Press release
Annual results 2006 – 1 March 2007

Annual results 2006

- **Despite the fall in sales in Belgium, 2006 was a very solid operational year, thanks largely to commercial successes outside Belgium – especially the continuing rise in sales in France and the first sales in Germany and the Netherlands. Effective portfolio management and strong arbitrage performance also contributed to the positive results.**
- **Consolidated net result (Group's share) of €261 million, compared with €203 million for 2005.**
- **Proposed net dividend per share: €140.82 (+5.2%)**

1. Key events 2006

Sales developments

More than 100 industrial sites in France
In March, the number of industrial sites in France supplied by Distrigas passed the 100 mark.

First customers in the Netherlands and Germany
Distrigas entered into three large supply contracts with industrial consumers in the Netherlands, and four in Germany with municipal distributors ('Stadtwerke').

New product and service range
In connection with its gas sales activities to industry, Distrigas launched a new range of products and services in order to meet its customers' requirements even better.

New website
In March, Distrigas launched a new website. In addition to a detailed description of the range of products and services on offer, the site also contains a secure extranet, where customers can monitor their consumption, analyse the technical and financial aspects of their invoice, follow developments on the natural gas market and so on.

Merger between Suez and Gaz de France

Suez and Gaz de France announced a proposed merger in February 2006.

In November, the European Commission approved the conditions for the merger between Suez and Gaz de France. In connection with the merger, the shares owned by the Suez Group in Distrigas will have to be sold after the approval of the merger by the general meetings of the companies concerned (due to the decision by France's Constitutional Council, the merger can not take place before 1 July 2007).

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By agreement with the European Commission, Mr Erwin Van Bruysel was appointed as 'Hold Separate Manager', with the mission of ensuring the continuity of Distrigas's activities and of sustaining the value and competitiveness of its business pending the outcome of the merger project.

LNG (liquefied natural gas)

LNG for the winter

Distrigas signed a short-term contract with RasGas (Qatar) for the delivery of seven cargoes of LNG to Zeebrugge during the winter. The deliveries supplement the 17 additional cargoes which are being delivered from Algeria between October 2006 and the end of March 2007.

Record year for LNG purchases

Distrigas purchased eight spot cargoes of LNG, from Egypt, Malaysia, Nigeria and Trinidad and Tobago.

Largest vessel ever in Zeebrugge

In December Distrigas took delivery at Zeebrugge of an LNG cargo from Qatar, transported by the *Al Marrouna*. With a cargo capacity of 151,000 m³ of liquefied natural gas, this was the largest methane tanker ever to unload at a European LNG terminal.

Availability of regasification capacity at Zeebrugge

During June and July, Distrigas made part of the regasification capacity it had contracted at the Zeebrugge terminal available to other LNG importers. Two extra cargoes could thus be unloaded, regasified and commercialised.

Interconnector

Further expansion of capacity on Interconnector

The Interconnector's second expansion phase was completed on 1 October 2006. The reverse flow to the United Kingdom has been increased from 16.5 billion m³ to 23.5 billion m³ per year. Distrigas thus again increased its export capacity to the UK.

Erwin Van Bruysel new Chief Executive Officer

On 8 November, Erwin Van Bruysel was appointed as the Chief Executive Officer of Distrigas, succeeding Alain Janssens.

Transit

Declaration of intent regarding transit

In September, Suez-Tractebel and Publigas, reference shareholders in Distrigas and Fluxys, signed a declaration of intent providing for the transfer of the transit activities of Distrigas & C° to Fluxys. If this transaction is completed successfully, Suez-Tractebel and Publigas will reorganise their shareholdings (Suez-Tractebel and Publigas should then have stakes of 61.84% and 26.65% respectively).

A committee of independent directors was given the task of evaluating the proposed transaction (art. 524 Companies Code). Distrigas appealed to the Council of State against a decision of the CREG which disputes the legality of some transit contracts. The committee's activities were temporarily suspended.

