

## 2007 Annual Results

- **Natural gas sales decreased by 12.4%**
  - Sales in Belgium down 13.2% due to very mild temperatures in the first half of the year and lower sales to electricity producers. Excluding those factors, sales to resellers and industrial customers remain stable.
  - Sales outside Belgium basically remain unchanged from last year, but show a growth of 7,7 % if exceptional elements are left out.
- Despite the 7.4% drop in turnover to €4.29 billion, the current operating result (EBIT) amounts to €438.7 million, up €34.8 million (8.6 %). Compared to the first half of 2007, the second half was characterised by changing market conditions (a return to more normal temperatures and price increases on natural gas spot markets), which led to strong operating performance and generated new arbitrage opportunities.
- The Consolidated net result (group's share) totals €294.1 million, compared to €261.4 million in 2006 (up 12.5%).
- In accordance with Distrigas SA's bylaws, a net dividend of € 188.52 (+33.9%) will be proposed at the General Shareholders' Meeting.

### 1. Key events

#### **Business development**

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##### **Full opening of the Belgian market**

On January 1, 2007, the Belgian gas market was fully opened to competition. All consumers are free to choose their natural gas supplier. The European natural gas market fully opened on July 1.

##### **Fluxys mandated for transit**

Under an exclusive mandate granted by Distrigas, starting January 1, 2007, Fluxys is managing and marketing Distrigas & Co. transit capacity in Belgium.

##### **European Commission inquiry ends**

The European Commission and Distrigas reached an agreement on the latter's commitments regarding its sales contracts. As a result, the Commission closed its inquiry.

##### **Continued growth outside Belgium**

Sales outside Belgium evolved positively, thanks to sustained sales activities in France, contract renewals with Dutch clients and start-up of deliveries in Germany.

#### **LNG (liquefied natural gas)**

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##### **First delivery from Qatar**

On March 29, the Umm Bab made its first delivery of LNG to Zeebrugge under the long-term (20-year) contract between Qatari producer RasGas II and Distrigas.

##### **Sales of LNG cargoes to the USA**

During the first half of the year, Distrigas took advantage of opportunities in the North American market, selling two LNG cargoes to the Lake Charles terminal in the Gulf of Mexico which were transported by the Methania.

##### **Access to the Fos Cavaou terminal (France)**

In June, Distrigas and three other European energy companies won a call for tender, obtaining access to capacity at the Fos Cavaou terminal near Marseille between 2008 and 2011.

##### **1000<sup>th</sup> Distrigas LNG cargo in Zeebrugge**

In September, Distrigas took delivery of its 1000<sup>th</sup> LNG cargo in Zeebrugge. The 140,000 m<sup>3</sup> of LNG unloaded by the Maersk Qatar is equivalent to the average annual consumption of 35,000 households.

##### **The Methania employed for several LNG shipments**

In late 2007, the Methania delivered an LNG cargo from Trinidad and Tobago to Zeebrugge for Distrigas's account. Later, it delivered two cargoes of Algerian LNG to the Isle of Grain (U.K.) and Huelva (Spain) terminals for a third-party.

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**Interconnector**

**New capacity extension for the Interconnector**

In October 2007, a third reverse flow capacity extension (to the U.K.) increased the Interconnector's annual capacity from 23.5 to 25.5 billion m<sup>3</sup>.

**2. Natural gas sales**

In TWh	2006	2007	Difference
Resellers <sup>(*)</sup>	67.9	62.5	-7.9 %
Industry	49.1	49.5	0.8 %
Power producers	44.8	28.5	-36.4 %
<b>Sales in Belgium</b>	<b>161.8</b>	<b>140.5</b>	<b>-13.2 %</b>
Sales outside Belgium	31.7	31.6	-0.4 %
Arbitrage	8.2	4.6	-43.8 %
<b>Sales outside Belgium and arbitrage</b>	<b>39.9</b>	<b>36.2</b>	<b>-9.3 %</b>
<b>Total</b>	<b>201.7</b>	<b>176.7</b>	<b>-12.4 %</b>
Total in billion m <sup>3</sup> (1 m <sup>3</sup> (n) = 0.01163 MWh)	17.3	15.2	

(\*) including prior year corrections

Distrigas' total 2007 sales of natural gas fell by 12.4%. Sales in Belgium (80% of volumes sold) fell by 13.2%, while arbitrage sales dropped by 43.8%. Sales outside Belgium are unchanged from the previous year.

**Sales in Belgium: -13.2 %**

Because natural gas supplied to **resellers** is used primarily for home heating, consumption is linked closely to temperature levels. The fall in sales in this segment (-7.9%) is related mainly to particularly mild temperatures in the first half of 2007 (degree-days 36% lower than for 2006). Excluding temperature effects, sales remain stable compared to previous year.

Sales to **industrial customers** remained unchanged.

**Sales to power producers** fell by 36.4%, resulting primarily from the ending of the Algerian gas supply contract, a significant share of which was earmarked specifically for power production.

