

Press release

Results for the first half of 2003 – 28 August 2003

Distrigas SA: results first half 2003

- Overall gas sales volume up 11%, particularly during the first quarter (up 28%)
- Competition sharpens; full liberalisation of the Flemish gas market as of 1st July
- Consolidated net result of €82 million, a significant increase resulting from favourable market circumstances.

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1. Natural gas sales: up 11%

Despite strong competition of new players in the Belgian market and a generally weak economic climate, sales were up 11% compared to the same period in 2002. Some 145,956 million MWh were sold compared to 131,373 million MWh in 2002.

Most of this increase came during the first quarter, when sales were up 28% compared with the first quarter of 2002. Harsher winter conditions led to a significant increase in demand mainly from public distribution companies.

By contrast, DISTRIGAS sales in the Belgian market decreased in the second quarter due to increased competition from a growing number and more aggressive players in the market. This trend looks set to continue in the future.

Sales outside Belgium – primarily in France and Spain – keep rising and accounted for more than half of the overall sales growth during the first half.

Natural gas sales (in 1,000 MWh)	1 st half 2003	1 st half 2002	Difference	Distribution of sales of first half 2003
Public distribution	45,486	43,539	+4,5%	31%
• Residential, tertiary and crafts sectors	39,994	36,843	+9%	27%
• Industrial customers	5,492	6,696	-18%	4%
Direct industrial customers	26,403	26,609	-0,8%	18%
Power generation	22,732	19,556	+16%	16%
Total sales in Belgium	94,621	89,705	+5%	65%
Total sales outside Belgium and arbitrage sales	51,335	41,668	+23%	35%
Total	145,956	131,373	+11%	100%
Total in billion m ³ (1 m ³ = 0.01163 MWh)	12.6	11.3		

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1.1. Sales in Belgium: up 5%

Sales to **public distribution** rose by 1,947 million MWh, an increase of 4.5%.

- Sales were up 9% in the **residential, tertiary and crafts** sector, which is most sensitive to variations in temperature. Indeed, the winter of 2003 proved to be the coldest of the past 10 years while the winter of 2002 was the mildest over the same period (1,344 degree-days¹ during the first half of 2003 compared with 1,226 degree-days during the same period in 2002, a difference of almost 10%). However, in normalised values², i.e. excluding temperature effects, sales in this sector only rose by 1%.
- Sales to **industrial customers supplied by public distribution** fell by 18% compared to last year, mainly because of the emergence of competitors into this sector following the liberalisation of the gas market in Flanders.

Sales to **direct industrial customers** totalled 26,403 million MWh, a decrease of 1%. This is the net result of two opposing factors: there was an increase in volumes sold thanks to the more competitive position of natural gas in comparison with competing fuels and a slight upturn in the steel industry; but this was more than offset by a net loss of customers to competitors. Indeed, competition has been most severe in this sector, in which DISTRIGAS has already lost more than 15% market share.

Sales to **power generation** increased by 16%, mainly attributable to the more competitive position of natural gas in relation to other fuels.

1.2. Sales outside Belgium and arbitrage sales: up 23.2%

Sales outside Belgium continue to rise thanks to new contracts concluded in France and significant LNG (liquefied natural gas) deliveries in Spain.

Arbitrage sales on the Bacton and Zeebrugge spot markets and short-term wholesale transactions also increased substantially during the first half of 2003.

¹ The degree-days are calculated in relation to a heating threshold determined experimentally at 16.5°C. The number of degree-days of a day is the difference between this reference temperature and the average day temperature. The degree-days for a period is the sum of the degree-days for each day within this period.

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

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2. Consolidated half-yearly results

2.1. Key figures

	Consolidated results (in EUR million)		
	30 June 2003	30 June 2002	Δ 2003/2002
Turnover	2,162	1,833	+329
Operating result	111	36	+75
Financial result	7	2	+5
Result on ordinary activities	118	38	+80
Extraordinary result	0	0	0
Result before income taxes	118	38	+80
Income taxes	-36	-13	-23
Result of companies accounted for using the equity method	1	1	0
Consolidated net profit	83	26	+57
Distrigas share in the result	82	25	+57
Minority interest share	1	1	0

	Per share (in EUR)		
	30 June 2003	30 June 2002	Δ 2003/2002
Consolidated profit on ordinary activities	168.83	53.80	+112.03
Distrigas share in the result	116.69	35.40	+81.29

2.2 Turnover

Turnover from **natural gas sales** amounted to €2,081 million as of 30 June 2003, compared with €1,755 million on 30 June 2002, accounting for approximately 96% of overall revenue.

