Press Release

Regulated information

Annual results 2008

12 March 2009

- **Increase in natural gas sales by 7% attributable to a significant increase in arbitrage activities, whereas sales in Belgium and abroad fell in comparison to last year.**

- **In 2008 Distrigas sold Distrigas & C° (mainly transit activities) to Fluxys for 975 million euros and also a 5% share in Interconnector's (IUK) shareholding to Electrabel for 49 million euros.**

- **Distrigas realised on its operations, excluding the contribution of Distrigas & C°:**
  - A 44% increase in turnover to 5.94 billion euros, mainly as a result of the sharp increase in energy prices on the world markets and a greater volume of arbitrage sales.
  - A current operating profit (EBIT) of 323.5 million euros, up by 44 million euros (i.e. 16%), thanks to a significant contribution from arbitrage activities.

- **Given the increase of more than 200 million euros in the market value of financial instruments and the capital gain of 358 million realised on the abovementioned equity sales, the consolidated net profit (Group share) amounts to 785.5 million euros compared to 294.1 million euros in 2007.**

- **In accordance with Distrigas SA's statutes, a net dividend of 147.72 euros will be proposed at the general shareholders' meeting.**

1. Key Events

Shareholding

On 30 October, Eni acquired 57.24% of the shares in Distrigas to become the new majority shareholder. In accordance with its commitments, on 9 January 2009 Eni Belgium launched a takeover bid for the remainder of the shares which will close on 19 March. Accordingly, on 5 March Publigaz announced its intention to sell its remaining stake in Distrigas.

LNG (liquefied natural gas)

2008 was the first full year of LNG shipments from Qatar under the long-term supply contract. With almost 2.65 billion m³ of natural gas supplied, Distrigas was the main shipper at the Zeebrugge LNG terminal.

Gas supply

In February, Distrigas and Dutch gas merchant GasTerra signed a Letter of Intent concerning the extension of supplies of low-calorific gas (L-gas) once the existing supply agreement expires. In this context parties commenced negotiations on the prolongation of gas deliveries until after 2020.

Distrigas & C°

On July 1, Distrigas concluded the sale of Distrigas & C° to Fluxys for approximately 975 million euros – value as at 30 June – (including the transit activities, the stakes in the LNG vessel BW Suez Boston and in the Huberator, as well as cash). A price supplement may be payable to Distrigas depending on the outcome of pending legal, regulatory or judicial decisions regarding transit contracts.

At the end of 2008 Distrigas exercised its option to buy back the equity in Huberator. Distrigas is again a 10% shareholder.

Interconnector

On 29 April, Distrigas sold a 5% stake in Interconnector (IUK) Limited to Electrabel. After this transaction, Distrigas still holds a 11.41% share in Interconnector (IUK) Limited.

2. Natural gas sales

In 2008, Distrigas' total sales grew 7% in comparison with 2007. This increase was the result of the very strong increase in arbitrage sales. Sales in Belgium fell by 5% mainly attributable to a drop in sales to industry (-12.5%). Foreign sales also fell (-10%).

In TWh	2007	2008	Difference
Resellers	62.5	62.0	-0.8 %
Industry	49.5	43.3	-12.5 %
Power plants	28.5	28.2	-1.1 %
Sales in Belgium	**140.5**	**133.5**	**-5.0 %**
Sales outside Belgium	31.6	28.5	-9.8 %
Arbitrage(*)	4.6	27.3	493.5 %
Sales outside Belgium and arbitrage	**36.2**	**55.8**	**54.1 %**
Total	**176.7**	**189.3**	**7.1 %**
Total in billion m³ (1 m³ (n) = 0.01163 MWh)	15.2	16.3	

(*) Refined methodology for net arbitrage sales since 01/01/08. On a restated basis the arbitrage sales in 2007 would have been 14.7 TWh, which represents an increase of 85% in 2008.

