- **Natural gas sales up slightly (2.4%)**
  - **In Belgium, lower sales to distribution companies (down 2.7%) and direct industrial customers (down 5.8%), in a market with accelerated opening and strong competitive pressure**
  - **Growth entirely attributable to sales outside Belgium and arbitrage sales (up 6.3%).**
- **Results**
  - **Significant increase of consolidated net profit to €216 million resulting from the competitive position of Distrigas and a conjunction of favourable market circumstances**
  - **Proposed net dividend per share: €108.2**

Contents

1. Natural gas sales

Despite a weak economy and the accelerated pace of liberalisation in the Belgian market, Distrigas' sales exceeded the 20 billion m³ mark for the third year in a row. The loss of market share in the home market could be compensated by an increase of sales in other markets in Western Europe, where Distrigas intends to maintain a share of at least 5 % in this growing market.

Overall, sales were up 2.4% compared with 2002.

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In Belgium, following an increase during the first semester, mainly caused by relatively harsh winter conditions, sales decreased significantly in a market where Distrigas has to cope with a growing number of aggressive competitors.
The stagnation of sales in the domestic market (up 0.3%) has to be seen against an estimate published by FIGAS (Belgian Gas Industry Federation) of a total Belgian market growth of about 8% in 2003.

Sales outside Belgium, including arbitrage sales, continued to rise (up 6.3%) mainly in France and Spain.

Natural gas sales (in 1,000 MWh)	***2003***	***2002***	*2003/2002*	*Breakdown of 2003 sales*
Distribution companies	75,977	78,052	- 2.7%	28%
Direct industrial customers	50,962	54,100	- 5.8%	19%
Power generation	44,382	38,733	+ 14.6%	16%
Sales in Belgium	**171,321**	**170,885**	**+ 0.3%**	**63%**
Sales outside Belgium and arbitrage	101,206	95,224	+6.3%	37%
Total	**272,527**	**266,109**	**+2.4%**	**100%**
Total in billion m³ (1m³(n) = 0.01163 MWh)	23.4	22.9	+2.4%	

Sales in Belgium: up 0.3%

Distribution companies: down 2.7%

This category includes sales to natural gas resellers in order to supply their customers (residential, tertiary and crafts sectors as well as small and medium-sized industries) connected to the distribution network.

The **residential, tertiary and crafts market** of the distribution companies supplied by Distrigas, the segment most sensitive to variations in temperature, was slightly up thanks to the large volumes sold during the winter of 2003, which proved to be one of the coldest in the last ten years. The winter of 2002, however, was one of the mildest in the last decade. Following the full market opening in Flanders as of 1 July 2003, strong competition caused a decrease in sales to this segment in the second half of the year.

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Sales to distributors for supplies to their **industrial customers** were down significantly compared with 2002, mainly due to the entry of several competitors in this market segment from 1 January 2003 onwards, the date on which these customers became eligible in Flanders.

Direct industrial customers: down 5.8%

Distrigas sells natural gas directly to industrial customers. Although most of them are connected to the high-pressure grid, Distrigas also supplies industrial customers connected to the distribution network.
This segment is also highly coveted by competitors, who held more than 20% of this market by the end of 2003.
This net loss of customers due to competition could be somewhat offset by an improved competitive position of natural gas in comparison with competing fuels and a slight upturn in the steel industry.

Power generation: up 14.6%

Power generation sales increased significantly mainly due to the more competitive position of natural gas in relation with other fuels. Coal, in particular, has shown significant price rises.

Sales outside Belgium and arbitrage sales: up 6.3%

Distrigas continued to make inroads into other West European markets, mainly in France, where a commercial partnership was set up with Energie du Rhône (EDR) to develop natural gas sales to small and medium sized industries. These customers became eligible in the summer of 2003. EDR, a company jointly owned by Compagnie Nationale du Rhône (CNR) and Electrabel France, is responsible for sales solicitations and offering consumers natural gas supply contracts from Distrigas. The major industrial accounts are still serviced directly by Distrigas.

