

Press release**Results for the 2001 financial year****27 February 2002**

- **Establishment of the new Distrigas: a sharper focus on further expansion of gas sales in Europe**
- **First financial year for the new Distrigas (1-7-2001 to 31-12-2001):**
 - **consolidated net result: EUR 10.16 million**
 - **net dividend per share: EUR 4.92**
- **Gas sales:**
 - **Sales reach the 20 billion m³(n) mark for the first time in 2001, thanks to further strengthening of the commercial position outside Belgium**
 - **Important multi-year contract for direct gas supplies to the site of an industrial customer outside Belgium**
- **Proportion of gas consumption volume in Belgium opened to competition increases from 47% to 58%**

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1. The new Distrigas: comments

The integrated natural gas company Distrigas was split into two in 2001, to form the new Distrigas and Fluxys. The unbundling of the company was carried out at the extraordinary general meeting of shareholders on 30-11-2001 on the basis of the accounts closed on 1-7-2001.

The operation took the form of a partial demerger by establishing a new company:

- the existing company transferred its gas and international capacity trade activities to the new company, which took over the name of Distrigas and has around 80 employees,
- the existing company retained the gas transport activities, changed its name to Fluxys and has around 800 employees.

The permanent shareholders in the former Distrigas now own shares in both Fluxys and the new Distrigas, in proportion to their original stake in the former Distrigas. The 16.71% category D shares in the new Distrigas were admitted to listing on the Euronext First Market in Brussels on 13-12-2001.

2. Corporate bodies

Jean-Pierre Hansen is chairman of the Board of Directors and the Executive Committee.

The Board appointed Willy Bosmans as Chief Executive Officer when the new company was established on 30-11-2001. Jean Vermeire was appointed as Director-General. Joseph Castermans and Erwin Van Bruysel hold the positions of Director Marketing & Sales and Director Gas Supply & International Capacity Trade, respectively.

3. Results

Consolidated results (in EUR million)	
	31-12-2001
Turnover	1,759.86
Operating result	18.38
Financial result	-2.09
Current result	16.29
Extraordinary result	0.79
Result before taxes	17.08
Taxes	-7.97
Net result of companies accounted for by the equity method	1.05
Net result	10.16
Distrigas share	8.75
Third-party share	1.41

Audited, approved figures, without annotations (see art. 3 bis of the Royal Decree of 3 July 1996 pertaining the obligations in respect of periodical information).

Consolidation perimeter: The results of the Distrigas group include those of the parent company Distrigas SA, of which the first financial year only covers six months (from 01-07-2001 to 31-12-2001). The consolidated result includes only the portion of the second semester of the results of the group's subsidiaries, namely Distrigaz & C° Comm. VA, Finpipe ESV, Transfin NV, ETAC BV and Distri RE.

Turnover from gas sales in the second half of 2001 rose by 16.31% compared with the second half of 2000, due mainly to the growth in sales volume (up 11.4%) compared with the same period in 2000.

Turnover from transit activities was 8.7% up compared to 2000, a less pronounced rise than in previous years.

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Most of the **operating result** was generated by activities relating to the sale of international capacity (mainly transit capacity in Belgium). Natural gas sales also contributed to the operating result because December sales benefited from temperatures lower than normal.

The **financial result** is influenced by the charges of financing the transit infrastructure. These charges are only partly offset by income from cash investments. It should also be noted that income from shareholdings was recorded in the first half of the year and so does not contribute to the results for the 2001 financial year.

The **net result of companies accounted for by the equity method** includes the second-half result of ETAC BV (EUR 1.05 million).

Distrigas SA's **net result** amounts to EUR 6.14 million. In accordance with the Articles of Association, the annual general meeting will be invited to approve the distribution of a gross dividend of EUR 6.56 per share (EUR 4.92 net).

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4. Commercial activities

4.1. Natural gas sales

As a natural gas trade company, the new DISTRIGAS is pursuing the same commercial objective as before, but with a sharper focus. Its objective is to maintain a share of at least 5% of the western European market which, according to conservative estimates, is growing at 3% per year.

