Fluxys implements major investment programme and proposes a net dividend of €52.50 per share

- **Net dividend of €52.50 per share**
- **Change in shareholder structure: Publigas becomes majority shareholder**
- **Record investments**
- **Change in legal and regulatory framework: Fluxys and Fluxys LNG appointed as system operators under the definitive system**
- **Fluxys acquitted in trial over Ghislenghien disaster: Tournai Correctional Court finds Fluxys not in breach of any rules**

1. Fluxys Group – 2009 results (IFRS)

1.1 Foreword

In 2008, the initial accounting for the business combinations Fluxys & Co (formerly Distrigas & C°) and SEGEO was determined provisionally: goodwill of €402,638 thousand and €4,890 thousand respectively had not yet been allocated to the acquired assets and liabilities. The initial accounting was completed on 31 December 2009. In line with IFRS 3, the 2008 accounts have been retrospectively restated.

On the balance sheet, the aforementioned goodwill amounts were allocated to 'Property, plant and equipment' (€326,854 thousand) and 'Intangible assets' (€286,665 thousand) as well as to 'Current assets' (€47,259 thousand) and 'Deferred tax liabilities' (€210,998 thousand). Completion of this initial accounting also resulted in an increase in equity of €42,252 thousand. In the income statement, the restatement affected 'Depreciation and amortisation' (-€10,906 thousand), 'Financial income' (+€7,246 thousand), 'Non-operating income' (+€7,499 thousand) and 'Tax' (+€1,244 thousand). This resulted in an increase of €5,083 thousand in net profit for 2008.

1.2 Persistent uncertainty in the regulatory framework

The 2009 accounts, like those for 2008, were drawn up in a regulatory environment where recognition of the results of our activities was highly uncertain due to the decisions on tariffs taken by the Commission for Electricity and Gas Regulation (CREG).

Having rejected the proposals for multi-year tariffs submitted by Fluxys in 2007, CREG in its decision of 19 December 2007 imposed provisional transport and storage tariffs equivalent to those applied in 2007. Pursuant to this decision, Fluxys applied these tariffs from 1 January 2008.

On 15 May 2008, CREG published a decision on transit tariffs. A Royal Decree of 27 May 2008 suspended this decision, but on 6 June 2008 CREG confirmed its initial decision and added a decision setting new provisional transport and storage tariffs.

Fluxys decided to lodge an appeal before the Court of Appeal against these decisions and to maintain, as a precaution, the tariffs that were already being applied.

On 28 November 2008 and 29 June 2009, the Court of Appeal handed down rulings suspending the contested CREG decisions. These rulings are provisional, pending the judgement on the substance of the case.

In the absence of final decisions at the moment of closing the financial statements, the Fluxys Group has decided – while contesting CREG's positions – to take the principle of caution as its guideline and to factor the effects of the contested CREG decisions into its financial statements for 2009, mainly by booking provisions, in the same way as it did when closing its 2008 accounts.

1.3 Consolidation scope

The following changes occurred in the consolidation scope in 2009:

- Fluxys Europe SA, with a capital of €81,000 thousand, was incorporated on 10 December 2009 by Fluxys (99.9%) and Flux Re (0.1%). The primary purpose of the company is to acquire stakes in international activities.
- The company Fluxys & Co (formerly Distrigas & C°), which the Group acquired in 2008, was partially demerged in the first half of 2009. Its gas transit contract sales business was absorbed by Fluxys SA on 12 May 2009, with effect from 1 January 2009. The stake in the partnership under Norwegian law 'Partrederiet BW Gas Fluxys DA' – which charters an LNG carrier – as well as the rights and obligations associated with pending regulatory and tax disputes reside within Fluxys & Co.
- The company SEGEO, which owns the 's-Gravenvoeren - Blaregnies pipeline and which has been wholly owned by Fluxys since 1 July 2008, was also absorbed by the latter on the same date and with the same retroactive effect. Consequently, SEGEO has been eliminated from the consolidation scope.

These absorptions had no impact on the consolidated financial statements.

