

Distrigas SA: results first half 2002

- **Global gas sales volume: slight increase**
 - **Sales to public distribution: structural rise in natural gas share on the domestic heating market but warm winter causes decrease of sales volume (-2,9 million MWh)**
 - **Sales to other segments increase (+4 million MWh)**
- **Share of the group in the consolidated net result: €24.88 million**
- **Legal environment: natural gas distribution market in The Flemish Region probably completely open in 2003**

CONTENT

1. The new Distrigas: comments	2
2. Natural gas sales	2
3. Consolidated half-year results	5
4. Remarkable facts	6
5. Auditor's Report on 30th June 2002	8

Press release
Results for the first half of 2002 – 28th August 2002

1. The new DISTRIGAS: comments

The former, integrated natural gas company DISTRIGAS has split into two companies on 1st December 2001: the new DISTRIGAS and Fluxys. The new DISTRIGAS concentrates on natural gas trade and international capacity trade. Fluxys offers natural gas transport services, natural gas storage and LNG-terminalling in Belgium.

Shareholders of the new DISTRIGAS participate nearly in the same proportion as before the unbundling. The category D shares in the new DISTRIGAS were listed on the Euronext First Market in Brussels on 13th December 2001.

2. Natural gas sales

In the first half of 2002 the natural gas sales volume increased by 0.8% compared with the same period in 2001: while sales to the public distribution decreased by 2.9 million MWh, sales to the other segments rose by 4 million MWh.

Natural gas sales (in 1,000 MWh)	1st half 2002	1st half 2001	Difference	Share in the sales of first half 2002
Public distribution	43,539	46,450	-6.3%	33.14%
• Domestic, tertiary and craft sector	36,843	38,191	-3.5%	28.04%
• Industrial customers	6,696	8,259	-18.9%	5.10%
Direct industrial customers	26,609	26,140	+1.8%	20.25%
Power production	19,557	18,093	+8.1%	14.89%
Total sales in Belgium	89,705	90,683	-1.1%	68.28%
Total sales outside Belgium and arbitrage sales	41,668	39,605	+5.2%	31.72%
Total	131,373	130,288	+0.8%	100%
Total in billion m ³ (1 m ³ = 0.01163 MWh)	11.3	11.2		

Press release**Results for the first half of 2002 – 28th August 2002**

2.1. SALES IN BELGIUM: -1.1%

Sales to the **public distribution** decreased by 6.3%, due mainly to weather conditions: the consumption of natural gas for domestic heating decreased because temperatures were significantly higher in the first half of 2002 compared with 2001 (13% degree-days¹ less). This is not contradictory to the fact that since the number of connections to the distribution networks has risen the share of natural gas on the domestic heating market has grown. In normalised values² - meaning without taking temperature into account - sales to the public distribution rose in the first half of 2001 by more than 2% compared with the same period last year.

Sales to the **direct industrial customers** increased by 1.8% due to better competitiveness of natural gas in the first half of 2002 and to the fact that lower sales volume in the first half of 2001 were caused by work interruptions, maintenance and reparation works at a few important direct industrial customers. It must be noted that although the sales in this segment rose in the first half of 2002, they were unfavourably influenced by global slowdown in the economy.

Sales for **power production** rose by 8.1% due mainly to better competitiveness of natural gas in relation to other fuels.

¹ Degree-days: the number of degree-days in a day is calculated related to a heating limit determined experimentally at 16.5 °C. The number of degree-days is the difference between the referential temperature of 16.5 °C and the average day temperature. On annual basis the sum of the total number of degree-days for each day is made.

² Normalised sales volume: corrected sales volume in which the effect of the weather conditions is neutralised by reducing them to a statistic average.

Press release**Results for the first half of 2002 – 28th August 2002**

2.2. SALES OUTSIDE BELGIUM AND ARBITRAGE SALES: +5.2%

Liberalisation of natural gas markets in the European union has sharpened competition, enhanced liquidity on the spot markets of Zeebrugge and Bacton and has created at the same time new opportunities for natural gas sales outside the Belgian market. Sales outside Belgium and arbitrage sales rose by around 5%.

