

- **The new DISTRIGAS SA** - Second financial year.  
- First full financial year.
- **Sales of natural gas up 8.8%**
  - **Sales to public distribution in Belgium were down 3.4%, mainly due to mild temperatures, despite an increased penetration of the residential heating market by natural gas.**
  - **The growth in sales in Europe exceeded the loss of market share in Belgium.**
- **Results**
  - **Group share of net consolidated result: €68 million**
  - **Proposed net dividend per share: €23.01**
- **Liberalisation of gas markets in Belgium and Europe gathers pace**

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## **1. Natural gas sales**

Despite the tough economy and the accelerated pace of liberalisation in the Belgian market, DISTRIGAS exceeded the 20 billion m<sup>3</sup> sales mark for the second year, and compensated for its loss of market share on its home market through sales in Western Europe, where it intends to hold onto at least 5% share in this growing area.

Overall, natural gas sales were up 8.8% compared with 2001. As this is the first full year of activities for the 'new' DISTRIGAS\*, the 2001 figures also show sales over a period of 12 months, for ease of comparison.

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**Results FY 2002 – 26 February 2003**

Natural gas sales (in 1,000 MWh)	2002	2001	2002/2001	Breakdown of sales 2002
Local distribution companies	<b>78,052</b>	<b>80,809</b>	<b>-3.4%</b>	<b>29%</b>
Residential, tertiary and craft sectors	65,168	67,938	-4.1%	24%
Industrial customers	12,884	12,871	+0.1%	5%
Direct industrial customers	<b>54,100</b>	<b>52,112</b>	<b>+3.8%</b>	<b>20%</b>
Power generation	<b>38,733</b>	<b>37,480</b>	<b>+3.3%</b>	<b>15%</b>
Sales outside Belgium and trading	<b>95,224</b>	<b>74,164</b>	<b>+28.4%</b>	<b>36%</b>
<b>Total</b>	<b>266,109</b>	<b>244,565</b>	<b>+8.8%</b>	<b>100%</b>
Total in billion m <sup>3</sup> (1m <sup>3</sup> (n) = 0.01163 MWh)	<b>22.9</b>	<b>21</b>		

\* Anticipating the provisions of the European directive, Distrigas, formerly a bundled company, was demerged into two companies at the end of 2001: the new Distrigas and Fluxys. The new Distrigas concentrates on natural gas and international capacity trade. Fluxys offers natural gas transport services, natural gas storage and LNG-terminal services in Belgium.

**Sales in Belgium**
**1. Sales to local distribution companies**
**- Residential, tertiary and crafts sectors down 4.1%**

The intermunicipal distribution companies' domestic, tertiary and craft customers consumed 65.17 million MWh, a fall of 4.1% compared to 2001, mainly due to changes in the climate. 2002 was 15% warmer than a normal year (based on the last 30 years' average).

The downturn came despite the increased penetration of the residential heating market by natural gas, where it accounts for 44% (43% for home heating oil).

Over a period of 10 years, natural gas has attracted more than 400,000 new users in this market.

**- Industrial consumers: situation unchanged**

In 2002, sales to the public distribution companies' industrial customers totalled 12.88 million MWh, - unchanged for the last two years, despite difficult economic conditions.

**2. Direct sales to industrial customers up 3.8%**

Sales to industrial customers totalled 54.10 million MWh, an increase of 3.8% compared with 2001, mainly because of the improved competitiveness and environmental performance of natural gas. For most of the year, natural gas was very competitive compared with other fuels thanks to the fall in gas prices from late 2001 onwards.

**3. Power generation sales up 3.3%**

Power generation sales totalled 38.73 million MWh, up 3.3% compared with 2001. In 2002, natural gas was used to generate 16.479 GWh<sub>e</sub>, compared with 14.762 GWh<sub>e</sub> in 2001.

<b>Sales outside Belgium and trading up 28.4%</b>
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In Europe, DISTRIGAS continued to make inroads into Western European markets, mainly in France, where several industries have selected DISTRIGAS as their gas supplier. DISTRIGAS started deliveries in January 2002 to its first major French industrial customer, Rhodia, a chemicals company with which a five-year contract was concluded in 2001.

