

Results for financial year 2004

- **In 2004 Electrabel realised more than half of its electricity sales outside Belgium.**
- **Electrabel is investing in a European future**
- **Electrabel is Belgium's leading generator of green energy**
- **Net current result* up by 15.5 %**
- **Proposal to increase dividend up by 5 %**

1. Electrabel realises more than half of its electricity sales outside Belgium

In 2004 Electrabel had **electricity sales** totalling 145.1 TWh, an increase of 5.7 % compared to 2003. 56 % was realised in the Benelux countries, 9 % in France, Italy and the Iberian Peninsula and 13 % in Poland, Germany and Hungary. The remaining 22 % was sold on the wholesale market.

Taking into account the sales realized by equity consolidated companies in which Electrabel owns a significant share – e.g. CNR – the total sales volume is up to 155 TWh, 51 % of which are realised outside Belgium. This confirms Electrabel's status as a truly European operator. The target of doubling the 1999 sales volume over the period 2000-2004 is largely exceeded.

On the Belgian market, which is now 90 % open, the company saw a slight fall in electricity sales (-2.3 %), whilst total electricity consumption in Belgium rose by 2 % in 2004.

Of total sales in Belgium, 83 % was realised on the open market and just 17 % on the regulated market.

Sales of **natural gas** rose sharply in 2004 (+20.4 %) compared to 2003, from 92.9 TWh to 111.9 TWh. This increase can be attributed mainly to an increase in the sales on the wholesale market.

In Belgium, gas sales rose by 1.4 %, whereas total natural gas consumption in Belgium was up 1.7 %.

* **Group share**

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2. Electrabel is investing in its European future

Late 2004, Electrabel's Board of Directors set out its strategic guidelines for the period 2005-2009. The company is aiming to heal up its European market share. In terms of figures, Electrabel wants to boost electricity sales to 200 TWh and is setting itself a target of bringing its generating capacity to 35 000 MW by the end of the period.

Therefore, Electrabel is planning to invest in new generation projects:

In the Benelux, Electrabel will commission the Zandvliet power station (385 MW) – in partnership with RWE – in August 2005, and has decided to invest € 100 million in lifetime extensions of five of its power stations in the Netherlands.

In order to reinforce its position in the French energy market, Electrabel intends to increase its stake in the Compagnie Nationale du Rhône and will raise its stake in the Société Hydro-Electrique du Midi up to 80 %.

In Italy, Electrabel plans to double its available generating capacity (+ 1 260 MW). The commissioning of the CCGT unit in Voghera (370 MW) in 2005 is the first step in this direction. In addition, the company plans to build two new power stations, each with a capacity of 370 MW; Roselectra, where the construction works are underway, and Leini, for which Electrabel has received all necessary permits. The Tirreno Power stations are in a period of repowering, boosting their capacity by 150 MW.

On the Iberian Peninsula, Electrabel is building the Castelnou powerstation (760 MW), and has obtained the environmental permit for Morata de Tajuña (1 200 MW), which was issued in late February 2005 by the Ministry of Environment.

Electrabel's investment policy leaves plenty of room for renewable energy sources, with the construction of a wind farm (80 MW) in Fafe, Portugal, the co-combustion of biomass in Belgium and the Netherlands, and the construction of several wind farms.

In the same European prospect, Electrabel is developing its commercial activities. First of all the company takes full advantage of the flexibility of its portfolio by arbitraging between wholesale and sales to final customers. Furthermore, each segment of Electrabel's customer base – whether heavy industry, business customers or household customers – benefits from its own specific approach. In this respect, Electrabel sticks to one golden rule, namely offering practical solutions based on the specific energy needs of the customer.

At European level, a growing number of customers realise that buying energy on a larger scale offers advantages. Electrabel is capitalising on this need and the cross-selling opportunities that arise. Today, Electrabel has 47 customers to which it supplies energy to two or more of their European sites - for a total of 18 TWh.

3. The open energy market in Belgium is highly dynamic

Since it has been fully opened up to competition, the Flemish energy market has been showing real dynamism.