Sales in Spain increased significantly in 2003, with the delivery of 14 LNG cargoes (just over 1 billion $m^3(n)$) to Iberian terminals for the account of energy companies.

In 2003, Distrigas continued to supply natural gas to resellers in Germany and Italy. Sales to Soteg, for the supply of the Grand-Duchy of Luxembourg, were also up compared with 2002.

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Arbitrage sales, especially on the Bacton and Zeebrugge spot markets, were down 4% compared with the exceptionally high levels achieved in 2002, when Distrigas supplied large quantities of natural gas to trading partners during the shutdown of the Interconnector in summer. This replacement of the UK gas source by Distrigas' supplies made it possible for them to continue to meet their commitments to continental customers.

2. Competitiveness of natural gas prices in Europe

In Europe, the natural gas price levels compared rather favourably in 2003 with those of other fuels and even showed a slight decline in the second half of the year.

As in previous years, prices for residential, tertiary and industrial customers **in Belgium** remained highly competitive and were among the lowest in Europe.

The competitive position of Distrigas' natural gas supplies is mainly the result of periodical price renegotiations under long-term contracts, as well as of the flexibility of its portfolio which makes it possible to optimize supplies by purchasing and selling natural gas on the short-term market.

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3. Consolidated results

The Auditors have confirmed that the accounting information given in this press release does not give rise to any reservation on their behalf and corresponds to the company accounts as approved by the Board of Directors.

(in € million)	2003	2002	Difference (Δ)
Turnover	**3,882**	**3,606**	**276**
Operating result	308	94	214
Financial result	11	-5	16
Profit on ordinary activities	**319**	**89**	**230**
Extraordinary result	0	17	-17
Profit before income taxes	**319**	**106**	**213**
Income taxes	-103	-38	-65
Result of companies accounted for by the equity method	2	2	0
Consolidated net profit	**218**	**70**	**148**
Share of Distrigas	216	68	148
Share of third parties	2	2	0

Per share (in €)	2003	2002	Difference (Δ)
Consolidated profit on ordinary activities	454.08	127.16	+326.92
Distrigas share in the consolidated net profit	306.94	96.22	+210.72

Consolidation scope

There has been no change to the scope of consolidation compared with the previous financial year. Consequently, the results reviewed hereunder still include those of Distrigas SA and of its subsidiaries Distrigas & Co SCA, GIE Finpipe and Transfin SA, which are fully consolidated, as well as those of ETAC BV and Distri Re, which are consolidated using the equity method.

Turnover

Natural gas sales generated a turnover of €3,718 million in 2003, compared with €3,460 million in 2002, accounting for approximately 96% of the total.

This increase of 7.5% is primarily due to the higher turnover in gas sales outside Belgium (up 28%).

In Belgium, however, turnover was slightly down due to a drop in average gas prices compared to the previous year, whereas volumes remained practically unchanged.

Transit activities posted a turnover of €123 million on 31 December 2003, compared with €113 million on 31 December 2002, i.e. 3% of total turnover.

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This 9% increase for this activity is mainly attributable to income from new short-term transit contracts associated with an exceptionally high level of UK gas exports through the Interconnector last summer.

The other activities generated a turnover of €41 million on 31 December 2003, compared with €33 million on 31 December 2002. This increase results from chartering out the "Berge Boston" LNG carrier from February 2003 onwards.

Operating result

The 2003 operating result showed an important increase compared with 2002 due to the upturn in sales outside Belgium, and to a conjunction of favourable market circumstances such as the exceptional number of cargoes delivered in Spain, the arbitrage operations, the short-term volume of transit and the high spot prices at the end of the year. These high price levels have led to a higher valuation of stocks at year end as well as a recapture of provisions created earlier as part of a prudent reporting of offtake commitments in a liberalised market and accounting entries made in preparation of IAS compliance (international accounting standards).