1.4 Summary consolidated income statement (in thousands of €)

In thousands of euro	31-12-2009	Restated 31-12-2008	31-12-2008
Revenue	688,030	592,203	592,203
Other operating income	8,360	13,224	13,224
Consumables, merchandise and supplies used	-30,332	-30,498	-30,498
Miscellaneous goods and services	-159,562	-148,242	-148,242
Employee expenses	-114,615	-106,474	-106,474
Other operating expense	-9,514	-8,117	-8,117
Net depreciation and amortisation	-122,830	-89,157	-78,251
Net allocations to provisions	-77,468	-53,728	-53,728
Impairment losses	-115	-3,140	-3,140
Profit from continuing operations before tax and finance costs	181,954	166,071	176,977
Profit/loss from disposal of financial assets	198	3,016	3,016
Change in value of financial instruments	668	-2,531	-9,777
Financial income	11,603	24,400	24,400
Finance costs	-40,554	-35,398	-35,398
Profit from continuing operations after finance costs	153,869	155,558	159,218
Other non-operating income	0	7,499	0
Income tax expense	-48,712	-45,079	-46,323
Net profit for the period	105,157	117,978	112,895
Fluxys share	103,242	116,047	110,964
Minority interest	1,915	1,931	1,931
Basic earnings per share attributable to equity holders of the parent in €	146.9	165.2	157.9
Diluted earnings per share attributable to equity holders of the parent in €	146.9	165.2	157.9

Revenue. Revenue for 2009 was €688,030 thousand, compared to €592,203 thousand for 2008, i.e. an increase of €95,827 thousand.

This revenue breaks down as follows:

- €617,549 thousand (89.76%) from activities subject to the Gas Act, i.e. gas transmission, storage and terminalling in Belgium. Revenue from these activities increased by €94,045 thousand. The following factors had a positive influence on this revenue:
    - Troll and RTR transit activities, which contributed to the revenue for a whole year in 2009, compared with half a year in 2008 (+ €81,688 thousand).
    - SEGEO transit activities, which were absorbed by Fluxys in 2009 and were integrated proportionally until 30 June 2008 (+ €703 thousand).
    - The commissioning of additional facilities at the LNG terminal in Zeebrugge on 1 April 2008; the invoiced capacity has progressively risen from 66 to 110 slots a year.
    - Investments made which contributed to an increase in revenue.
- €70,481 thousand (10.24%) from other Group activities. The increase of €1,782 thousand in this revenue was mainly due to the income from renting out the LNG carrier, which was integrated for a whole year in 2009 compared with half a year in 2008.

Profit from continuing operations and net financial income. The increase in revenue did not result in an equivalent increase in the profit from continuing operations after finance costs, mainly because of the principles used to determine the profit from regulated activities, which are set by law. The reduction in this profit is mainly owing to non-recurring items recorded in 2008.

Income tax expense. The increase in tax is the result of a reduction in notional interest and non-recurring items in 2008.

Net profit for the period. The net profit for the period decreased compared to the (restated) 2008 figure. The main reasons for this decline are the restatements and non-recurring items recorded in 2008, namely recognition in the income statement of badwill resulting from the takeover of the 25% stake in SEGEO as well as the gains from disposals of financial assets.

1.5 Summary consolidated balance sheet (in thousands of €)

In thousands of euro	31-12-2009	Restated 31-12-2008	31-12-2008
I. Non-current assets	**2,739,610**	**2,551,407**	**2,345,416**
Property, plant and equipment	2,326,330	2,210,260	1,883,406
Intangible assets	296,485	304,214	17,549
Goodwill	3,465	3,230	410,758
Other financial assets	84,242	2,989	2,989
Finance lease receivables	29,088	30,486	30,486
Other non-current assets	0	228	228
II. Current assets	**704,555**	**363,445**	**316,186**
Inventories	67,851	67,981	67,981
Other current financial assets	23,250	22,552	15,306
Income tax receivables	4,838	26,125	26,125
Finance lease receivables	1,395	1,093	1,093
Trade and other receivables	64,511	71,792	31,779
Short-term investments	16,025	0	0
Cash and cash equivalents	514,389	166,658	166,658
Other current assets	12,296	7,244	7,244
Total assets	**3,444,165**	**2,914,852**	**2,661,602**

Non-current assets. The increase in non-current assets is mainly due to investments in property, plant and equipment made during the year (€226,648 thousand), less a depreciation of €104,963 thousand. Most of this investment was in transmission (€105,977 thousand), storage (€37,595 thousand) and compression (€39,338 thousand). The investments in intangible assets (excluding allocated goodwill) totalled €10,423 thousand, with depreciation of €8,173 thousand.

As noted in the foreword, the goodwill amounts recognised in 2008 (€407,528 thousand) were allocated during the second half of 2009. The 2008 accounts were adapted retrospectively to take account of this allocation.

