- **Falling interest rates affect allowed return and, consequently, net profit**
- **Net dividend of €1.20 per share**
- **€106 million invested in infrastructure in 2012**
- **Smooth introduction of entry/exit market model and promising start of ZTP trading point**
- **Capacity sales up, transmission tariffs down by 6%**
- **Successful bond issue during first half a year**

Contents

1. Growth in sales

Despite the depressed economic climate and the drop in natural gas consumption, Fluxys Belgium managed to increase its total sales figures thanks to sales of additional short-term transmission capacity and intense use of loading services at the LNG terminal. The net profit for 2012 was €88.8 million, a drop of €33.3 million compared with 2011. This decrease is due to the pay-out of available reserves in 2012 and the historically low interest rates, both of which are decisive factors in determining the net profit from regulated activities. Nonetheless, the profit still yields a net dividend of €1.20 per share.

2. Fluxys Belgium group – 2012 results (IFRS)

Financial year 2011 saw the settlement of the acquisition of transit activities (Distrigas & C°). This affected various items of the income statement but did not impact Fluxys Belgium's net profit.

2.1. Consolidation scope: changes in 2012

The consolidation scope did not change in 2012. However, at the end of the year the group decided to sell its subsidiary Fluxys & Co, which mainly manages an LNG carrier. That company's assets and liabilities were therefore reclassified as assets and liabilities held for sale. Fluxys & Co was sold on 18 January 2013 for €70 million. Its contribution to 2012 net profit for the period was €3.6 million.

Walter Peeraer, CEO:

"I am very proud of what the men and women at Fluxys Belgium have achieved in 2012 and am pleased to report an increase in the capacity sold as well as a decrease in our transmission tariffs in October when the new entry/exit market model was launched. In addition, our €106 million of investments enabled us to strengthen Belgium's security of natural gas supply and consolidate our country's role as a crossroads for large-scale gas flows."

2.2. Summary consolidated income statement (in thousands of €)

In thousands of €	**31-12-2012**	**31-12-2011**
Operating revenue	626,306	709,857
Other operating revenue	26,744	11,427
Consumables, merchandise and supplies used	-44,365	-39,128
Miscellaneous goods and services	-168,609	-139,653
Employee expenses	-125,368	-131,028
Other operating expenses	-7,720	-9,174
Net depreciation and amortisation	-142,830	-128,698
Net provisions	23,395	184,477
Impairment losses	-811	-233,680
Profit from continuing operations	186,742	224,400
Change in the fair value of financial instruments	3,400	1,477
Financial income	11,224	13,838
Finance expenses	-60,627	-52,944
Profit from continuing operations after net financial result	140,739	186,771
Income tax expense	-51,898	-64,692
Net profit for the period	88,841	122,079
Fluxys Belgium share	88,841	122,078
Non-controlling interests	0	1
Basic earnings per share attributable to the parent company's shareholders in €	1.2644	1.7374*
Diluted earnings per share attributable to the parent company's shareholders in €	1.2644	1.7374*

** The presentation of the basic and diluted earnings per share was changed following the decision of the General Meeting of 8 May 2012 to split the share into 100.*

Operating revenue. Operating revenue for 2012 was €626.3 million, compared with €709.9 million in 2011, a drop of €83.6 million.

- Revenue from regulated activities, namely natural gas transmission and storage and terminalling services for liquefied natural gas in Belgium, was €595.4 million, down €86 million compared with the previous period. This was owing firstly to the settlement regarding Distrigas & C°, which had a positive influence on operating revenue in 2011, and secondly the decreasing OLOs during 2012. Although customers subscribed more capacity than in the previous year, the regulated allowed turnover (revenue cap) was lower due to the impact of the OLOs on the tariff settlements.

  The group would like to point out that the tariffs applied by Fluxys Belgium are among the most competitive in Europe.

- Revenue from non-regulated activities was €30.9 million, an increase of €2.5 million compared with the previous year.

Other operating revenue includes the insurance payments covering part of the compensation awarded to victims of the Ghislenghien accident.