4.1.1 Natural gas sales in the second half of 2001

Natural gas sales (in 1000 MWh)	01-07-2001 to 31-12-2001	01-07-2000 to 31-12-2000	Difference 2001-2000
Local distribution companies	34,359.2	32,393.7	+6.1%
• Domestic, tertiary and crafts sectors	28,097.1	26,237.6	+7.1%
• Industrial clients	6,262.2	6,156.1	+1.4%
Industry (direct clients)	25,972.7	27,597.0	-5.9%
Power production	19,387.0	17,717.1	+9.2%
Total sales in Belgium	79,718.9	77,707.8	+2.5%
Sales outside Belgium + trading	34,631.9	24,919.7	+39.1%
Total	114,350.8	102,627.5	+11.4%

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4.1.2 Natural gas sales calendar year 2001

14.2% more gas was sold in 2001 than in 2000. The growth was most pronounced in trading and in sales to customers outside Belgium (up 79.1%).

Natural gas sales (in 1000 MWh)	2001	2000	Difference 2001-2000	Share of total sales in 2001
Local distribution companies	80,809.4	75,198.3	+7.5%	33.0%
• Domestic, tertiary and crafts sectors	67,938.4	62,373.1	+8.9%	27.8%
• Industrial clients	12,870.9	12,825.2	+0.3%	5.3%
Industry (direct clients)	52,112.4	57,571.6	-9.5%	21.3%
Power production	37,480.1	39,924.5	-6.1%	15.3%
Total sales in Belgium	170,401.9	172,694.4	-1.3%	69.7%
Sales outside Belgium + trading	74,163.7	41,403.4	+79.1%	30.3%
Total	244,565.6	214,097.9	+14.2%	100.0%
Total in billion m ³ (1 m ³ = 0.01163 MWh)	21	18.4		

Gas sales in Belgium

SALES TO LOCAL DISTRIBUTION COMPANIES: UP 7.5%. The growth in consumption by the domestic, tertiary and crafts sectors is due largely to the increase of some 40,000 in the number of domestic heating customers. By the end of 2001, there were a total of around 2.5 million domestic and tertiary customers, of whom 2 million used natural gas for heating. Natural gas now has over 45% of the heating market, its growing share of the domestic market reflecting the combined effect of efforts to promote gas as a heating fuel and ongoing expansion of the gas transport and distribution networks.

Part of the increase in consumption in this segment was due to the weather. 2001 was colder than 2000, but still milder than average. Although 2001 recorded about 12% more degree-days than 2000, the final figure was more than 4% below the average for the past 30 years.

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After several years of growth, consumption by industrial clients supplied by local distribution companies remained at more or less the same level as in 2000, reflecting the slowdown in economic growth and the temporarily impaired competitiveness of natural gas in relation to other fuels (see 4.1.3).

DIRECT INDUSTRIAL CLIENTS: DOWN 9.5%. The fall in sales to direct industrial customers, like the trend in consumption by industrial clients supplied by the local distribution companies, can be attributed largely to the slowdown in economic growth and the temporarily impaired competitiveness of natural gas in relation to other fuels (see 4.1.3). Repair and maintenance works and other interruptions at several plants of large industrial clients also contributed to the drop in consumption.

POWER PRODUCTION: DOWN 6.1%. While gas was used to generate 17,151 GWh of electricity in 2000, the figure for 2001 was down to 14,243 GWh. The decrease was caused by power producers temporarily switching to less expensive sources of primary energy, especially in the first half of the year. Total power production in 2001 was also down by 5.2%, with generators importing power to replace part of their own output.

Sales outside Belgium and gas trading

Large volumes of LNG were sold in 2001 to Tractebel LNG North America and the Spanish gas company Gas Natural. Gas was also supplied to energy companies in Germany and Italy. Sales to Soteg, which supplies the Grand Duchy of Luxembourg, remained at more or less the same level as in 2000.

Trading sales on the Bacton and Zeebrugge spot markets and elsewhere more than doubled in 2001 compared with 2000. The effects on the liquidity of the Zeebrugge Hub of Enron's disappearance from the market turned out to be only temporary: the other 40 traders on the hub (more than 40) absorbed Enron's market share.

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4.1.3 Natural gas price movements and competitiveness**Lower natural gas prices**

After the sharp rise in 2000, European energy prices trended downwards for most of 2001. Oil products prices started to decline in the first quarter and the downward trend became steeper with the economic slowdown in the second half of the year. Gas prices followed suit a little later, starting in the second quarter, due to the time-lag brought about by the indexing mechanism in the long-term purchase contracts.