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Transit mandate for Fluxys
In December, Distrigas granted Fluxys a mandate to handle the management and commercialisation of all the Belgian transit capacity of Distrigas & C° from 1 January 2007. This is an exclusive mandate in which Fluxys will take on the management of existing natural gas transit contracts between Distrigas & C° and its customers on behalf of Distrigas, and will also conclude new natural gas transit contracts.

2. Natural gas sales

In TWh	2005	2006	Variation
Resellers/Distribution	66.3	67.9(*)	+ 2.4 %
Industry	51.4	49.1	- 4.4 %
Power producers	54.2	44.8	- 17.2 %
Sales in Belgium	**171.8**	**161.8**	**- 5.8 %**
Sales outside Belgium	24.5	31.7	+ 29.6 %
Arbitrage	15.0	8.2	- 48.3 %
Sales outside Belgium and arbitrage	**39.5**	**39.9**	**+ 1.1 %**
Total sales	**211.3**	**201.7**	**- 4.5 %**
Total in billion m^3	18.2	17.3	

(*) including allocation corrections with respect to previous years

2.1. Sales in Belgium: –5.8%
The 2.4% sales volume increase in the segment **"resellers and distribution companies"** includes allocation corrections carried out in 2006 with respect to previous years.

Apart from these positive corrections, however, a 1% drop in volumes was recorded. This was partly due to the higher average temperature (3% warmer than the previous year), despite the relatively cold first quarter of this year.
Additionally, since the liberalisation of the market, a number of industrial customers who are connected to the distribution grid are now supplied directly by Distrigas, and thus no longer included in the ‘resellers’ segment, but rather in the ‘industrial customers’ segment of the Distrigas sales reporting.

Sales to **industrial customers** fell by 4.4% due to Distrigas’s loss of market share in this segment and the less favourable economic situation in various sectors. In the chemical industry, sales fell by 10%. In the glass industry, the food sector and the steel industry, on the other hand, more natural gas was supplied.

Sales to **power producers** dropped by 17.2%. This drop is mainly explained by the reduction in LNG deliveries specifically destined for power stations in 2006.

2.2. Sales outside Belgium and arbitrage: +1.1%
Overall, sales outside Belgium increased by 29.6% in 2006 thanks to increased sales in France and the first deliveries to customers in the Netherlands and Germany.

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The number of industrial sites in France supplied by Distrigas passed the 100 mark. By the end of the year, 113 sites throughout France were customers of Distrigas. This remarkable progress makes Distrigas the most important new player on the French market.
In 2006, Distrigas sold around half of all volumes delivered by new suppliers to industrial customers on the French market.

Deliveries in the Netherlands and Germany also contributed to the continued growth of our sales in 2006. In the Netherlands, three large industrial customers entered into a contract with Distrigas for the first time. Four German ‘Stadtwerke’ (municipal distributors) now have part of their requirements met by Distrigas.

The fall in arbitrage sales was mainly due to the lower LNG sales to other European energy companies compared with the record level achieved in 2005.

3. Gas price changes

The world energy market experienced considerable fluctuations in 2006. The price of a barrel of crude (Brent, IPE London) rose steadily until the summer, reaching a record level of $78.50. The price then started to fall gradually, reaching around $62 per barrel at the end of the year.

Gas prices on the spot markets also fluctuated considerably during 2006, with peak prices exceeding €100 /MWh.

However, as the purchase price for natural gas is largely index-linked to oil prices, but with a time-lag and to a less pronounced extent, Distrigas’s natural gas sale prices followed the same trend.

Moreover, various recent studies (by Energy Advice, CREG, etc.) have also shown that natural gas prices in Belgium are still among the most competitive in Europe.

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4. Consolidated annual results - summary

The Auditors have confirmed that the accounting information provided in this press release does not give rise to any reservation on their behalf and conforms to the financial situation as approved by the Board of Directors.

- ### Introductory remarks

The 2006 consolidated financial statements of the Distrigas group have been drawn up in accordance with the IAS/IFRS accountancy standards applicable at 31 December 2006 in the EU and have been prepared on the basis of the same accounting methods as for the previous year.