Current assets. The increase in current assets was largely concentrated under cash and cash equivalents, and resulted from withdrawal of the balance of the EIB loan concluded in 2008, i.e. €120,000 thousand, and the issuing of a bond loan for €350,000 thousand.

In thousands of euro	31-12-2009	Restated 31-12-2008	31-12-2008
I. Equity	**1,388,995**	**1,330,763**	**1,288,511**
Equity attributable to equity holders of the parent	1,369,083	1,311,086	1,268,834
Share capital and share premiums	*60,310*	*60,310*	*60,310*
Retained earnings	*1,309,992*	*1,252,506*	*1,210,254*
Translation adjustments	*-1,219*	*-1,730*	*-1,730*
Minority interests	19,912	19,677	19,677
II. Non-current liabilities	**1,659,646**	**1,178,477**	**967,479**
Interest-bearing liabilities	1,040,580	534,157	534,157
Provisions	23,542	23,541	23,541
Provisions for employee benefits	65,165	72,196	72,196
Deferred tax liabilities	530,359	548,583	337,585
III. Current liabilities	**395,524**	**405,612**	**405,612**
Interest-bearing liabilities	81,998	186,500	186,500
Provisions	178,232	95,486	95,486
Provisions for employee benefits	4,342	4,789	4,789
Other financial liabilities	3,806	3,333	3,333
Income tax payables	11,717	8,361	8,361
Trade and other payables	113,034	103,659	103,659
Other liabilities	2,395	3,484	3,484
Total equity and liabilities	**3,444,165**	**2,914,852**	**2,661,602**

Equity. (see table below "Change in equity")

Non-current liabilities. The increase in long-term debts resulted from a growth in interest-bearing debts following withdrawal of the balance (€120,000 thousand) of the EIB loan concluded in 2008 and the issuing in December 2009 of a €350,000 thousand bond loan to finance the investments planned for 2010 and 2011.

Current liabilities. Short-term debts remained stable. However, interest-bearing short-term debts fell as the commercial papers issued by the Group matured at the end of 2009. Also, the amount of provisions increased due to the booking of new provisions for the dispute with CREG (see above).

1.6 Change in equity (in thousands of €)

	Equity attributable to equity holders of the parent	Minority interests	Total equity
CLOSING BALANCE AS AT 31-12-2008 (restated)	**1,311,086**	**19,677**	**1,330,763**
1. Profit for the period	103,242	1,915	105,157
2. Other comprehensive income	3,939	7	3,946
3. Dividends paid	-49,184	-1,687	-50,871
4. Changes in scope	0	0	0
5. Other changes	0	0	0
CLOSING BALANCE AS AT 31-12-2009	**1,369,083**	**19,912**	**1,388,995**

The change in equity corresponds to the profit for the year and the impact of the other comprehensive income minus the dividends paid during the year.

The equity for 2008 was adjusted by €42,252 thousand due to the Fluxys & Co and SEGEO goodwill allocations.

1.7 Summary consolidated cash flow statement (in thousands of €)

	31-12-2009	31-12-2008
Cash at the start of the period*	**166,658**	**219,500**
Cash flows from operating activities (1)	354,363	277,044
Cash flows used in investing activities (2)	-312,070	-1,190,046
Cash flows used in financing activities (3)	321,463	315,282
Increase/decrease in cash	**363,756**	**-597,720**
Impact of acquisitions and divestitures	**0**	**544,878**
Cash at the end of the period*	**530,414**	**166,658**

(1) Cash flows from operating activities also include changes in the working capital requirement.
(2) This amount takes also into account the disinvestments.
(3) These flows include dividends paid.
** 'Cash' includes cash, cash equivalents and short-term investments.*

2. Fluxys SA – 2009 results (in Belgian GAAP)

Net profit of Fluxys SA was €65.9 million, identical to the 2008 figure.

Taking into account profit brought forward of €43.1 million, an addition to the untaxed reserves amounting to € 3.3 million and the statutory obligation to distribute a minimum of 75% of the net profit, the Board of Directors will propose to the General Assembly to allocate profits as follows:

- €56.6 million to profit to be carried forward;
- €49.2 million as a dividend to shareholders.

If this proposal is accepted, the gross dividend per share in 2009 will be €70 (€52.50 net), which is identical to last year. Dividends will be payable as from 20 May 2010.

3. External audit

The Statutory Auditors have confirmed that their audit activities have not revealed the need for any significant adjustments to the accounting information contained in this press release.

