

Press release
3 March 2005

- **Natural gas sales up (+5.2%)**
 - **In Belgium, lower sales to distribution companies (-5.6%) while direct sales to industrial customers remain basically unchanged in a market with strong competitive pressures.**
 - **Growth entirely attributable to sales outside Belgium and arbitrage trade (+21.8%).**
- **Results**
 - **Consolidated net profit, Distrigas share: €204 million (-5.3%)**
 - **Proposed net dividend per share: €114**

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Despite the strong competition Distrigas succeeded in 2004 in pursuing its growth strategy in the European market. The loss of market share in the home market has been compensated again by an increase of sales in other markets in Western Europe.

In line with its strategy, Distrigas intends to maintain a share of at least 5 % in this growing market.

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1. Natural gas sales

Overall, DISTRIGAS increased natural gas sales by 5 % in 2004. The company more than compensated for the drop in Belgian sales with its sales growth outside Belgium and with arbitrage activities.

Natural gas sales (in GWh)	2004	2003	2004/2003	Share of sales 2004
Distribution companies	71,726	75,977	-5.6%	27%
Direct industrial customers	51,063	50,962	+0.2%	19%
Power generation	43,719	44,382	-1.5%	16%
Sales in Belgium	166,508	171,321	-2.9%	62%
Sales outside Belgium and arbitrage	100,226	82,279*	+21.8%	38%
Total	266,734	253,599*	+5.2%	100%
Total in billion m ³ (1m ³ (n) = 0.01163 MWh)	22.9	21.8*		

* In order to take into account the netting of certain sales and purchase transactions in 2004, the sales reported for "outside Belgium and arbitrage" for 2003 have been restated for comparison purposes. Without this restatement, total sales would have decreased by 2.1% in 2004.

<i>Sales in Belgium: -2.9%</i>

Distribution companies and resellers: -5.6%

Overall, sales to distribution companies diminished by 4,521 GWh, or about 5.6% compared to 2003. There was no significant change in temperature between 2004 and 2003; 2004 has been slightly colder than 2003 (2,323 degree-days compared to 2,296).

The complete opening of the natural gas market in Flanders, in effect since 1 July 2003, was first felt for a full year in 2004.

In the Wallonia region, industrial customers connected to the distribution grid and consuming over 12 GWh per year can freely choose their supplier since 4 January 2004. There is a very intense competition in this market. Several sites have chosen a supplier or reseller who in turn is not supplied by DISTRIGAS.

Direct industrial customers: +0.2%

Direct sales to industrial customers -who are mainly connected to the high-pressure grid- amounted to 51,063 GWh, or about the same level as the previous year. Competition is already well-established and has a market share of 20%. However, sales in 2004 remained

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stable due to the competitiveness of natural gas compared to other fuels and the favourable economic conditions in some sectors such as steel and lime industries.

Power generation: -1.5%

Power generation sales dropped slightly, but remained at a relatively high level in comparison to the previous years. This is explained by the competitive position of natural gas compared to other fuels. The share of natural gas in Belgian power generation amounts to about 25%.

<i>Sales outside Belgium and arbitrage sales: +21.8%</i>
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Sales outside Belgium and arbitrage sales have risen considerably. The strong sales performance in France was a major contributor to this increase. A significant number of industrial consumers all over the country have selected DISTRIGAS as their new supplier. The company is supported by the commercial network of Electrabel in France to commercialize natural gas to medium size customers. In 2004, total DISTRIGAS sales in France exceeded 10 TWh, spread over about forty consumption sites.

LNG sales outside the Zeebrugge market did not reach the record level of 2003, but nevertheless remained important. In 2004, DISTRIGAS supplied ten cargoes to energy companies in Spain and France, compared to fourteen in 2003.

Sales to Soteg of the Grand Duchy of Luxemburg have increased over 2003.

An increase in arbitrage sales in the spot markets of Bacton and Zeebrugge, has also contributed to the sales growth. The DISTRIGAS trades are supporting the liquidity of the Zeebrugge hub in a significant way.

2. Evolution gas price

2004 has been an eventful year for the energy market. The conjunction of various elements on the international scene set off an increase in the price of oil last spring. During the summer, the price per barrel (Brent, IPE London) reached historic highs, frequently surpassing the cap of \$ 50.

