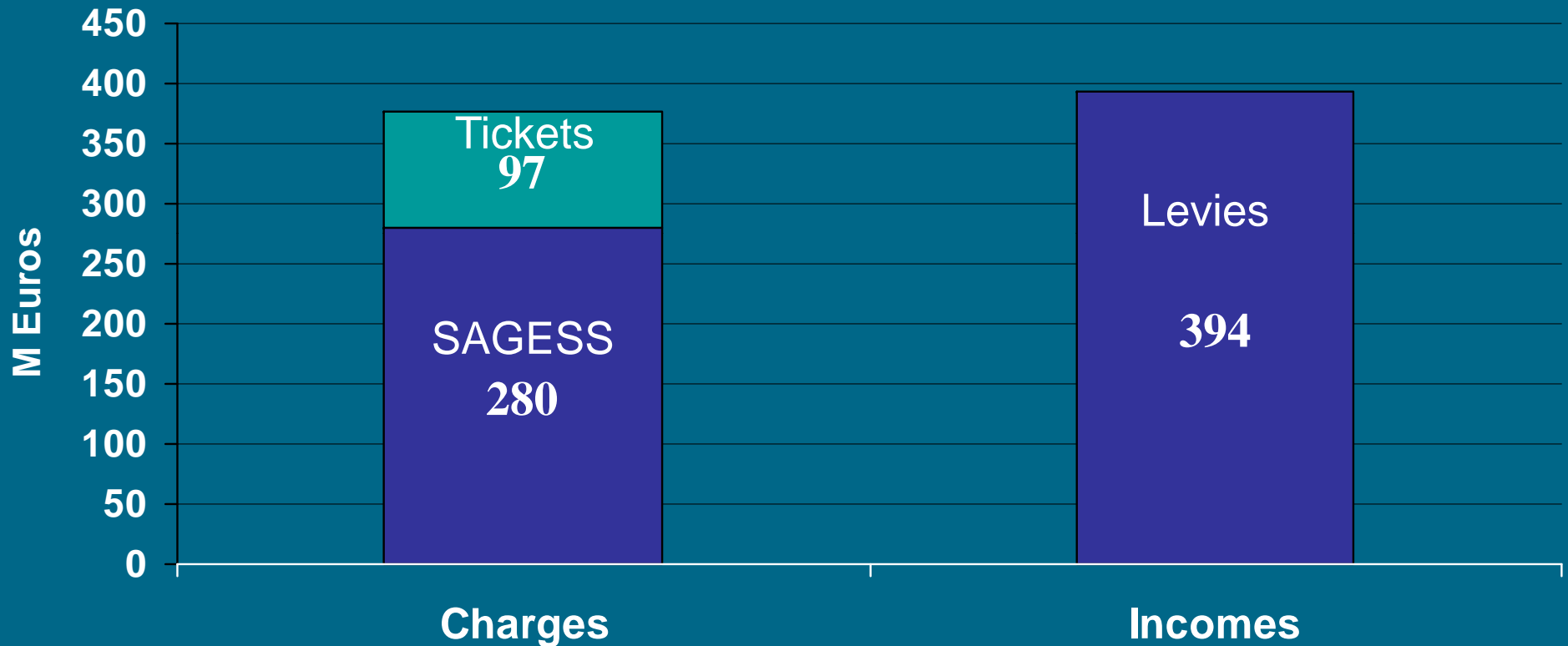
SAGESS INVENTORIES PER LOCATION (without loans) end 2007 : 13 millions M3