4. Ghislenghien

On 22 February 2010, the Tournai Correctional Court acquitted Fluxys in the trial over the Ghislenghien disaster, ruling that Fluxys was not in breach of any rules. The public prosecutor’s office has announced that it would appeal against this ruling by the court of first instance.

5. Developments in 2009

5.1 Legal and regulatory framework

New tariffs from 1 January 2010. Fluxys and CREG have agreed on new multi-annual tariffs for natural gas transmission and storage. The new tariffs apply from 1 January 2010 until the end of the current regulatory period (end of 2011) and are amongst the most competitive in Europe.

The new tariffs are based on an entry/exit model with a uniform tariff methodology regarding transmission for the Belgian market and border-to-border transmission. The agreement determines tariffs for storage as well. It also provides for stable tariffs through to 2015 and incorporates the principle of tariff stability over the longer term, taking into account Fluxys’ extensive investment programme.

The agreement does not cover historical contracts for border-to-border transmission. For grid users entitled to protection under these historical contracts, Fluxys has been charging the regulated tariffs since 1 January 2010 but will make an ex-post adjustment if necessary, in accordance with the final verdict of the Court of Appeal.

On 21 January 2010, four grid users lodged an appeal before the Brussels Court of Appeal against CREG's tariff decision.

Fluxys and Fluxys LNG appointed as system operators. In 2006, Fluxys and Fluxys LNG were provisionally appointed as single operators in Belgium of the transmission and storage facilities and the terminalling facilities respectively. One year later, the procedure started to appoint single operators of the various facilities under the definitive system. On 12 February 2010, following advice from CREG and the Banking, Finance and Insurance Commission (CBFA) and a proposal by Federal Energy Minister Paul Magnette, the Council of Ministers appointed Fluxys as single operator in Belgium of the natural gas transmission system and storage facilities, and Fluxys LNG as single operator in Belgium of the LNG facilities.

5.2 Record investments

€226 million invested in infrastructure. The Fluxys Group invested €226 million in infrastructure projects in 2009. Of the total amount invested, 81% went to transmission projects, 17% to storage projects and 2% to LNG terminalling projects. In 2009, investment spending rose by 14% compared with 2008. This trend is set to intensify in the years ahead.

Fluxys acquires 10% stake in IUK at a cost of €81 million. In December 2009, Fluxys acquired from E.ON Ruhrgas a 10% stake in Interconnector UK Ltd (IUK), the operator of the subsea pipeline between Zeebrugge and Bacton (UK).

5.3 Regulated activities

Transmission customers. On 1 January 2010, 28 companies had a supply licence for transmission into the Belgian market and the number of customers for border-to-border transmission remained stable at around 40.

Offtake. Total offtake of natural gas in 2009 remained virtually unchanged from 2008 and 2007 at 17.5 billion cubic metres. Offtake by power stations connected directly to the Fluxys grid was 24% higher in 2009 than in 2007 and 25% higher than in 2008.

No problem handling the winter peak. Natural gas consumption on the Belgian market hit a record high of just under 100 million cubic metres on Friday, 8 January 2010. This was around 4% higher than the previous record of 6 January 2009. The required capacity was made available in the Fluxys system without recourse to installations for covering peak demand.

New transmission and storage services. Fluxys launched various services allowing grid users to use existing capacity with maximum efficiency and flexibility, and took a number of steps to publish more operational data. In April 2009, Fluxys also introduced a new model for offering storage services. The new model enables greater flexibility in the use of capacity and makes it easier for storage users to manage their own capacity.

Connection agreement for end users. The connection agreement formalises the contractual link between Fluxys and companies directly connected to its grid. Following a market consultation organized by CREG on Fluxys' proposal for the agreement, CREG and Fluxys joined forces to establish a final version of the document.

High level of activity at the LNG terminal. The LNG terminal saw a particularly high level of activity in 2009, with 78 ships unloaded compared to 37 in 2008. The ships transported 4.83 million tonnes of LNG, equivalent to 6.3 billion cubic metres of natural gas. In addition, four vessels were loaded with LNG at the terminal in 2009. Since this new service was launched in August 2008, a total of 10 LNG ships have berthed at the terminal for loading.