Consolidated net profit. The consolidated net profit for the period was €88.8 million, a decrease of €33.3 million compared to 2011. The net profit from regulated activities is primarily determined by the invested equity, the financial structure and the interest rates (OLOs):

- The pay-out of €421.6 million of available reserves in 2012 caused a decrease in equity, which in turn translates to a €5.6 million reduction in operating profit. However, the return on the remaining equity has risen thanks to the improved financial structure, which is now more in line with the regulatory framework.
- The interest rates used as a reference for calculating the allowed return on the regulated assets are the 10-year linear bonds issued by the Belgian state (OLOs). These interest rates hit a historic low in 2012. By way of comparison, the average 10-year OLO rate for the past five years was 4%, whereas the average rate for 2012 was just under 3%, leading to a €23.7 million drop in the regulated net profit.

2.3. Summary consolidated balance sheet (in thousands of €)

Assets (in thousands of €)	**31-12-2012**	**31-12-2011**
I. Non-current assets	**2,492,625**	**2,610,631**
Property, plant and equipment	2,416,548	2,528,848
Intangible assets	17,024	15,263
Other financial assets	3,962	42
Financial lease receivables	22,850	25,303
Loans and receivables	32,241	41,175
II. Current assets	**484,598**	**617,872**
Inventories	51,208	43,335
Other current financial assets	0	25,600
Financial lease receivables	2,453	2,067
Current tax receivables	1,064	2,673
Trade and other receivables	50,515	90,784
Short-term investments	48,541	41,984
Cash and cash equivalents	213,480	405,622
Other current assets	5,154	5,807
Assets held for sale	112,183	0
Total assets	**2,977,223**	**3,228,503**

Non-current assets. The decrease in ‘Property, plant and equipment’ is mainly due to the reclassification of Fluxys & Co’s assets as ‘Assets held for sale’ (€79.3 million). In addition, the investments made in 2012 (€106.4 million) were less than the depreciation (€133.9 million). Most of the investments were in compressor stations (€27.9 million), laying transmission pipelines (€27.6 million), expanding storage capacity at Loenhout

(€10.6 million) and continuing work on building an Open Rack Vaporiser (€11.4 million) at the Zeebrugge LNG terminal.

Current assets. The other current financial assets related to Fluxys & Co and were transferred to 'Assets held for sale', as noted above. The decrease in other receivables is owing to the fact that the shareholders' guarantee was used as a result of the final decision regarding the value of Distrigas & C°'s border-to-border transmission activities (€68 million), as reported in the 2011 annual results. That decrease was partially offset by the increase in outstanding trade receivables as a result of the introduction of the new transmission contract.

Short-term investments, cash and cash equivalents fell by a total of €185.6 million, mainly due to the pay-out of reserves and the investments made.

Equity and liabilities (in thousands of €)	**31-12-2012**	**31-12-2011**
I. Equity	**828,062**	**1,362,816**
Equity attributable to the parent company's shareholders	828,062	1,362,815
Share capital and share premiums	*60,310*	*60,310*
Reserves and retained earnings	*767,752*	*1,302,505*
Non-controlling interests	0	1
II. Non-current liabilities	**1,869,401**	**1,540,656**
Interest-bearing liabilities	1,458,093	1,058,341
Provisions	6,884	24,423
Provisions for employee benefits	47,686	54,443
Other non-current financial liabilities	990	0
Deferred tax liabilities	355,748	403,449
III. Current liabilities	**279,760**	**325,031**
Interest-bearing liabilities	91,129	148,903
Provisions	17,869	14,008
Provisions for employee benefits	3,341	3,715
Other current financial liabilities	0	1,989
Current tax payables	49,388	53,264
Trade and other payables	73,912	100,740
Other current liabilities	2,221	2,412
Liabilities associated with assets held for sale	41,900	0
Total equity and liabilities	**2,977,223**	**3,228,503**

Equity. (see 'Statement of changes in equity' below)

Liabilities. The increase in non-current interest-bearing liabilities is mainly the result of the bond issue in April (€350 million). This move meant that the short-term commercial paper did not need to be renewed, bringing about a drop in current interest-bearing liabilities.