Financial flows



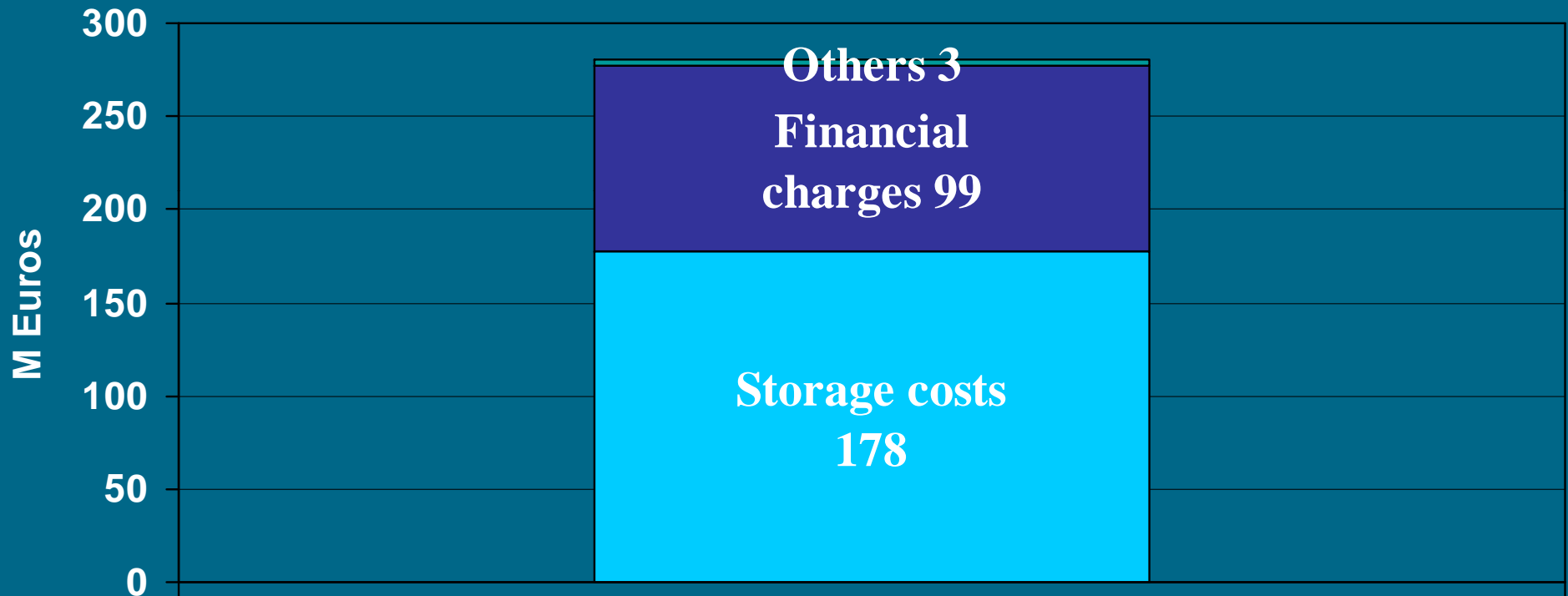
Profit & Losses of CPSSP (2007)



Notice : more incomes than charges due to SAGESS costs lower than anticipated



SAGESS charges (2007) : 280 M€



Financial and fiscal specificities of CPSSP and SAGESS

CPSSP

- It is exempt from corporate tax
- It is not allowed to borrow money
- It is not allowed to own stocks
- CPSSP 's revenues are secured through « first class guarantees ».

SAGESS

- It is a joint-stock private company
- It is exempt from corporate tax
- It may not dispose of its stocks at a loss :
If the selling price is lower than the acquisition cost, the CPSSP must compensate for the difference
- Its stocks are valued at the acquisition price and are never marked to market
- Purchasing of products are financed by borrowings (short and long term)
- SAGESS is rated AAA by S&P



SAGESS : a few Key figures (2007)


Inventories  13 Mm3 (11 MTons)

Stock value
(historical cost)  2 329 M€

 56 % de national obligation

Total costs  280 M€
(64 % inventories – 35 % financial costs – 1 % other costs)

Cost of one ton/y
of SAGESS Stock  27.1 € including PSM &
specifications changes.