Sales to "Resellers"
Distrigas' sales to residential customers, commercial customers and most small industrial accounts are made via "resellers" which, in turn, supply customers connected to the distribution network. As these customers use natural gas mainly for heating, this segment is the most sensitive to temperature changes. Despite a first quarter in 2008 that was colder than in the previous year, sales volumes to this segment have remained relatively stable.

Sales to "Industry"
Sales to industrial customers are down 12.5% from 2007. However, the drop in consumption was more marked from the second half, due in particular to fierce competitive pressures, but mainly because of the recession affecting industrial consumers.

Sales to "Power Plants"
Sales of natural gas for electricity generation represent almost 20% of Distrigas sales in Belgium. Sales to power plants fell slightly, by around 1%.

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Sales "outside Belgium and arbitrage sales"
Sales outside Belgium and arbitrage sales amounted to 55.8 TWh, a major increase of over 50% compared to 2007. However, this positive trend can be ascribed in full to the arbitrage activity, since sales outside Belgium declined (-10 %) as a result of increased competition and the economic recession. The latter decline was mainly attributable to the fall in sales to the Grand-Duchy of Luxembourg.

In France, sales performance remained particularly robust, despite heightened competition. During 2008, Distrigas signed contracts for total contractual volumes in excess of 20 TWh. Since January 2009, Distrigas now supplies 125 industrial sites located across the whole of France, a new record.

In the Netherlands, Distrigas was able to strenghten its presence in the Dutch market by signing new supply contracts with industrial customers in a very competitive market.

Distrigas also pursued its growth in the German gas market. In addition to a strong growth in the volumes sold in comparison with 2007, it also implemented a product diversification policy.
Distrigas now offers its natural gas in a "full supply" mode to both industrial customers and the "Stadtwerke" (public utilities) sector. This has enabled Distrigas to position itself as a supplier of high-quality natural gas in a very complex German market.

3. Evolution of energy prices

Natural gas prices in the international market are largely influenced by fuel oil prices. 2008 will remain characterised as the year in which energy prices underwent the strongest fluctuations so far. They started at US$ 97/barrel (Brent ICE) in January, climbed to US$ 146/barrel on 3 July, which is an increase of 50% and closed at US$ 46/barrel, a drop of almost 70% compared with the peak reached.

Distrigas' natural gas prices have followed the same trend, although with a certain time lag. However, gas supply prices are falling substantially since January 2009.

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 on March 11.

Preliminary remark
The consolidated financial statements as of December 31, 2008 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.

The Group's results for the 2008 financial year reflect a reduction in scope due to the sale of the Distrigas & C° subsidiary, which was fully consolidated until 30 June 2008.

The results generated by Distrigas & C° during the first half of 2008, as well as the capital gain realised on the disposal of this subsidiary, have been treated as discontinued operations within the meaning of IFRS 5.

The key figures communicated in 2007 have also been restated accordingly.

- **Key figures (IFRS)**

in million EUR	2007	2008	Difference	Δ %
Revenue from ordinary activities	**4,125.83**	**5,936.27**	**1,810.44**	**43.9**
Current operating result (EBIT)	**279.54**	**323.51**	**43.97**	**15.8**
Operating result (*)	**231.73**	**510.66**	**278.93**	**120.4**
Net financial income	32.27	56.47	24.20	75.0
Operating result including net financial income	**264.00**	**567.13**	**303.13**	**114.8**
Share in net result of associated companies accounted for using the equity method	0.44	0.10	-0.34	-77.3
Pre-tax profit	**264.44**	**567.23**	**302.79**	**114.5**
Taxes	-79.07	-166.48	-87.41	110.5
Net profit generated by continuing operations	**185.37**	**400.75**	**215.38**	**116.2**
Net profit generated by discontinued operations	**111.39**	**387.89**	**276.50**	**248.2**
Net profit for the period	**296.76**	**788.64**	**491.88**	**165.8**
Minority interest	2.65	3.11	0.46	17.4
Group's share in the net profit for the period	**294.11**	**785.53**	**491.42**	**167.1**
Net earnings per share (in EUR)	***418.58***	***1,117.98***	***699.39***	***167.1***

(*) Includes current operating result (EBIT), variation in fair-value of financial instruments relating to purchases and sales of energy as well as the capital gain realised on the sale of assets.