In 2004, Electrabel has faced aggressive competition and developed a highly productive commercial policy. On the electricity household market; more than 50 % of customers have chosen a supplier in the 20 months since the opening-up. Out of those, almost 8 out of 10 opted for Electrabel, thereby confirming that the company's marketing options were well founded. Similar dynamism was seen on the natural gas market.

At the start of 2005, the Electrabel share on the Flemish retail market was 70 % for electricity and 77 % for natural gas.

As for the generation capacity market in Belgium, important evolutions have taken place. Electrabel's competitors had access to over 25 % of the available generation facilities in Belgium at the end of 2004. SPE and EDF have their own capacities and have access, as all other interested parties, to the auctioning of virtual power plant capacity organised by Electrabel.

4. Electrabel, green power generator, contributes to the greenhouse gas emissions targets

For years now, Electrabel has made every effort to reduce the impact of its activities on the environment and to slash emissions of greenhouse gasses from its power stations. **Since 1990 Electrabel has reduced CO₂ emissions from its generating facilities by 17 % per kWh.** More than 36 % of Electrabel generating facilities do not produce any CO₂ emissions at all. Renewable energy - over 4 000 MW, i.e. 15 % of Electrabel's generating facilities – accounts for more than 14 % in this CO₂-free production and nuclear energy for 22 %.

In Belgium Electrabel aims to further consolidate its position as the leading generator of green energy by extending its offering to include an environmentally-friendly product. With the launch of *Electrabel Green*, Electrabel can meet the demands of customers for renewable energy, allowing it to clearly distinguish itself from other suppliers of green power.

Electrabel guarantees that its customers receive a 100 % renewable product and pledges to reinvest all Electrabel Green revenues in green energy projects. The company also offers its French, Dutch and Italian customers similar products via AlpEnergie, Groene Elektriciteit® and Energia Naturale respectively.

Financial results 2004

- **Net current result – Group share – up by 15.5 % and proposition to raise dividend up by 5 %**
- **Turnover up 12 %**
- **EBITDA up 5.2 %, thanks to the contribution of activities outside Benelux**

Summary of the consolidated results

Figures in €million unless otherwise stated

	2004	2003	Change (%)
Consolidated turnover	12 148	10 845	12.0
Fully consolidated results			
Operating result	914	588	55.4
Financial result	80	126	-36.2
Current result of companies consolidated by the equity method (before taxes)	449	554	-18.9
Current result	1 443	1 268	13.8
Extraordinary result	-77	147	-
Result for the year before taxes	1 366	1 415	-3.5
Income taxes (1)	-307	-290	5.6
Result for the financial year after taxes	1 059	1 125	-5.8
i.e.:			
Current net result (2)	1 133	999	13.4
Extraordinary net result (2)	-74	126	-
EBIT (3)	1 376	1 169	17.7
EBITDA (4)	2 167	2 060	5.2
Cash flow (5)	1 760	1 856	-5.1
Net investments (- = expenditures)	252	-873	-
Net financing (- = repayments)	-774	-424	82.6
Consolidated results (Group's share)			
Net current result	1 019	882	15.5
Net extraordinary result	-74	125	-
Result for the financial year	945	1 007	-6.2
Figures per share (6)			
Net current result (Group's share)	18.57	16.13	15.1
Result for the financial year (Group's share)	17.22	18.41	-6.5
Cash flow after taxes	32.07	33.93	-5.5
Gross dividend	15.76	15.00	5.1

- (1) Including the Group's share in taxes of companies consolidated by the equity method, i.e. € 25 million in 2004 and € 64 million in 2003.
- (2) After allocating the various tax charges according to those elements in the result to which these charges are linked.
- (3) EBIT = earnings before interests and taxes, i.e. operating result plus the dividends received from non-consolidated companies, together with our share in the results of companies consolidated by the equity method.
- (4) EBITDA = EBIT before depreciation, amortisation provisions and amounts written off.
- (5) Cash flow = net result before amortisation, provisions, amounts written off and capital gains and losses.
- (6) Based on the number of shares giving entitlement to a dividend for each period, amounting to 54 697 196 in 2003 and 54 878 197 in 2004.