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#### **Sales outside Belgium: -0.4 %**

With the liberalisation of the European natural gas market, Distrigas has expanded its operations into neighbouring countries.

Excluding temperature effects and a "force majeure" situation encountered by an industrial customer, sales outside Belgium show an organic growth of 7,7 %.

#### **Arbitrage sales: -43.8 %**

Although five cargoes of LNG were sold in 2007 (compared to 3 in 2006), arbitrage sales fell compared to the previous year.

### **3. Evolution of energy prices**

Natural gas prices on the international market are influenced largely by oil prices, which soared last year, reaching nearly \$100/barrel (Brent, IPE London) in November, before closing the year at approximately \$97, almost double the average price in January 2007.

Distrigas' natural gas prices followed the same trend, although with a slight time lag and somewhat more slowly. In December 2007, the price of heating oil rose by 28% compared with the December 2006 price, while natural gas prices (tariff B, for residential heating) rose 18% over December 2006.

European price reports show however, that average prices for industry in Belgium remain among the most competitive in Europe.

While 2007 was exceptional in terms of oil price increases, it was also marked by a sharp decline in spot prices for gas, which were relatively low that year, primarily because of a warm winter and the commissioning of several new projects to supply gas to England.

#### 4. Summary of consolidated annual results

*The Auditors have confirmed that the accounting information presented in this press release does not give rise to any qualification on their behalf and conforms to the company's financial situation as approved by the Board of Directors.*

##### Preliminary remark

The consolidated financial statements as of December 31, 2007 were prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted in the European Union and based on the same accounting methods as the prior year.

- **Key figures (IFRS)**

in million EUR	2006	2007	Variation
<b>Income from ordinary activities</b>	<b>4.626,39</b>	<b>4.284,76</b>	<b>-7,4%</b>
<b>Current operating result (EBIT)</b>	<b>403,86</b>	<b>438,67</b>	<b>8,6%</b>
<b>Operating result (*)</b>	<b>353,39</b>	<b>390,68</b>	<b>10,6%</b>
<b>Net financial result</b>	17,04	37,19	118,3%
<b>Operating result including net financial result</b>	<b>370,43</b>	<b>427,87</b>	<b>15,5%</b>
<b>Share in results of associated companies accounted for by the equity method</b>	0,69	0,44	-36,2%
<b>Pre-tax result</b>	<b>371,12</b>	<b>428,31</b>	<b>15,4%</b>
<b>Taxes</b>	-106,95	-131,56	23,0%
<b>Net result for the period</b>	<b>264,17</b>	<b>296,75</b>	<b>12,3%</b>
<b>Minority interest</b>	2,78	2,65	-4,7%
<b>Group's share in the net result for the period</b>	<b>261,39</b>	<b>294,10</b>	<b>12,5%</b>
<b>Net earnings per share (in EUR)</b>	<b>372,01</b>	<b>418,57</b>	<b>12,5%</b>

(\*) Includes current operating result and variation in fair-value of financial instruments relating to purchases and sales of energy.

- **Comments on the key figures and 2007 balance sheet**

##### Income from ordinary activities (turnover)

In 2007, DISTRIGAS recorded a consolidated turnover of €4,284.8 million, compared to €4,626.4 million in 2006. This decrease of €341.6 million (7.4%) is mainly due to lower sales in Belgium, as previously indicated. As a result, the fall in turnover in Belgium was significant, while turnover abroad rose slightly.

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#### **Current operating result (EBIT)**

Despite the drop in turnover, the current operating result (EBIT) rose by €34.8 million (8.6%) compared to 2006, totalling €438.7 million at the end of the 2007 fiscal year.

This increase was due primarily to strong operating performance in the second half of the year. The first half was characterised by abnormally mild temperatures, low spot prices and limited arbitrage opportunities. However, temperatures were normal during the second half and spot market prices rose. These changes in market conditions produced new arbitrage opportunities. In addition, several LNG cargoes were sold during the second half.

#### **Operating result**

The operating result totalled €390.7 million, an increase of €37.3 million (10.6 %). This was attributable to the increase in the current operating result (EBIT) referred to above and the slightly positive variation in the fair value of raw material contracts and financial instruments that Distrigas uses as part of its policy to manage and hedge its portfolio risks.

#### **Net result**

Given the €20.2 million increase in the financial result, in particular due to higher interest rates, and the €24.6 million increase in taxes, the net result is €296.8 million, which represents a 12.3% increase (€32.6 million) over 2006. The Group's share is €294.1 million.

#### **Balance sheet (see annexes)**

The balance sheet total for the year is €2,965.8 million, a slight overall drop compared to last year (down €9.8 million).

#### **Cash flow (see annexes)**

Cash and cash equivalents available to Distrigas total €1,022.4 million, compared to €976.6 million at the start of the 2007 fiscal year.

Over the course of 2007, operating activities generated cash flows amounting to €167 million, but the financial cash flow was negative (- €109.9 million) as a result from the May dividend payment for fiscal year 2006.