- Sales to Soteg (Grand Duchy of Luxembourg) rose slightly.
- Within the scope of a swap/sales agreement between Distrigas, Tractebel LNG North America, the Algerian producer Sonatrach and the Spanish gas company Gas Natural Distrigas sold important amounts of LNG to Gas Natural and Tractebel LNG North America. The swap/sales agreement was put on hold by mutual agreement at the end of March 2002 due to the situation on the North American market.
- Sales outside Belgium also rose because new contracts for the delivery of natural gas to the chemical company Rhodia in France and energy companies in Italy and Germany came into effect in the first half of 2002 (30 million MWh over a period of 5 years).
- Price arbitrage on short-term markets of among others Bacton and Zeebrugge again contributed largely to the sales volume.

2.3. NATURAL GAS PRICES KEPT DECREASING IN THE FIRST HALF OF 2002

The decreasing trend since April 2001 in natural gas prices continued in the first half of 2002. The G parameter – the tariff parameter based on the average import price at the Belgian border – amounted to 12.1 €/MWh in June, a decrease by 12% compared with December 2001.

Since March 2002 oil price have started to rise. It is expected that this will also influence the G parameter in the second half of the year taking into account the time lag in the indexation mechanism in the long-term natural gas purchase contracts.

Press release
Results for the first half of 2002 – 28th August 2002

3. Consolidated half-year results

3.1. KEY FIGURES

There are no comparable financial key figures available for the first half of 2001 since Distrigas' first financial year covers the period from 1st July 2001 until 31st December 2001. The results of that financial year are not a valid basis of comparison: natural gas sales are the most important part of the turnover and there are no significant seasonal variations between the first and the second half of the year. On 31st December 2001 the net result amounted to € 10.16 million, with a share of Distrigas of € 8.75 million.

Consolidated results: key figures (in mln. €)	1st half 2002
Consolidated profit	1,833.36
Operating profit	35.81
Financial result	1.99
Profit on ordinary activities before income taxes	37.80
Extraordinary result	0.07
Profit before income taxes	37.87
Income taxes	-12.59
Result of companies accounted for by the equity method	1.03
Consolidated profit	26.31
Share of Distrigas SA	24.88
Third-party shares	1.43

3.2. TURNOVER

Turnover from **natural gas sales** accounted for 96% of the global turnover in the first half of 2002. The slight rise of the natural gas sales volume compared with the first half of 2001 had no corresponding effect on the turnover because natural gas prices decreased by an average of around 18% in the first half of 2002 compared with the same period last year.

Turnover from **transit activities** slightly rose compared with the first half of 2001 because new short-term transit contracts were concluded in the first half of 2002 adding to the revenue from the basis portfolio of long-term transit contracts.

Press release

Results for the first half of 2002 – 28th August 2002

3.3. RESULTS

The **operating result** includes the result of Distrigas & C°, the Distrigas' subsidiary that among others commercialises transit capacity. The half-year results of 2002 of Distrigas & C° increased compared with those of 2001 due to a rise in revenue and a decrease in charges.

The positive **financial result** was due to revenues from financial tangible assets on the one hand – more specifically a payment of a dividend by Interconnector UK – and a decrease of costs linked to long-term debts on the other hand.

4. Remarkable facts

4.1. DISTRIGAS-CUSTOMERS: NO NUISANCE OF INTERCONNECTOR-SHUT DOWN

On 2nd July 2002 Interconnector UK interrupted transport through the Interconnector of British natural gas to the continent because pollution of the natural gas with liquid hydrocarbons originated from the British network was noticed in the Bacton terminal as well as in the offshore pipeline. After several operations in order to clean the installations the transport of natural gas in the Interconnector was reinitiated on 5th August 2002.

Distrigas-customers did not experience nuisance of the fact that no natural gas flowed through the Interconnector for about a month's period: because Distrigas works with a diversified purchase portfolio continuity of natural gas delivery to customers was guaranteed at any time.