 24.3 € without these exceptional (finished
product equivalent)



SAGESS SHAREHOLDERS STRUCTURE (YE 2007)

SAGESS shareholders must be “entrepoteires agrées” (authorised warehouse keepers):

Breakdown of the shares at the end of 2007:

- **International Oil Companies** (Total, Shell, Exxon-Mobil, BP, AGIP) and their subsidiaries
- **Hypermarkets** (Carrefour, Auchan, Intermarché, Leclerc,..)
- **Other importers/distributors**

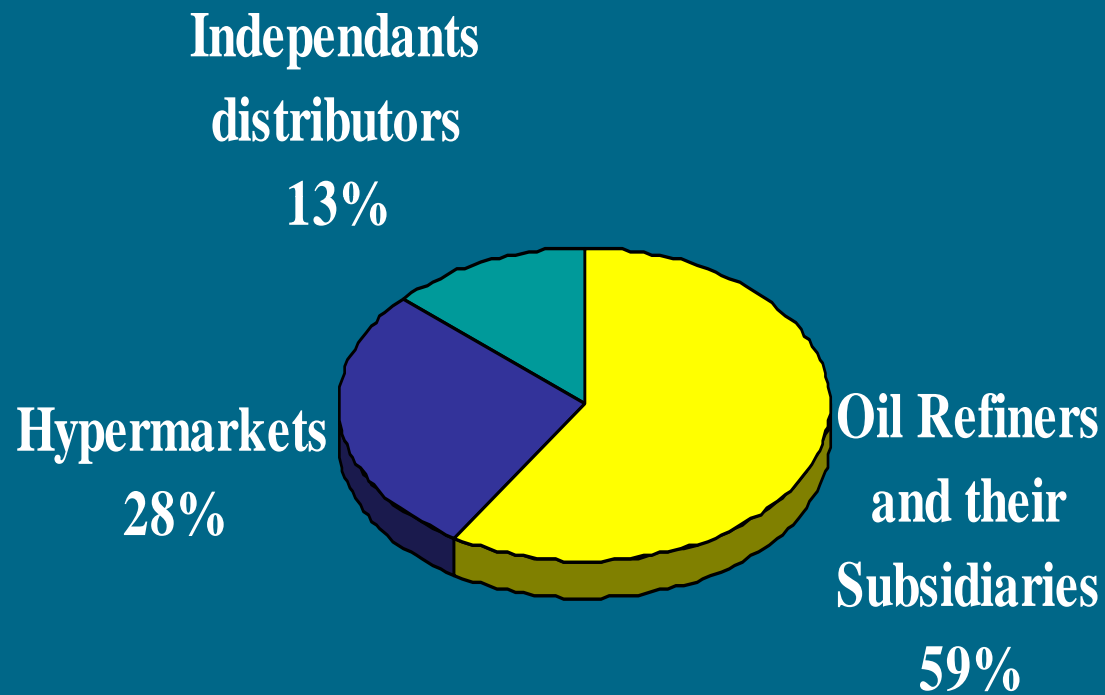
Shares can be sold and bought only with the Government's approval

At the end of 2005, SAGESS had 28 shareholders bearing 95% of the country obligation



SAGESS SHAREHOLDERS STRUCTURE

(YE 2007)



A major project for SAGESS : the new pipeline Manosque – Fos

Why a new pipe?

- 1) Important need for future additional storage.
- 2) Underground storage cheaper than above ground, but need to be able to destock Manosque in 6 months
⇒ new pipe Manosque-Fos (economics of 45 M€/y, ie pipe reimbursement in 2.75 years).

Characteristics

- Total Length : 130 km
- Two sections : North (24 inches) and South (18 inches)
- Maximum Flow rate : 2 000 m³/h (north) – 1 000m³/h (south)

Investment amount : 124 M€ (Agreement of 12/04/06 SAGESS Board and 14/04/06 CPSSP').