Deferred tax was reduced due to the transfer of the part relating to Fluxys & Co to 'Liabilities associated with assets held for sale' (€36.1 million).

2.4. Statement of changes in equity (in thousands of €)

	Equity attributable to the parent company's shareholders	Non-controlling interests	Total equity
CLOSING BALANCE AS AT 31-12-2011	**1,362,815**	**1**	**1,362,816**
1. Comprehensive income for the period	89,188	0	89,188
2. Dividends paid	-623,941	-1	-623,942
CLOSING BALANCE AS AT 31-12-2012	**828,062**	**0**	**828,062**

As at 31 December 2012, equity totalled €828.1 million. The drop of €534.8 million compared with the previous year is the result of the dividends paid out in 2012 (€ -623.9 million, including the pay-out of reserves), which were higher than the comprehensive income for the period (€ +89.2 million). The reduction in equity brings the ratio of equity to borrowed funds more in line with the ratio advocated by the Belgian regulatory framework and has a positive impact on the return on equity, which has increased by more than 25 basis points (gross).

2.5. Summary consolidated cash flow statement (in thousands of €)

	31-12-2012	31-12-2011
Cash at the start of the period*	**447,606**	**577,765**
Cash flows from operating activities (1)	249,370	298,782
Cash flows relating to investing activities (2)	-112,399	-209,937
Cash flows relating to financing activities (3)	-322,556	-219,004
Net increase/decrease in cash	**-185,585**	**-130,159**
Cash at the end of the period*	**262,021**	**447,606**

(1) Cash flows from operating activities also include changes in the working capital requirement.
(2) This amount takes into account disinvestments.
(3) These include dividends paid.

* 'Cash' includes cash, cash equivalents and short-term investments.

3. Fluxys Belgium SA – 2012 results (Belgian GAAP): proposed allocation of profits

Fluxys Belgium SA's net profit was €72.6 million, compared with €157.2 million in 2011. The latter included a non-recurring dividend of €66.2 million from the pay-out of available reserves from Fluxys LNG to Fluxys Belgium.

Aside from the abovementioned one-off factor, net profit in 2012 was down on 2011 mainly due to the pay-out of available reserves by Fluxys Belgium in 2012 and the historically low interest rates (OLOs), which negatively affected the regulated return. The net compensation paid to the victims of the Ghislenghien accident also impacted the profit for 2012.

As of 2010 and barring unforeseen events, Fluxys Belgium aims to distribute 100% of its net profit for the year plus any reserves released as and when the revaluation surplus depreciates.

Factoring in a profit of €47.8 million carried over from the previous period and a withdrawal from reserves of €42.1 million, the Board of Directors will propose to the Annual General Meeting to allocate profits as follows:

- €112.4 million as a dividend pay-out;
- €3.3 million as reserves not available for distribution;
- €46.8 million as profit to be carried forward.

If the proposed allocation of profits is accepted, the total gross dividend per share for 2012 will be €1.60 (€1.20 net). That amount will be payable as from 22 May 2013.

4. Activities and services

4.1 Introduction of entry/exit market model and ZTP trading point

New entry/exit market model launched successfully. Fluxys Belgium successfully launched a new entry/exit market model according to schedule on 1 October 2012, thanks to its intensive and productive cooperation with federal energy regulator CREG, grid users, and the major consumers directly connected to its network. This model ties in perfectly with the European Union's blueprint for an integrated European natural gas market: a unified system of optimally interconnected transmission grids that suppliers can access with flexible entry/exit systems, plus efficient gas trading points between which users can channel natural gas flows. In North-Western Europe, that blueprint is already well on the way to becoming a reality. There is substantial convergence between prices at the various gas trading points: if the price at a particular trading point rises sufficiently, natural gas will flow there from the other markets until the price differences return to the level of the cost of transmission between the markets.