- **Comments on key figures and the 2008 balance sheet**

Revenue from ordinary activities (turnover) (+ 43.9% or + 1,810.4 million euros)
In 2008, consolidated sales calculated in accordance with IFRS standards amounted to 5,936.3 million euros, up by 1,810.4 million euros (+ 43.9%) from the previous financial year.

This strong increase in sales was due, on the one hand, to the year-on-year increase in gas prices (+ 1,345 million euros), mainly concentrated over the first nine months of the year and, on the other hand, to substantial growth in volumes recorded on arbitrage sales.

Current operating result (EBIT) (+ 15.8 % or + 44 million euros)
The current operating result (EBIT) of 323.5 million euros is 44 million euros higher than that recorded in the previous financial year (+ 15.8%), despite less favourable market conditions and the economic recession which marked the last quarter of 2008.

This increase was due chiefly to the improved operating result of arbitrage activities, mainly a result of the volatility on spot markets which generated more arbitrage opportunities.

Operating result (+ 120.4 % or + 278.9 million euros)
The improvement in the operating result, in addition to the improvement in the current operating result explained above, was favourably and significantly influenced (+ 200 million euros) by the effects of marking to market hedging contracts on commodity sales and purchases (IAS 39) and by the result of the sale of the 5% stake in Interconnector (IUK) Limited (+ 32 million euros), concluded in the first half of 2008.

Net profit generated by continuing operations (+ 215.4 million euros)
Given the improvement in the net financial result (+ 24.2 million euros) and increased taxes (87.4 million euros), the net profit generated by continuing operations was 400.8 million euros, i.e. 215.4 million euros higher than in 2007.

The increase in the net financial result can be explained by the combined effects of the improvement in the Group's net financial position and the higher interest rates obtained on investments, mainly during the first three quarters of 2008.

The increase in taxes, which amounted to 166.5 million euros for 2008, versus 79.1 million euros for the previous period, was due to the increase in pre-tax profits. The year-on-year average tax rate has remained stable at around 29%.

Net profit generated by discontinued operations (387.9 million euros)
The net profit generated by discontinued operations includes both the net result generated by the Distrigas & C° subsidiary during the first half of 2008 (61.9 million euros) and the capital gain realised at the time of the sale of that subsidiary (326 million euros).

Balance sheet (see attachments)

Total assets amounted to 4,460.94 million euros at the close of the financial year, i.e. 1,495.19 million euros higher than at the close of the previous financial year.

The bulk of this increase can be explained by the application of the valuation and accounting principles required by the IAS 39 standard for the valuation of derivative instruments (+ approximately 1 billion euros on the assets and liabilities sides of the balance sheets).

Cash flow (see attachments) (+ 468.,8 million euros)

Operating activities generated cash flows of 173.1 million euros during the 2008 financial year, comparable with those of the previous financial year (167 million euros).
The negative variation in cash flows from financing activities (- 186.3 million euros) corresponds mainly to the payment, in May 2008, of the Distrigas SA dividend for the 2007 financial year (176.6 million euros).

The cash flows recorded from financial activities (484.1 million euros) concern mainly the flows recorded in respect of the sales of the stakes in Distrigas & C° (430 million euros) and Interconnector (IUK) Limited (5%) (49 million euros).

Consequently, cash and cash equivalents amounted to 1,491.2 million euros at the close of the financial year, compared with 1,022.4 million euros at the close of the previous financial year.

Dividend (Distrigas SA) – 21.6 %

On the basis of Distrigas SA's (Belgian GAAP) audited annual accounts as at 31 December 2008, net profit amounts to 235.6 million euros. However, in accordance with the articles of association, the Distrigas Group dividend is based on Distrigas SA's net profit on ordinary activities (excluding the 51 million euros exceptional result).
Consequently, the Board of Directors will propose to the general meeting of shareholders the distribution of a gross dividend of 196.96 euros per share, which corresponds to a net dividend of 147.72 euros per share, after deduction of 25% withholding tax.