- ### Key figures (IFRS)

In million EUR	2005	2006	Variation
Revenue from ordinary activities	**3,803.43**	**4,626.39**	**822.96**
Operating results (EBIT)	**366.19**	**403.86**	**37.67**
Results from ordinary activities (*)	**283.78**	**353,39**	**69.61**
Net financial results	13.06	17.04	3.98
Operating results including net financial results	**296.84**	**370.43**	**73.59**
Share in results of associated companies reported under the equity method	0.07	0.69	0.62
Pre-tax results	**296.91**	**371.12**	**74.21**
Income taxes	-89.31	-106.95	-17.64
Net result	**207.60**	**264.17**	**56.57**
Minority interest	4.30	2.78	-1.52
Net result Group's share	**203.30**	**261.39**	**58.09**
Net earnings per share (in EUR)	***289.35***	***372.01***	***82.66***

(*) Includes the operating result, as well as the fluctuation in the fair value of financial instruments relating to energy purchase and sales transactions.

- ### Comments on the key figures and balance sheet for 2006

Change in the scope of consolidation
The subsidiary ETAC BV no longer falls within the scope of consolidation, since its liquidation and dissolution in September 2006. However, the impact of this change on the results and the balance sheet is immaterial.

Revenue from ordinary activities (turnover)
Distrigas generated a consolidated turnover of €4,626.4 million in 2006, compared with €3,803.4 million

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the previous year. This large increase of €823 million is explained solely by higher natural gas prices in 2006.
If this price effect would be eliminated, turnover would have risen in line with the recorded increase in sales volumes. There was a fall in turnover in the "sales in Belgium" and “arbitrage” segments, but this was offset by the turnover increase in "sales outside Belgium".

Operating result (EBIT)
The operating result was €403.9 million, an increase of 10.3% or €37.7 million compared with 2005. This increase is mainly due to the strong operational performance throughout the year, with lower sales in Belgium being more than offset by sales outside Belgium, and an effective portfolio management contributing to an improvement in operating margins. Likewise, favourable market conditions meant that various arbitrage transactions could be performed which made a considerable contribution to the improvement of the operating result. In addition, a number of non-recurrent items of operating revenue were recorded. Moreover, the Act of 27 December 2006 "containing various provisions" imposed substantial payment on Distrigas following the "introduction of a one-off contribution payable by the gas sector".

Result from ordinary activities
The result from ordinary activities increased by €69.6 million (24.5%) to €353.4 million, as a direct consequence of the increase in the operating result (EBIT) mentioned earlier and the variation with respect to 2005 in the fair values of the physical and financial commodity contracts used by Distrigas in connection with its risk management portfolio and hedging policy. In accordance with the accounting standard IAS 39, these contracts are revalued at every balance sheet date, and the variation recognised in 2006 was largely due to the fact that oil prices fell from August onwards.

Net result
Taking into account the €4.0 million improvement in the financial result and the tax increase of €17.6 million, the net result was €264.2 million, up by 27% (€56.6 million) compared with 2005. The Group’s share in this was €261.4 million.

Balance sheet (see annexes)
The balance sheet total comes to €2,975.5 million, up by €151.6 million compared with the previous financial year.

Much of this change (€125.0 million) is due to the application of the IAS 39 standard. The other main changes are due to the higher gas prices (cf. the rise in stock values) and the milder temperatures during December (lower trade receivables and trade payables).

Cash flow (see annexes)
Cash and cash equivalents at Distrigas are €976.6 million, compared with €954.5 million at the start of 2006.

Operational activities, including the negative change in working capital, generated a cash flow of €162.2 million during 2006. The negative variation in cash from financing (-€125.1 million) was mainly due to the payment in May of the dividend relating to the 2005 financial year.

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Dividend (Distrigas NV) +5,2%

Distrigas SA's corporate financial statement, as of 31 December 2006, showed a net profit of 175.5 million €.

With the profit of 1.9 million € reported at the end of the preceding period, the profit to be allocated is 177,4 million €.