During 2002, DISTRIGAS continued to supply natural gas to energy companies in Germany, Spain and Italy. Sales to Soteg (for the supply of the Grand-Duchy of Luxembourg) continued at the same level as in 2001.

Even after doubling between 2000 and 2001, arbitrage trading sales – especially on the Bacton and Zeebrugge spot markets – grew further in 2002.

**2. Competitiveness of natural gas prices**

In 2002, natural gas generally benefited from its competitive price compared with other fuels.

In Belgium, the G parameter – based on DISTRIGAS' average import price at the Belgian border – is used as a benchmark for setting the price of gas it supplies to its customers.

The sharp drop in the G parameter in 2001 continued in the first half of 2002. However since late August 2002, the risks of conflict in the Middle East have caused a significant upturn in the prices of oil products. This led to an increase in the G parameter, reaching approximately €13.01/MWh in December. Bearing in mind the fluctuation in oil product prices in late 2002, it is expected that the G parameter will continue to grow moderately until the second quarter of 2003.

Compared with other European countries, the price of natural gas in Belgium is very competitive for all main customer segments.

### 3. Consolidated results (€million)

	31/12/2001 *	31/12/2002
<b>Net turnover</b>	<b>1760</b>	<b>3606</b>
Operating profit	18	94
Financial result	-2	-5
<b>Current result</b>	<b>16</b>	<b>89</b>
Extraordinary result	1	17
<b>Result before taxes</b>	<b>17</b>	<b>106</b>
Income taxes	-8	-38
Results of companies accounted for by the equity method	1	2
<b>Consolidated profit</b>	<b>10</b>	<b>70</b>
Group share	9	68
Share of third parties	1	2
<b>Cash flow</b>	<b>90</b>	<b>73</b>

(\*) Following the division at the end of 2001 of Distrigas into two companies - the new Distrigas and Fluxys- the results for 2001 cover the period from 1/7/2001 to 31/12/2001 for Distrigas SA and its consolidated subsidiaries.

The change between FY 2001 and FY 2002 is not meaningful, since sales of gas - which account for most of the turnover of Distrigas SA - experience significant seasonal fluctuations from the first to the second half of the year. The differences between 2001 and 2002 are therefore not shown.

#### Consolidation scope

There was no change to the scope of consolidation compared with the previous financial year. The annotated results below therefore still include those of Distrigas SA and those of subsidiaries Distrigas & C° SCA, Finpipe GIE, Transfin SA (all of which were fully consolidated) as well as ETAC BV and Distri Re (consolidated using the equity method).

#### Turnover

**Turnover** from sales of natural gas (€3,460 million) accounts for 96% of total turnover. The increase of nearly 9% in terms of volume sold compared with 2001 (in annual figures), did not have a similar impact on turnover, since prices dropped by around 16% during the same period (on average and taking all customers together) — even though prices began to level off in the third quarter of 2002 with a slight upturn seen in the fourth quarter.

**Transit** generated a turnover of €113 million, accounting for 3% of the total. It continues to rise, albeit not as strongly as in previous years (around 4% compared to 2001 in annual figures).

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**Other activities** accounted for €33 million in terms of turnover, of which €21 million was generated by GIE Finpipe from the lease of Zeebrugge-Blaregnies and RTR pipes.

#### **Operating profit**

The operating profit was generated by DISTRIGAS SA and its subsidiary DISTRIGAS & C°, in nearly equal shares, as well as by its subsidiary GIE Finpipe.

Since FY 2001 for DISTRIGAS SA only covered the second half, it is very difficult to make any useful comments on a comparison of the operating result with 2002. However, it should be noted that the competitive pressure announced in the 'Outlook for 2002' section of the 2001 annual report have clearly been felt in the market in 2002.

The subsidiary DISTRIGAS & C°'s operating result rose significantly compared with 2001 due to the combined effect of an increase in turnover and the elimination of non-recurrent charges accounted for in 2001.

#### **Financial result**

The consolidated financial result comprises on the one hand charges for loans taken out by subsidiary Finpipe GIE to finance leased assets and, on the other hand, the financial revenue generated by DISTRIGAS SA and DISTRIGAS & C°, in particular the inflow of dividends on their holdings in Interconnector (UK) Ltd.