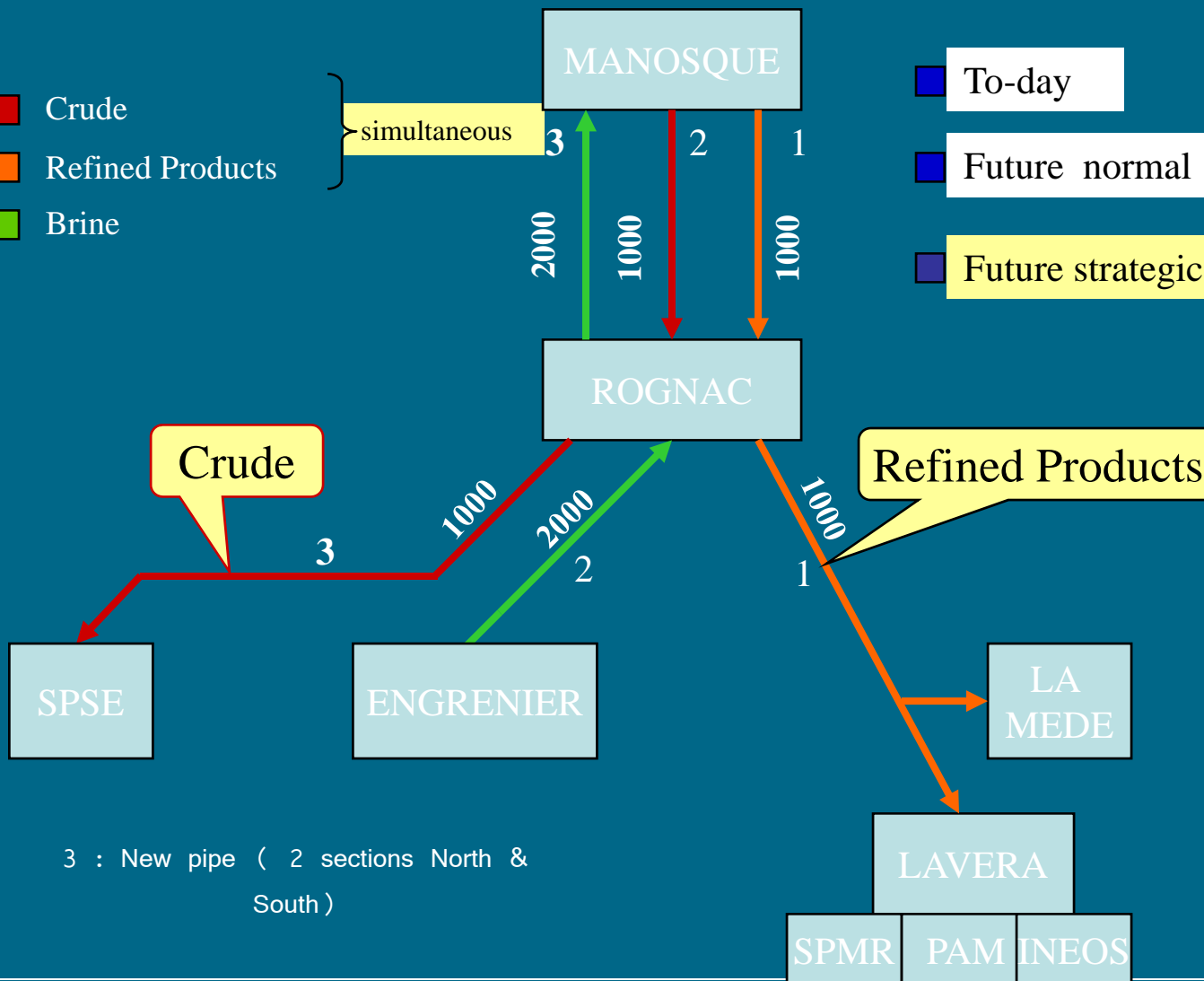
Public Utility Declaration (DUP) signed par Prime Minister : 30/03/06

Work progress forecast from 09/06 till 09/07.



Pipes allocation and flow rates (m³/h)

- █ Crude
- █ Refined Products
- █ Brine



	Destock.	Stock.
█ To-day	800 à 1200	1000
█ Future normal	800 à 1200	1000
█ Future strategic	2000	-

3 : New pipe (2 sections North & South)