The price for natural gas has traditionally been indexed to the average price for oil over the last six months. The advantage of such formula is that the gas price evolves gradually and with a certain time lag, smoothing out the wide swings that sometimes occur in the oil price. This also explains the relatively mild increase in the consumer prices for natural gas in 2004.

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According to data published by Eurostat and Energy Advice, natural gas prices in Belgium for most market segments are generally lower than those in other West European countries, especially when compared to other import dependant countries.

3. Consolidated results

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 company accounts as approved by the Board of Directors.

Consolidation scope

There has been no change to the scope of consolidation compared with the previous financial year.

Consequently, the results reviewed hereunder include those of Distrigas SA and of its subsidiaries Distrigas & Co SCA, GIE Finpipe and Transfin SA, which are consolidated in full, as well as those of ETAC BV and Distri Re, which are consolidated using the equity method.

	2004	2003	Difference
Turnover (in €million)	3,729.4	3,882.1	-152.7
Operating result	291.2	308.5	-17.3
Financial result	12.2	10.6	1.6
Profit on recurrent activities	303.4	319.1	-15.7
Extraordinary result	-0.2	-0.1	-0.1
Profit before income taxes	303.2	319.0	-15.8
Income taxes	-98.5	-102.7	4.2
Result of companies accounted for by the equited method	2.1	2.1	0.0
Consolidated net profit	206.8	218.4	-11.6
Share of third parties	2.7	2.7	0
Distrigas share	204.2	215.7	-11.5

Per share (in €)	2004	2003	Difference
Consolidated profit on recurrent activities	431.9	454.1	-22.2
Distrigas share in the consolidated net profit	290.6	306.9	-16.3

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Turnover

The reduction in turnover (€ - 153 million) needs to be viewed in conjunction with a change in accounting treatment in 2004 regarding the netting of certain transactions. On a comparable basis, the restated 2003 turnover amounts to € 3 645 million and 2004 then shows an increase of +84 € mio.

The comparison hereunder takes into account the restatement for 2003:

- **natural gas sales** generated a € 3,574 million turnover in 2004 compared to € 3,481 million in 2003, and accounts for approximately 96% of total turnover. The increase of approximately € 93 million is due in part to the higher sales in France where significant commercial progress has been achieved. Arbitrage sales and, to a lesser extent the increased sales price, in line with the general rise in energy prices, also have played a role in the increase in turnover.

- **transit activities** posted a turnover of € 115 million in 2004 compared to € 123 million in 2003, a slight decrease.

- the **other activities** realized a € 40 million turnover in 2004, at about the same level as in 2003.

Operating result

The Group's operating result reduced by approximately 6% compared to 2003, and now reaches € 291 million.

This slight decline shows in the natural gas sales (Distrigas s.A.) as well as in the transit activities (Distrigas & Co C.V.A.).

Distrigas S.A.'s operating result was positively influenced by increased sales, but at the same time negatively influenced by the erosion of certain operating margins, a consequence of increased competitive pressures.

The margin reduction could however be partly compensated by the performance of portfolio optimization and arbitrage trade as well as some non-recurrent income elements.

The Distrigas & Co C.V.A. operating result dropped slightly compared to 2003, in line with the diminution in turnover.

Financial result

The Group's financial result improved slightly compared to 2003, which is explained by the structural debt reduction of Finpipe G.I.E..

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Extraordinary result

An extraordinary loss of 0,2 € million was booked from the liquidation of a non-consolidated subsidiary.

Income taxes

Incomes taxes fell from € 103 million to € 98 million, in line with the lower before-tax result. The average tax rate remains unchanged compared to 2003.

Consolidated net result

The consolidated net result amounted to € 207 million compared to € 218 million on 31 December 2003. The share of the Group herein was € 204 million or € 12 million less for the financial year 2003.

In accordance to the Articles of Association, a proposal will be made at the Annual General Meeting to pay a gross dividend of €152.00 per share, representing a net dividend of €114.00.

Outlook

The market liberalisation can cause increasing variability in the performance of DISTRIGAS, as for other energy merchant companies, and hence, leads to substantial uncertainty with respect to future earning forecasts.