ZTP: a new central trading point with a Belgian price index. Fluxys Belgium started its new central trading point ZTP to coincide with the launch of the new entry/exit model. With this new approach, every cubic meter of natural gas entering the Belgian grid is automatically available on ZTP. As a bilateral gas trading point, Zeebrugge Beach in the Zeebrugge area remains an important liquid market on the continent. A total volume of 752 TWh was traded at Zeebrugge Beach and ZTP in 2012. In the first three months after ZTP opened, the average daily volume traded was 100 GWh, a modest but promising result.

4.2 Transmission: more capacity sold, less volumes transported

In 2012, Fluxys Belgium recorded an increase in the amount of transmission capacity sold due to active marketing of new short-term products. By contrast, transmitted volumes fell. This fall has had no effect on turnover for 2012 because reserved capacities are not affected by developments in gas flows and new short-term transmission hub-to-hub products were marketed by Fluxys Belgium in 2012.

Consumption on the Belgian market. As regards energy transmitted for consumption on the Belgian market, the increase in consumption by distribution system operators is mainly a result of higher consumption during the cold snaps in February and December 2012. The sharp drop in consumption by power stations is primarily due to the combined effect of low coal prices, the floor price for CO_2 emission rights and the negative spark spread for natural gas, all of which put coal as a source for power generation at an advantage in Europe. At the same time, renewable energy's share in the energy mix grew and more electricity was imported.

Volumes transmitted to other countries. The decline in net volumes transmitted abroad in 2012 is the result of various factors:

- the impact of the present economic crisis on natural gas consumption in Europe;
- the negative spark spread for power generation with natural gas, which, of course, is affecting neighbouring countries as well;
- the price convergence between Northern Europe's spot markets, as a result of greater market liquidity. Price convergence results in a decline in the need to transmit gas between spot markets.

4.3 Zeebrugge develops into a hub for small-scale LNG use

Second jetty: new long-term capacity reservations. New terminal users have booked slots for loading over 200 small ships at Zeebrugge LNG terminal. Those slots will be offered at the second jetty currently under construction at the terminal. It is set to become operational in 2015 and will offer berthing space for carriers from small through to large. Following on from the marketing of carrier truck loading, this latest move is a new step in the terminal's development as a hub for small-scale LNG use.

Truck loading a success. Since June 2010, trucks as well as ships have been able to load at the Zeebrugge LNG terminal. A total of 316 loadings were carried out in 2012, which represents a considerable increase. Most of the LNG was bound for the UK, the Netherlands, Germany and Poland, where the market for LNG as a fuel in the transport sector is booming.

Very successful year for loading services. 46 LNG carriers unloaded at Zeebrugge in 2012, compared with 70 in 2011. Since all the capacity at the terminal is subscribed through long-term contracts, the number of unloadings has not affected the group's financial results. High LNG prices in Asia drove up demand for loading services in 2012: 25 LNG carriers berthed for loading, compared with 10 the previous year. They loaded some 1.3 million tonnes of LNG.

4.4 Storage capacity offer tailored to market needs

The Loenhout gas storage facility is facing particularly fierce competition for annual contracts due to increased supply of storage in Europe and other flexibility sources such as gas trading points, which in the current market context register a smaller price difference between winter and summer than the cost of physical storage. To benefit from market demand, Fluxys Belgium has capitalised on the Gas Act amendments relating to storage to market a substantial share of the Loenhout storage facility's capacity through long term contracts. When new contracts were being sold in late 2012, there was not enough demand for annual contracts in 2013, so a differentiated service package has been worked out with a view to fulfil more accurately the current market demand.

4.5 Fluxys Belgium helps shape European capacity platform

The creation of the joint capacity platform Prisma was an important step on the way to an integrated European gas market. Nineteen transmission system operators from the Netherlands, Austria, Belgium, Denmark, Germany, France and Italy, including Fluxys Belgium and its sister company Fluxys TENP, are pooling their experience in gas transmission and capacity platforms. To begin with, Fluxys Belgium will offer cross-border day-ahead capacity with neighbouring TSOs through Prisma.