In Belgium the G parameter (the tariff parameter based on the average price of gas at the Belgian border) drifted downwards in 2001, dropping by nearly 17% over the course of the year to reach 13.8 EUR/MWh in December 2001, and is still falling.

Prices on the Belgian gas market were among the lowest in the EU, for all segments of the market. The DISTRIGAS prices for industrial users fell by 15% on average during the course of the year, while prices for domestic customers of the local distribution companies were 7% lower in December 2001 than in January of the same year. In accordance with the tariff measures imposed by the Committee for the Control of Electricity and Gas (CCEG), DISTRIGAS undertook in 2001 to make tariff efforts of around EUR 18.5 million to the advantage of the customers of the local distribution companies and other consumers who are temporarily still captive.

Competitiveness: further improvement in 2002

With the fall in the G parameter following hard on the heels of the drop in oil prices, gas was in a temporarily less competitive position throughout 2001, notably in comparison with low-sulphur fuel oil, but the situation is expected to further improve in 2002.

4.2. International transport capacity trade**4.2.1 Transit capacity**

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Since 1999 - the first full year that capacity in the VTN/RTR pipeline (Zeebrugge-Eynatten) was sold - the long-term border-to-border capacity in Belgium contracted from Distrigas by shippers amounts to around 48 billion m³(n) on an annual basis. Remaining capacity is commercialised mainly under short-term contracts, many of which relate to demand for short term transit to and from the Zeebrugge Hub.

4.2.2 LNG shipping

In 2001, Distrigas chartered the 'Methania' to Tractebel LNG North America and to the Spanish gas company Gas Natural, within the scope of LNG sales contracts, transport swap agreements and shipping agreements between Distrigas, Tractebel LNG North America, Gas Natural and the Algerian producer Sonatrach.

The 'BergeBoston', an LNG carrier co-owned by Distrigas in partnership with Norwegian shipping company Bergesen, will be ready for operation at the beginning of 2003 and will then be placed with Tractebel LNG North America on long-term charter.

5. 2001 highlights

5.1. Historic year for gas sales

- Gas sales passed the 20 billion m³(n) per year mark for the first time in 2001.
- Distrigas signed an important multi-year contract for direct supplies to an industrial customer outside Belgium: from January 2002 onwards, Distrigas will supply more than 30 million MWh of natural gas, or around 3 billion m³(n), to the Rhodia chemical complex in Chalampé, near Mulhouse (France), over a period of five years.

5.2. Legal environment: opening-up of the natural gas market accelerates

In March 2001 the European Commission announced its proposal to amend the 1998 Gas Directive in order to accelerate the opening up of the EU gas market. Under the terms of the proposal, all consumers connected to the transport network will have freedom of choice of supplier as of 1 January 2004 at the latest, followed one year later by end-users supplied by the distribution networks. The Commission's proposal is being considered simultaneously by the European Council of Ministers and the European Parliament, under the co-decision procedure. The Council, under Spanish chairmanship, has announced its intention of achieving substantial progress in discussions on the electricity and gas directives in the first half of 2002.

In July 2001 the Belgian federal parliament approved a number of amendments to the Gas Act of 29 April 1999. As a result, all industrial customers with a site having an annual consumption of 5 million m³(n) or more become eligible on expiry of their current supply contract. Due to the new eligibility threshold, the degree of opening up of the market rises from 47 to 58%. The amended Gas Act also provides for end-users with an annual consumption of between 1 and 5 million m³(n) or more per site to be given freedom of choice of gas supplier as of 1 October 2006.

The Flemish Natural Gas Decree, which was approved in June 2001, provides a.o. that gas consumers with a site having an annual

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consumption of 1 million m³(n) or more will become eligible as soon as a date is set for the decree to come into effect. The Flemish Natural Gas Decree also imposes legal unbundling between the entities that sell gas to eligible customers and those which operate the distribution networks. The latter will also be responsible for supplying gas to consumers who are not yet eligible.

The Walloon Government approved a draft decree in 2001. Like Flanders, Wallonia imposes a threshold level of 1 million m³(n) per year, and makes similar provisions regarding legal unbundling between the management of the distribution network and the sale of gas to eligible customers.

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Other languages

This press release is also available in French and Dutch. It can be consulted on the DISTRIGAS website: www.distrigas.be (click on "Press" and go to "Press release 27-02-2002").

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