Operating costs were also reduced, mainly during the second half of 2003.

Financial result

The Group's financial result has also improved compared with 2002 due to non-recurrent financial charges taken by Distrigas SA in 2002 and debt redemption by the subsidiary Finpipe GIE.

Net profit

The net profit amounts to €218 million compared with €70 million in 2002.

In accordance to the provisions of the Articles of Association, a proposal will be made to the Annual General Meeting to pay a gross dividend of €144.32 per share, representing a net dividend of €108.24.

This net profit change clearly demonstrates that the market liberalisation will cause the performance of Distrigas, as of other merchant companies, to fluctuate significantly and hence, create substantial uncertainty with respect to earning forecasts.

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4. Key events

January 2003 – Delivery of a new LNG carrier
In South Korea, Distrigas and the Norwegian shipping company Bergesen christened the *Berge Boston*, a new LNG (liquefied natural gas) carrier with a capacity of 138,000 m³. The ship - owned jointly by Bergesen (51%) and Distrigas (49%) - is chartered out under a long-term contract to Tractebel LNG North America LLC.

April 2003 – Commercial partnership with Energie du Rhône
Commercial partnership with Energie du Rhône (EDR) to develop natural gas sales in France to small and medium-sized industrial customers who have been eligible since the summer of 2003.

June 2003 – Claim filed with the Council of State
Distrigas filed a claim with the Council of State concerning the application to transit activities of the code of conduct governing access to the natural gas transmission networks. The company only contested the fact that the code was being applied to the transit of natural gas (border-to-border transmission), a very important business activity for Distrigas and one in which Belgium has established a key position in Europe. The action does not affect the transport for the Belgian market and nor does it hinder the market liberalisation.
In January 2004, the Council of State suspended the application of the code of conduct to the natural gas transit business.

July and August 2003
Record flows for the Interconnector
Taking advantage of the substantial price differences between the UK and continental markets, the Interconnector operated at full capacity during the summer and exported large volumes of UK gas to the continent, achieving maximum capacity over several weeks. Conversely, during the first quarter of 2004, maximum reverse flow capacity was reached towards the UK.

The Methania's longest voyage
During the summer months, the Methania delivered a cargo of LNG from Qatar to the United States, a trip of 21,000 nautical miles (38,000 km) in nearly 60 days, the longest voyage in its history.

September 2003
Distrigas supports the Zeebrugge hub
As in the summer of 2002, the Interconnector experienced some interruptions. Distrigas again ensured the liquidity of the Zeebrugge hub by backing up the supplies of various trading partners.

5. Liberalisation of natural gas market gathers pace

In Europe, the new gas directive, passed in June 2003, calls for full opening for all non-residential (professional) consumers by no later than 1 July 2004, and for all consumers by 1 July 2007. The new directive also requires *inter alia* the legal separation of the network and sales businesses, establishes a regulator in each EU member state with well defined authorities, defines public services obligations, and more.

In Belgium, **the Flemish region** largely anticipated the directive by taking two major steps in 2003. As of 1 January the market for all consumers consuming in excess of 1 million m³ per year (12 GWh) was fully liberalised and on 1 July all consumers in Flanders, regardless of their consumption level, became eligible to choose their supplier.

In **the Walloon region**, consumers of more than 1 million m³ per year, as well as customers with high-quality cogeneration facilities, became eligible on 4 January 2004.

In **the Brussels region**, the draft order on the organisation of the natural gas market in the Brussels Capital Region was examined by the Council of State and is due to be debated by the Brussels parliament shortly.

6. Independent directors

In accordance with art. 524 of the Companies Code, five independent directors were nominated during the extraordinary general meeting of shareholders on 22 January 2004: Jozef Deman, Philippe Lallemand, Baudouin Michiels, Ludy Modderie and Wilfried Van den Heuvel.

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Other languages
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