At the General Shareholders' Meeting and in accordance with statutory provisions, the Board of Directors will propose the payment of a gross dividend of 187,76 per share, which amounts to a net dividend of 140,82 € per share, after deduction of 25% withholding tax.

Prospects for 2007

In line with its strategy, Distrigas will continue to seize opportunities for growth in the European markets.

The liberalization and the developments in European regulations are at the fore of the company's concerns as they may have an impact on its future activities. As for last year it should be noted that the evolution of the prices can cause increasing variability in the performance of Distrigas, as for other energy merchant companies, and hence, could lead to substantial uncertainty with respect to forecasts.

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Other languages
This press release is also available in French and Dutch on our website: www.distrigas.eu

Annexes : consolidated figures

Summary of the balance sheet

In million EUR	2005	2006	Evolution
NON-CURRENT ASSETS	**685.90**	**676.67**	**-9.23**
Intangible and tangible assets	367.40	345.14	-22.26
Financial lease receivable	168.63	151.60	-17.03
Participations available for sales	97.00	97.00	0.00
Derivative Instruments	47.87	72.52	24.65
Other non-current assets	5.00	10.41	5.41
CURRENT ASSETS	**2,138.02**	**2,298.87**	**160.85**
Inventories	172.78	227.44	54.66
Financial lease receivable	16.65	17.03	0.38
Trade and other receivables	748.21	738.50	-9.71
Derivative Instruments	224.79	330.68	105.89
Cash and cash equivalents	954.47	976.57	22.10
Other current assets	21.12	8.65	-12.47
TOTAL ASSETS	**2,823.92**	**2,975.54**	**151.62**
EQUITY	**991.20**	**1,099.63**	**108.43**
Share capital	66.23	66.23	0.00
Reserves	913.22	1,019.88	106.66
Minority interests	11.75	13.52	1.77
NON-CURRENT LIABILITIES	**460.53**	**430.63**	**-29.90**
Provisions, pensions and similar benefits	35.01	7.00	-28.01
Financial lease receivable	184.26	168.51	-15.75
Other non-current liabilities	67.16	58.13	-9.03
Deferred tax liabilities	124.51	89.81	-34.70
Derivative instruments	49.59	107.18	57.59
CURRENT LIABILITIES	**1,372.19**	**1,445.28**	**73.09**
Provisions	18.29	64.71	46.42
Liabilities related to finance leases and other financial debts	21.46	15.75	-5.71
Other financial receivables	91.26	82.25	-9.01
Trade and other receivables	967.97	819.11	-148.86
Derivative instruments	268.48	444.25	175.77
Other current liabilities	4.73	19.21	14.48
TOTAL LIABILITIES	**2,823,92**	**2,975.54**	**151.62**

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Variations in shareholder equity

Consolidated shareholder equity evolved as follows during the year:

In million EUR	Share capital	Reserves				Minority interests	Total
		Reserve of participations available for sale	Reserve relating to hedging instruments	Other reserves	Total reserves		
Book value at 31.12.2005	**66.23**	**38.47**	**19.68**	**855.07**	**913.22**	**11.75**	**991.20**
Dividends paid out				-125.42	-125.42	-1.01	-126.43
Net result of the period				261.39	261.39	2.78	264.17
Variation in fair value of participations available for sales					0.00		0.00
Variation in fair value of hedging instruments			-28.18		-28.18		-28.18
Other variations				-1.13	-1.13		-1.13
Book value at 30.06.2006	**66.23**	**38.47**	**-8.50**	**989.91**	**1,019.88**	**13.52**	**1,099.63**

Summary of consolidated cash flow

In million EUR	2005	2006
Cash and cash equivalents at opening	**855.76**	**954.47**
Operational activities	248.95	162.15
Investments	-38.11	-4.65
Financing	-117.09	-125.11
Currency and perimeter changes	4.96	-10.29
Net cash increase	98.71	22.10
Cash and cash equivalents at closure	**954.47**	**976.57**

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