4. Conversion to IFRS norms

As mentioned in the publication of the previous half yearly results the consolidated financial statements of DISTRIGAS for the period ending 31 December 2005 as well as the 2005 interim financial statements for the period ending 30 June 2005 will be reported in accordance with IAS/IFRS together with a comparison with the 2004 results for the same periods restated on a comparable basis.

The selections made in the conversion to the IFRS norms, the accounting methods applied for the opening balance sheet of 2004, and their main impact on the shareholders' equity in the consolidated accounts, will be shown shortly on the DISTRIGAS website.

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5. Opening of the Belgian natural gas market

As of 31 December 2004, 91.5% of all Belgian consumers are free to choose their natural gas supplier, as a result of the following customer categories which became eligible in 2004 :

- end-users in Wallonia with an annual consumption of more than 12 GWh and connected to the distribution network (4 January 2004)
- all non-residential end-users of Wallonia and Brussels (1 July 2004).

The remaining 8.5% consists of residential consumers in Wallonia and Brussels. The Walloon government has decided to complete the liberalization for these remaining customers by 1 January 2007. Residential customers in Brussels will not become eligible before 1 January 2007.

6. Key events

On behalf of the company, the Board of Directors has expressed its deepest feelings of sympathy to the victims of the tragic accident at Ghislenghien and to their families.

Interconnector**Distrigas participates in the second expansion of the Interconnector**

In the first quarter of 2004, Distrigas participated in the second investment phase to add compression in Zeebrugge. This investment will raise the import capacity to the UK market of the Interconnector, the undersea pipeline between Zeebrugge and Bacton, to 23.5 billion m³ per year by the end of 2006. Distrigas will then have a total transport capacity towards the UK of 3.3 billion m³ per year. This will allow the company to play a more active role on the British market that has become dependent on gas imports.

LNG**Distrigas books 2.75 billion m³ per year capacity in the LNG terminal in Zeebrugge**

On 6 July 2004, Distrigas and Fluxys entered into a long-term contract for the reservation of LNG terminalling capacity. Under this contract, Distrigas will dispose of an annual capacity of 2.75 billion m³ starting in April 2007 for twenty years to unload and regassify LNG at the Zeebrugge terminal.

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Distrigas signs a contract for the import of LNG from Qatar

At the end of February 2005 Distrigas signed an important contract with RasGas for the supply of 2.75 billion m³ of natural gas per year for twenty years. According to the contract terms, Distrigas will import LNG from Qatar in Zeebrugge starting in 2007. Three large capacity methane carriers, ordered by the seller, are under construction to transport the LNG.

Gas release in France**Distrigas acquires gas in the South of France**

In October 2004 Distrigas acquired a significant part of the volumes of natural gas tendered in the South of France by Gaz de France under a gas release programme imposed by the regulator to open up this market for competition.

In the beginning of 2005, as a result of bilateral negotiations with Gaz de France and with Total, Distrigas supplemented its supply portfolio with the acquisition of additional volumes in order to support its sales in the South and Southwest of France. In this way the company obtained more than one third of the total volume of the gas release programme or a total of 6 TWh per year for the next three years. These volumes will allow Distrigas to grow its commercial activities in the area at competitive conditions.

Transit**Distrigas signs a transit contract with Gazexport**

At the end of 2004 Distrigas & Co and Gazexport, a subsidiary of Russian Gazprom, the world's largest gas producer, signed a contract for the transit of natural gas from the German/Belgian border to Zeebrugge.

According to the contract, Gazexport will be able to transport up to 2.5 billion m³ per year through Belgium until 2018. The agreement gives Gazexport access to the Zeebrugge hub and, via its capacity in the Interconnector pipeline, to the UK market.

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Distrigas SA is a European natural gas merchant company.

With 75 years of extensive experience, Distrigas has developed a strong partnership with its customers – industrial customers, distribution companies, electricity producers and resellers – by offering complete and tailor-made solutions at competitive conditions, combined with flexibility and security of supply. To meet the requirements of its customers, Distrigas carries out several activities: natural gas sales and trading (arbitrage), sales of transit- and international transport capacity and LNG sales and maritime transport.

Distrigas is part of SUEZ, an international industrial and services group active in energy and environment.

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This press release is also available in French and Dutch on www.distrigas.be.