Press release

Results for the first half of 2002 – 28th August 2002

4.2. LEGAL ENVIRONMENT: FURTHER ACCELERATION OF THE DEGREE OF NATURAL GAS MARKET OPENING

In March 2001 the **European Commission** announced its proposal to amend the 1998 Gas Directive in order to accelerate the opening-up of the internal natural gas market. In the first half of 2002 the discussions on the amendments have progressed under the Spanish presidency of the Council. After the Summit of Barcelona in March a new proposal for amendment was handed over to the Members for analysis. It is expected that the European Council and the European Parliament will agree upon the amendments by the end of 2002 under the Danish presidency.

In **Belgium** regulation is, for the most important part, heading forward or runs parallel to the acceleration envisaged by the amended European Directive.

The **Flemish Government** has prepared the Execution Degrees of the Natural Gas Decree of July 2001 and drafts are now in the approval phase. The drafts provide that end-users connected to the distribution network in Flanders and having a site with an annual consumption of 1 million m³(n) or more, are free to choose their gas supplier from 1st January 2003. From July 2003 the same would apply to all other end-users connected to the distribution network in Flanders.

The **Walloon Government** has prepared a Natural Gas Decree that is also in the approval phase. According to the draft end-users connected to the distribution network in Wallonia and having a site with an annual consumption of 1 million m³(n) or more will be free to choose their supplier at the moment of the Decree's publication.

4.3. DISTRIGAS RECEIVES SUPPLY LICENCE FOR NATURAL GAS DELIVERY THROUGH THE TRANSPORT NETWORK

In line with the Belgian Federal Gas Act DISTRIGAS submitted an application in order to receive a supply licence. Such a licence gives the possibility to deliver natural gas to customers who are free to choose their supplier and are connected to the transport network. The supply licence was granted on 17th April 2002 and is valid for 5 year.

In the Flemish regulation a similar system of supply licences is provided. Those licences give suppliers the possibility to deliver natural gas to end-users who are free to choose their supplier and are connected to the distribution networks. In accordance

Press release**Results for the first half of 2002 – 28th August 2002**

with the possibility offered by the VREG (Vlaamse Reguleringsinstantie voor de Elektriciteits- en Gasmarkt / Flemish Regulating Body for the Electricity and Gas Markets), DISTRIGAS submitted a temporary application file in anticipation of the definitive Execution Decree.

5. Auditor's Report on 30th June 2002

We declare to have performed a limited audit of DISTRIGAS' consolidated and not-consolidated half-year situation on 30th June 2002 in accordance with the standards of the 'Institut des Réviseurs d'Entreprises / Instituut der Bedrijfsrevisoren'.

Our audit was based on the analysis, comparison, and discussion of the half-year financial information and was therefore not as complete as a complete audit of the annual accounts.

In this limited audit no information was found that might cause adjustments of DISTRIGAS' half-year situation.

Antwerp, 26th August 2002.

Deloitte & Touche Auditors BV o.v.v.e. C.V.B.A.

Represented by Mr. J. Vlaminckx

Press release**Results for the first half of 2002 – 28th August 2002**

Contact persons*Press:*

Yves Poncelet

- Tel.: +32 (0)2 557 30 86
- Fax: +32 (0)2 502 21 79
- E-mail: yves.poncelet@distri.be

Investor relations:

Jan Van Brabant

- Tel.: +32 (0)2 518 65 99
- Fax: +32 (0)2 518 62 85
- E-mail: jan.vanbrabant@distri.be

Other languages

This press release is also available in French and Dutch. You can find it at the DISTRIGAS-website as well: www.distrigas.be (first click on 'Press' and then 'Press release 28-08-2002').

Distrigas SA

Rue de l'Industrie 10

B-1000 Brussels

BTW: BE 476.201.605

Trade Register N° Brussels 654 126

Tel. +32 (0)2 557 31 11

Fax +32 (0)2 557 31 12