This increase compared with 2002 is attributable to the overall effect of the rise in volumes sold (+ 11%) and higher sales prices (+3%, all customer categories combined). In this regard it should be noted that the parameter G – based on the average price of long-term import of natural gas at the border – has been increasing since mid-2002 due to escalating oil prices. During the first half of 2003, the parameter G increased by almost 9% compared with the same period of last year.

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Transit activities posted a turnover of €64 million, i.e. 3% of total turnover. Revenue from new short-term contracts explain the significant increase over the first half of 2002 and was generated primarily by the unusually high volume of gas imported from the United Kingdom by continental companies via the Interconnector pipeline and the Belgian transit grid during the first half of the year.

Other activities registered a turnover of €17 million, mainly from leasing the Zeebrugge-Blaregnies and RTR pipelines by Finpipe GIE, and from chartering the LNG carrier *Berge Boston*.

This new 138,000-m³ carrier - jointly owned by the Norwegian shipping company Bergesen (51%) and DISTRIGAS & Co (49%) - was commissioned in January 2003.

2.3 Results

The Group's operating result grew significantly compared with 2002, thanks to the conjunction of favourable market circumstances, as mentioned above.

The result of DISTRIGAS SA increased mainly thanks to a 11% increase in volumes sold during the first half, most of which came through during the first quarter.

The performance on the cost side has also been satisfactory due to the cost optimisation of the supply portfolio and the control of operating costs. The latter fell slightly compared with 2002 despite the increase in sales volume.

The operating result of DISTRIGAS & Co also increased in relation to 2002 due to positive impact of the events mentioned above in the commentary on turnover (i.e. the exceptionally high usage of the Interconnector and the associated transit in Belgium and the start-up of the chartering of the *Berge Boston*).

2.4 Financial results

The Group's financial result has improved compared with 2002.

This improvement is mainly due to a non-recurrent financial charge taken in 2002 by DISTRIGAS SA and the structural reduction of the debt of the subsidiary Finpipe GIE.

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2.5 Forecast results for 31 December 2003

Barring unforeseen circumstances, the consolidated net profit for the entire year 2003 should see a clear improvement over 2002, following strong first semester results.

3. Belgian gas market further opens to competition

The natural gas market in Flanders was fully liberalised on 1 July 2003. This means that all consumers are free to choose their natural gas supplier. In volume terms 83% of the national market is now open to competition.

Following the adoption of the second European "gas directive" in June 2003, all non-domestic consumers in the European Union will be eligible as from 1 July 2004 at the latest; complete liberalisation is planned to take effect by 1 July 2007. In Belgium, it is expected that Wallonia and the Brussels region may take steps to liberalise their markets ahead of schedule.

4. Auditor's report for the period ending 30 June 2003

We declare to have performed a limited audit of DISTRIGAS's consolidated and non-consolidated half-yearly accounts as of 30 June 2003 in accordance with the standards and recommendations of the "Institut des Réviseurs d'Entreprises / Instituut der Bedrijfsrevisoren".

Our audit was primarily based on the analysis, comparison and review of the half-yearly financial information and was therefore not as extensive as a full audit of the annual accounts.

This limited audit did not reveal any areas requiring adjustments to DISTRIGAS's half-yearly reports.

Antwerp, 21 August 2003
Deloitte & Touche,
Reviseurs d'Entreprises SC s.f.d. SCRL
represented by M. J. Vlaminckx.

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Contact persons*Press:*

Thierry Rotsart
Tel.: +32 (0)2 557 31 56
Fax: +32 (0)2 5557 31 02
E-mail: thierry.rotsart@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 on the DISTRIGAS website:
www.distrigas.be.

Distrigas SA
Rue de l'Industrie 10
B-1000 Brussels
VAT: BE 476.201.605
Brussels Trade Register: 654 126
Tel.: +32 (0)2 557 30 01
Fax: +32 (0)2 557 31 12