- **Dividend (Distrigas SA) + 33.9% %**

Distrigas SA's corporate financial statement as of December 31, 2007 showed a net profit of €235.5 million.

With the €2.3 million profit carried forward at the end of the preceding period, the profit to be allocated is €237.7 million.

In accordance with the company's bylaws, during the General Shareholders' Meeting, the Board of Directors will propose payment of a gross dividend of € 251.36 per share, which amounts to a net dividend of € 188.52 per share, after deduction of 25% withholding tax. This represents a 33.9 % dividend increase per share, compared to fiscal year 2006.

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#### Outlook for 2008

In line with its strategy, Distrigas will continue to pursue growth opportunities in the European market.

Market liberalisation and changes in regulation--at the national as well as European level--will influence future activities. Price changes can cause increasing performance variability for Distrigas, as well as for other energy trading companies, thus creating substantial uncertainty regarding forecasts.

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#### Other languages

The press release is available in Dutch and French. You may also read it on the Distrigas website: [www.distrigaz.eu](http://www.distrigaz.eu).

**Annexes: Consolidated accounts**

**Summary of the consolidated balance sheet**

in million EUR	<b>2006</b>	<b>2007</b>	<b>Variation</b>
<b>NON-CURRENT ASSETS</b>	<b>676,67</b>	<b>743,80</b>	<b>67,13</b>
Intangible and tangible assets	345,14	330,46	-14,68
Financial lease receivables	151,60	134,05	-17,55
Participations available for sale	97,00	160,69	63,69
Derivative instruments	72,52	103,49	30,97
Other non-current assets	10,41	15,11	4,70
<b>CURRENT ASSETS</b>	<b>2.298,87</b>	<b>2.221,95</b>	<b>-76,92</b>
Inventories	227,44	193,63	-33,81
Financial lease receivables	17,03	17,54	0,51
Trade and other receivables	738,50	784,38	45,88
Derivative instruments	330,68	191,55	-139,13
Cash and cash equivalents	976,57	1.022,40	45,83
Other current assets	8,65	12,45	3,80
<b>TOTAL ASSETS</b>	<b>2.975,54</b>	<b>2.965,75</b>	<b>-9,79</b>
<b>EQUITY</b>	<b>1.099,63</b>	<b>1.343,08</b>	<b>243,45</b>
Share capital	66,23	66,23	0,00
Reserves	1.019,88	1.262,80	242,92
Minority interests	13,52	14,05	0,53
<b>NON-CURRENT LIABILITIES</b>	<b>430,63</b>	<b>440,53</b>	<b>9,90</b>
Provisions, pensions and similar benefits	7,00	3,35	-3,65
Leasing liabilities	168,51	152,25	-16,26
Other financial liabilities	58,13	38,94	-19,19
Deferred tax liabilities	89,81	72,40	-17,41
Derivative instruments	107,18	173,59	66,41
<b>CURRENT LIABILITIES</b>	<b>1.445,28</b>	<b>1.182,14</b>	<b>-263,14</b>
Provisions	64,71	25,40	-39,31
Leasing liabilities	15,75	16,26	0,51
Other financial liabilities	82,25	82,44	0,19
Trade and other debts	819,11	729,91	-89,20
Derivative instruments	444,25	290,55	-153,70
Other non-current liabilities	19,21	37,58	18,37
<b>TOTAL LIABILITIES</b>	<b>2.975,54</b>	<b>2.965,75</b>	<b>-9,79</b>

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**Consolidated statement of changes in equity**

The consolidated equity varied as follows during the year:

in million EUR	Share capital	Reserves				Minority interests	Total
		Reserve of participations available for sale	Reserve relating to hedging instruments	Other reserves	Total reserves		
<b>Book value at 31.12.2006</b>	<b>66,23</b>	<b>38,47</b>	<b>-8,50</b>	<b>989,91</b>	<b>1.019,88</b>	<b>13,52</b>	<b>1.099,63</b>
Dividends paid out				-131,93	-131,93	-2,12	-134,05
Net result for the period				294,10	294,10	2,65	296,75
Variation in fair value of participations available for sales		63,69			63,69		63,69
Variation in fair value of hedging instruments			13,48		13,48		13,48
Other variations				3,58	3,58		3,58
<b>Book value at 30.12.2007</b>	<b>66,23</b>	<b>102,16</b>	<b>4,98</b>	<b>1.155,66</b>	<b>1.262,80</b>	<b>14,05</b>	<b>1.343,08</b>

**Summary of the consolidated cash flow statement**

in million EUR	2006	2007
<b>Cash and cash equivalents at opening</b>	<b>954,47</b>	<b>976,57</b>
Operational activities	162,15	167,03
Investments	-4,65	-7,12
Financing	-125,11	-109,94
Currency exchange rates and perimeter changes	-10,29	-4,14
Net cash increase/decrease	22,10	45,83
<b>Cash and cash equivalents at closure</b>	<b>976,57</b>	<b>1.022,40</b>