5.4 Hub services

All-time highs. The Zeebrugge Hub celebrated its 10th birthday in 2009 with record figures. Both the volumes physically delivered at the Hub and the net traded volumes were up by around 42% in 2009 compared with 2008. A new record was set on 24 September with net traded volumes reaching 2,585 GWh, around seven times the amount of high-calorific natural gas consumed in Belgium on the same day. Over the year as a whole, 62 billion cubic metres of natural gas was traded at the Hub (721 TWh), more than 3.5 times the annual consumption on the Belgian market.

New traders on the Zeebrugge Hub. Interest in natural gas trading at the Zeebrugge Hub remained buoyant in 2009. Huberator signed contracts with six new members, bringing the total number of customers to 76 by the end of the year.

5.5 Corporate governance

In 2009, Fluxys adjusted the composition of its Board of Directors and advisory committees in line with the new shareholder structure. The company also complies with audit obligations and has implemented the recommendations set out in the new Belgian Corporate Governance Code.

Majority shareholding for Publigas and shareholder agreement. On 27 May 2009, Publigas acquired a 6.25% stake in Fluxys from SUEZ-Tractebel, bringing its total shareholding to 51.47%. The stake held by SUEZ-Tractebel (part of the GDF SUEZ Group) fell to 38.50%. On 21 December, SUEZ-Tractebel transferred its entire stake to Electrabel, its parent company and a wholly owned subsidiary of GDF SUEZ.

Change in shareholder structure. The law of 10 September 2009 (published in the Belgian Official Journal on 8 December 2009) amending the law of 12 April 1965 stipulates that producers and suppliers and their related undertakings may hold no more than 24.99% of the capital or voting shares in a transmission infrastructure operator, with effect from 1 January 2010. The Ministerial Decree appointing Fluxys as operator in Belgium of the natural gas transmission system and storage facilities reiterates the obligations stipulated in the law of 10 September 2009 while stating 30 May 2010 as due date.

On 15 January 2010, Electrabel notified Fluxys of its intention to sell all or part of its stake in the company.

6. Prospects

6.1 Investments

New east / west capacity. January 2010 saw the start of the RTR2 project. The project represents an investment of over €300 million and entails laying a second pipeline between Eynatten and Opwijk (170 km) alongside the existing RTR1 pipeline (Zeebrugge/Zelzate - Eynatten). Commissioning of the RTR2 pipeline is due to take place in stages from late 2010 onwards, subject to the necessary permits being obtained.

New north / south capacity. Fluxys plans to enhance its network by late 2013 in order to significantly increase natural gas transmission capacity between Belgium and France. The project represents an investment of approximately €700 million and will involve, among other things, laying a new pipeline of around 125 km between the compressor station in Winksele and the border station in Blaregnies on the Belgian-French border.

European support for Fluxys natural gas infrastructure projects. As part of its European Economic Recovery Plan, the European Commission is seeking to increase investment and modernize Europe's infrastructure. A total of almost €4 billion is being earmarked for energy projects. The Commission has a budget of €2.3 billion for trans-European projects such as LNG projects and enhancements of interconnections between networks. In this context, the European Commission is awarding Fluxys €35 million for the RTR2 project and €67 million for construction of the new north/south pipeline.

Possible additional capacity enhancement at LNG terminal. In 2007, Fluxys LNG launched an international market consultation to gauge interest in additional capacity at the terminal, among other things. Various LNG players have expressed interest in services that would require an additional jetty. A second jetty, which would also enable LNG regasiification vessels to berth, could be built in a first stage, with further enhancement possible at a later stage.

Market consultation on transmission between Belgium and Luxembourg. In June 2009, Fluxys launched a market consultation to assess demand for additional long-term capacity for transmission to Luxembourg. The company has received binding capacity requests totalling 172,000 m^3/hour per year for the period 2015-2025.

Market consultation on transmission between the Czech Republic, Germany and Belgium. In November 2009, RWE Rheinland Westfalen Netz, Fluxys and RWE Transgas Net launched a market consultation to gauge market interest in additional long-term capacity in both directions on the route between the Czech Republic, Germany and Zeebrugge. Fluxys has so far received non-binding market interest in this project.

Market consultation on transmission between France and Belgium. Fluxys and French system operator GRTgaz have initiated talks about the possible development of transmission capacity from France to Belgium, potentially via a new interconnection point. This would enable shippers to bring natural gas from North France to Zeebrugge.

6.2 2010 results

Bearing in mind the development of its business activities for the current year, and barring any unforeseen circumstances, Fluxys expects to pay out a dividend in 2010 that is at least equal to the dividend for financial year 2009.

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