#### **Extraordinary result**

The consolidated extraordinary result related to a tax reduction by a local authority for previous years.

The **net result of equity-accounted companies** includes, as last year, a share in the result of subsidiary ETAC B.V.

In accordance with the Articles of Association, the annual general meeting will be asked to approve the distribution of a **gross dividend of €30.68 per share (€23.01 net)**.

## **4. Key events**

### **January 2002 – First deliveries to Rhodia**

First deliveries were made to the Rhodia chemicals complex in Chalampé, France. Following a contract signed in 2001, Distrigas will supply a total of nearly 3 billion m<sup>3</sup> of natural gas over a period of five years.

### **July-August 2002 – Interconnector shutdown**

Transmission of British natural gas from the United Kingdom to the Continent via the Interconnector was interrupted for five weeks due to pollution by liquid hydrocarbons from the UK network.

Distrigas-customers have not been inconvenienced at any time by this interruption. Thanks to Distrigas' diversified portfolio of purchases contracts, continuity of natural gas delivery to customers was maintained.

Distrigas also supplied gas to several trading partners in order to make up for the shortfall in their UK source, so that they could continue to honour their commitments, and thus ensured the liquidity of the Zeebrugge hub.

### **October 2002 - Distrigas participates in enhancement of Reverse Flow capacity of the UK Continent Interconnector**

Distrigas has supported the project from the outset and has significantly contributed to the go-ahead decision by underwriting slightly more than one quarter of the Reverse Flow capacity increase (i.e. transmission capacity towards the UK). This will reinforce Distrigas' trading position in the Zeebrugge and Bacton markets and create additional opportunities in its marketing of border-to-border transit capacity through Belgium and in supplying the UK market, which is expected to become dependent on imports by the middle of the decade.

### **December 2002 – 20 years of supplying Algerian LNG to Distrigas and receipt of the thousandth shipment**

To mark this occasion Sonatrach and Distrigas signed a letter of intent for the supply of natural gas via the Medgaz project, an underwater pipeline that will link Algeria directly to Spain. The volume supplied will be at least one billion cubic metres by 2006.

### **January 2003 – Delivery of a new tanker**

In South Korea, Distrigas and Bergesen christened the *Berge Boston*, a new carrier with a capacity of 138,000 m<sup>3</sup> for transporting LNG (liquefied natural gas). The ship, owned jointly by Bergesen (51%) and Distrigas SA (49%), will be chartered under a long-term contract to Tractebel LNG North America LLC.

## **5. Market liberalisation gathers pace**

In November 2002, the European Energy Council set out common rules and a timetable for the opening up of the European energy market. The agreement calls for the deregulation of the gas market for non-residential customers by 1 July 2004 at the latest, and full opening for all customers by 1 July 2007 at the latest.

As of 1 January 2003 the Flemish region in Belgium opened up the market for those consumers consuming in excess of 1 million m<sup>3</sup> (12 GWh) and connected to public distribution networks. All consumers based in Flanders will be free to choose their gas supplier starting on 1 July 2003, regardless of their consumption level.

The decree on the organisation of the regional gas market in Wallonia, as published in the Belgian Official Gazette on 11 February, allows for the immediate eligibility – when it becomes law – of end customers who consume more than 1 million m<sup>3</sup> (12 GWh) per year, as well as those who have a quality cogeneration unit.

Practically, the opening level of the Belgian market will increase from 65% as of 1 January 2003 to 83% as of 1 July 2003.

### **Distrigas obtains permits to supply natural gas**

In accordance with the Federal Gas Act, Distrigas applied for a permit to supply natural gas to eligible consumers connected to the transmission system. The permit was granted on 17 April 2002 for a period of five years.

At regional level, the Flemish legislature called for a similar system of supply permits allowing operators to supply natural gas to end customers connected to the distribution networks. On 6 December 2002, Distrigas also obtained the relevant permit from the Flemish regulator VREG.

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**Other languages**

This press release is also available in French and Dutch. Please check the DISTRIGAS website: [www.distrigas.be](http://www.distrigas.be).

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