4.6 New tariffs approved by CREG

In 2012, CREG approved an amended tariff proposal for transmission services and the latest tariff proposal for LNG terminalling services. This means that Fluxys Belgium can maintain the prices for its transmission services at a competitive level: transmission tariffs decreased by around 6% on 1 October. A special tariff for LNG was introduced in view of market demand for loading small ships with LNG at Zeebrugge.

5. Investments

2012: €106 million invested in infrastructure in Belgium. Over the last five years, Fluxys Belgium has pursued an ambitious investment programme with a total value of almost €1.2 billion. In 2012, Fluxys Belgium invested €106 million in infrastructure projects in Belgium. 72.7% of the total amount invested was allocated to transmission projects, 11.3% to storage projects and 16.0% to LNG terminalling projects.

Green light for connection between Dunkirk and Zeebrugge. Fluxys Belgium and the French transmission system operator GRTgaz have decided to connect up three key pieces of infrastructure: the Dunkirk LNG terminal, which will serve as a new entry point into Europe, the GRTgaz grid and the Fluxys grid. GRTgaz will build a pipeline from the Dunkirk LNG terminal to the French-Belgian border and Fluxys Belgium will build a new interconnection point at Alveringem and lay a pipeline between Alveringem and Maldegem. This additional infrastructure will require an investment of €150 million on the part of Fluxys Belgium. Both TSOs are working together to have the new capacity ready for use by late 2015 to coincide with the commissioning of Dunkirk LNG terminal.

The Dunkirk-Zeebrugge pipeline project is the first of its kind in Europe: Fluxys Belgium will become the first TSO in Europe to offer cross-border capacity through a single contract.

Second jetty at Zeebrugge LNG terminal. A second jetty for loading and unloading LNG carriers is currently under construction at the LNG terminal. Ships with capacities of 2,000 to 217,000 cubic metres of LNG will be able to berth there, meaning it will be possible to receive both the smallest and the biggest LNG carriers at Zeebrugge. Now that the Zeebrugge Port Authority has completed work on the underwater structure, Fluxys LNG has begun building the superstructure. The jetty will enter into service in 2015.

6. Project for gas transmission between Italy and the United Kingdom

In late December 2012, sister companies Fluxys TENP and FluxSwiss, working in cooperation with Fluxys Belgium and Italian TSO Snam Rete Gas, launched a coordinated market process giving interested grid users the option of reserving long-term capacity for transmission from Italian trading point PSV through Switzerland to German trading points NCG and Gaspool and/or Belgian trading point ZTP. Creating reverse-flow capacity for transmission from Italy through Switzerland to Germany and Belgium will boost security of supply. It will also increase market liquidity by enhancing the connection between gas trading points in Italy, Germany, Belgium and the United Kingdom.

7. Ghislenghien: final compensation for victims

Fluxys Belgium believes that the victims of accidents like the one at Ghislenghien should be compensated as quickly as possible, and that delaying compensation until court proceedings are conclucted needlessly exacerbates their suffering. For that reason, Fluxys Belgium decided to take on its corporate responsibility and work out, with its insurers, a settlement for final compensation of the victims, outside of the court proceedings and regardless of their outcome. The total amount of the compensation was over €30 million.

8. Financial prospects for 2013

Net profit from regulated activities is primarily determined by the invested equity, the financial structure and the interest rates (OLO). The recurrent dividend will continue to change depending on the development of these three parameters. The reduction in invested equity resulting from the pay-out of reserves in 2012 translates into a drop in the revenue on invested equity. At the same time, return on the remaining equity improved as the financial structure moves towards a balance that is more in line with the regulatory framework. The current volatility of the financial markets does not allow for clear predictions on interest rates, whether positive or negative.

9. External audit

The statutory auditor has confirmed that his audit activities, which have been thoroughly carried out, have not revealed the need for any significant adjustments to the accounting information contained in this press release.

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