

PRESS RELEASE

MERO CR is working on the expansion of the European TAL pipeline. This will make the Czech Republic independent of oil as early as 2025

- The TAL pipeline capacity will increase by 4 million tonnes of oil per year.
- The TAL-PLUS project will strengthen the Czech Republic's energy security and ensure independence from Russian oil.
- The increase will take place from the beginning of 2025.
- The modifications will cost up to CZK 1.6 billion. The costs will be covered by MERO ČR.

Kralupy nad Vltavou, 23 May 2023 – MERO ČR has succeeded in reaching an agreement to expand the capacity of the TAL oil pipeline.

This is a major success and an important step for strengthening the energy security of the Czech Republic and the oil independence of our country. The agreement was signed on 22 May with the consent of all TAL shareholders, signed on behalf of MERO ČR by the company CEO, Mr. Jaroslav Pantůček, and the Chief Operating Officer, Mr. Zdeněk Dundr.

The TAL-PLUS project agreement provides for an increase in capacity and oil supply to the Czech Republic by up to 4 million tonnes per year from 2025. In total, the TAL or IKL pipeline will supply the Czech Republic with 8 million tonnes of oil per year, which will fully cover the country's oil needs. As a result, the Czech Republic will gain oil independence from Russian oil from the Druzhba pipeline, which can be used in the future to supply other types of oil or to be transformed into the transport of alternative energy raw materials.

*"Since the beginning of the Russian aggression in the Ukraine, we have managed to fully replace gas supplies from Russia and significantly reduce and stabilise electricity and fuel prices. With this crucial step, we will also get rid of our dependence on Russian oil. The TAL-PLUS project should be completed next year, before the ban on Russian oil imports, which we negotiated to be postponed precisely because of the need to increase capacity in the TAL pipeline, comes into force. The steps we are taking in the energy sector are well thought out and gradually build on each other," said **Prime Minister Petr Fiala.***

"The agreement on the expansion of the TAL pipeline is a major achievement, which was preceded by a year of intensive and challenging negotiations. MERO ČR is a minority partner in TAL, so I consider it unique that we managed to convince all the shareholders and gain their support for this strategic project.

MERO ČR, through TAL, will ensure technical modifications and modernisation of parts of the pipeline in the months and years to come, so that we can achieve capacity expansion. The work should be completed in early 2025, which will increase the supply to the Czech Republic by an additional 4 million tonnes of oil per year. The TAL pipeline and its follow-on IKL pipeline will be able to deliver up to 8 million tonnes of oil to the Czech Republic annually, fully covering the country's needs.



Investments in the modernisation and modifications of TAL, including technological modifications to the MERO infrastructure, are expected to amount to CZK 1.3 - 1.6 billion. All costs will be covered by MERO, so there are no financial obligations for the state.

I would like to thank the Czech government and Prime Minister Petr Fiala for their support in the negotiations on the TAL-PLUS project, as political support is part of our success. My great thanks also go to Zdeněk Dundr, Vice-Chairman of the MERO ČR Board of Directors, and his team who led the difficult negotiations, as well as to my colleagues in the subsidiary, MERO Germany GmbH. Special thanks also go to TAL and all shareholders.

*The TAL-PLUS project fundamentally strengthens the Czech Republic's energy security and ensures its independence from Russian oil. At the same time, this agreement strengthens MERO's position on the European energy market and makes MERO a fundamentally stronger and more strategic partner," says **Jaroslav Pantůček, the CEO and President of the Board of Directors of MERO ČR.***

The capacity increase will increase the volume of crude oil transported through the TAL pipeline from 6,400 to 7,500 cubic metres per hour. This will provide the Czech Republic with an additional 4 million tonnes of oil per year and ensure the country's independence from the Druzhba pipeline, which currently supplies more than half of the Czech oil consumption. Moreover, the increased volume of crude oil transported will go primarily to the Czech Republic.

Investments in the TAL pipeline capacity expansion and partial modifications to the MERO pipeline system are expected to amount to CZK 1.3 to 1.6 billion and will be paid by MERO with no additional impact on the state budget.

Bids for suppliers of key components are currently being evaluated, and design work and refinement of schedules are underway. The ramp-up of deliveries is expected to start from early 2025.

In 2021, 7.1 million tonnes of crude oil flowed into refineries in the Czech Republic, of which over 48% came from Russia. Last year, the share of Russian supplies was even higher, at 56% of the total 7.4 million tonnes. The other half of the supply is provided by the IKL pipeline, which is connected to the TAL pipeline. Up to 11 million tonnes of crude oil can be transported via IKL annually, but the TAL pipeline is fully utilised most of the time and cannot cover the consumption of domestic refineries. MERO ČR has owned a five per cent stake in the TAL pipeline since 2012. Other shareholders include OMV, Shell, Rosneft, ENI, C-Blue, Exxon, Connoco and Total.

MERO ČR, a.s. (International Oil Pipelines), the owner and operator of the Czech part of the Druzhba pipeline and the IKL pipeline, is the sole transporter of crude oil to the Czech Republic and the most important company providing storage of emergency strategic oil reserves. Both pipelines enter the Nelahozeves Central Oil Tank Facility, where the company has built a total of 17 oil tanks with a total storage capacity of 1,675,000 m³. MERO ČR, a.s. The company also owns a subsidiary in Vohburg a.d. Donau, Bavaria, from where the German section of the IKL pipeline and the local oil tank facility with a capacity of 200,000 m³ are managed. Since December 2012, MERO ČR, a.s. has been an owner of a 5% stake in the companies that own and operate the TAL pipeline.



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