Distrigas

Outlook for 2009

In line with its strategy, Distrigas will continue to exploit growth opportunities in the European market.
Market liberalisation and regulatory changes at both national and European level will influence future activities. Price volatility in the energy markets can cause increasing performance variations for Distrigas, as well as for other energy trading companies, thus creating substantial uncertainty regarding forecasts.
A further element of uncertainty is the depth and duration of the economic downstream.

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Other languages
This press release is also available in Dutch and French on www.distrigas.eu

Annexes: Consolidated accounts

Summary of the consolidated balance sheet

in million EUR	2007	2008	Variation
NON-CURRENT ASSETS	**743.80**	**715.51**	**-28.29**
Intangible and tangible assets	330.46	30.89	-299.57
Finance lease receivables	134.05	115.94	-18.11
Holdings available for sale	160.69	115.70	-44.99
Derivatives	103.49	393.95	290.46
Deffered tax assets	0.00	54.35	54.35
Other non-current assets	15.11	4.68	-10.43
CURRENT ASSETS	**2,221.95**	**3,745.43**	**1,523.48**
Inventories	193.63	274.37	80.74
Finance lease receivables	17.54	18.11	0.57
Trade and other receivables	784.38	1.070.75	286.37
Derivatives	191.55	879.05	687.50
Cash and cash equivalents	1.022.40	1.491.19	468.79
Other current assets	12.45	11.96	-0.49
TOTAL ASSETS	**2,965.75**	**4,460.94**	**1,495.19**
EQUITY	**1.343.08**	**1.751.90**	**408.82**
Share capital	66.23	66.23	0.00
Reserves	1.262.80	1.670.62	407.82
Minority interests	14.05	15.05	1.00
NON-CURRENT LIABILITIES	**440.53**	**675.27**	**234.74**
Provisions, pensions and similar benefits	3.35	75.72	72.37
Finance lease liabilities	152.25	0.00	-152.25
Other financial liabilities	38.94	29.71	-9.23
Deferred tax liabilities	72.40	72.82	0.42
Derivatives	173.59	497.02	323.43
CURRENT LIABILITIES	**1,182.14**	**2,033.77**	**851.63**
Provisions	25.40	22.70	-2.70
Finance lease liabilities	16.26	0.00	-16.26
Other financial liabilities	82.44	9.23	-73.21
Trade and other payables	729.91	903.86	173.95
Derivatives	290.55	1.041.56	751.01
Other current liabilities	37.58	56.42	18.84
TOTAL LIABILITIES	**2,965.75**	**4,460.94**	**1,495.19**

Consolidated statement of changes in equity

The consolidated equity varied as follows during the year:

in million EUR	Share capital	Reserves: Reserve of holdings available for sale	Reserves: Reserve relating to hedging instruments	Reserves: Other reserves	Reserves: Total reserves	Minority interests	Total
Book value at 31.12.2007	**66.23**	**102.16**	**4.98**	**1,155.66**	**1,262.80**	**14.05**	**1.343.08**
Dividends paid out				-176.61	-176.61	-2.12	-178.73
Net result for the period				785.53	785.53	3.11	788.64
Variation in fair value of holdings available for sales		-31.59			-31.59		-31.59
Variation in fair value of hedging instruments			-166.86		-166.86		-166.86
Other variations				-2.65	-2.65	0.01	-2.64
Book value at 30.12.2008	**66.23**	**70.57**	**-161.88**	**1,761.93**	**1,670.62**	**15.05**	**1,751.90**

Summary of the consolidated cash flow statement

in million EUR	2007	2008
Cash and cash equivalents at opening	**976.57**	**1,022.40**
Operational activities	167.03	173.10
Investments	-7.12	484.11
Financing	-109.94	-186.32
Currency exchange rates and perimeter changes	-4.14	-2.10
Net cash increase/decrease	45.83	468.79
Cash and cash equivalents at closure	**1,022,40**	**1,491,19**