Consolidation scope

Following the purchase of additional shares, the holding in CNR (Compagnie Nationale du Rhône), in which the Group acquired a 47.88 % holding between June and December 2003, increased to 49.95 % in 2004, entitling the Electrabel Group to 48.08 % of the votes.

Turnover

The Group's turnover amounted to € 12 148 in 2004, a 12.0 % increase compared with 2003. The breakdown is as follows:

Figures in €million	2004	2003	Change (%)
Direct sales to customers			
Electricity	6 653	5 842	13.9
Benelux(1)	4 994	4 251	17.5
<i>Europe without Benelux</i>	1 659	1 591	4.2
Natural gas	1 614	1 359	18.8
Benelux	1 540	1 298	18.6
<i>Europe without Benelux</i>	74	61	22.4
Wholesale electricity and fuel (1)	1 773	1 217	45.7
Miscellaneous goods and services (2)	2 108	2 427	-13.1
Turnover	12 148	10 845	12.0

- (1) *Supplies to certain foreign counterparties (distributors in the Netherlands) shall now be contained under 'wholesale electricity and fuel'. Sales for 2003 were restated by € 93 million in order to allow comparison.*
- (2) *Mainly on behalf of the distribution system operators in Belgium.*

Electricity

Turnover in Belgium increased by € 745 million (+19.4 %). This is primarily due to the gradual deregulation of the market: Electrabel turnover includes sales to the open market segment (household and non-household customers) that have gradually replaced supply of primary energy to distributors (intermunicipal companies) since 2002. This change is not reflected in the operating results because costs associated with the marketing of these sales are not recharged to intermunicipal distribution companies anymore (see below). In the Netherlands and the Grand Duchy of Luxembourg, turnover remained stable despite a drop in sales (down 0.5 TWh).

If changes in currency rates are left out of consideration, the growth in turnover outside the Benelux countries amounted to 4.7 %.

Natural gas

Turnover is up significantly, since, as in the electricity market, Electrabel now supplies deregulated end customers directly, without the intermediary of the mixed intermunicipal companies. The downward evolution of the average price for imported gas during the first three quarters of the year did nevertheless cushion this effect to some extent.

Services

Turnover from services, which primarily included the technical services on behalf of the distribution system operators, fell by € 319 million, the main reason being the impact of deregulation on the Belgian and Dutch markets. Costs for marketing energy in sectors open to competition in Belgium are gradually no longer being charged to intermunicipal distribution companies. In the Netherlands, future costs for accessing and using the networks will be charged directly to the customer by system operators and not through companies of the Group anymore.

Current results

The current result (100 %) amounts to €1 443 million. When taxes are taken into account, the current net result amounts to €1 133 million, an increase of 13.4 % compared with 2003.

The current result of activities in the Benelux countries increased by € 139 million (+11.8 %), driven by the general increase in electricity prices on the markets as well as synergies and cost reductions resulting from the restructuring and streamlining programmes implemented.

Outside the Benelux countries, the net result increased by € 36 million in 2004 (+39.6 %). This positive evolution is essentially due to improved margins in Germany and, above all, to development of activities in Italy and France.

The amount of other depreciation, amortisation and write-downs, increased by € 56 million compared with the previous year. The Group actually acted significant write-downs on its trade receivables in order to take account of the credit risks inherently linked to supplying energy to segments of the Belgian market that are progressively being deregulated.

In 2004, net amounts for provisions for contingencies and charges decreased by € 156 million following various flows relating to provisions for pension commitments and provisions for decommissioning nuclear generation sites and managing irradiated fuels. These provisions were reduced to take account of an extraordinary adaptation in these provisions that took effect on 1 January 2004 (see extraordinary result below).

Taxes calculated for the current result increased by € 41 million from the previous year. This increase of 15.4 % primarily reflects the increase in the current result before taxes.

In terms of the Group's share, the net current result increased by 15.5 % in 2004 to € 1 019 million compared with €882 million in 2003. The minority interests' share in the net current result of €114 million fell by 2.8 % compared with 2003.

Extraordinary result

When extraordinary taxation is taken into account, the extraordinary result is - €74 million (100 % and Group share) compared with €126 million (€125 million in Group share) in 2003. The changes imposed by the Law of 11 April 2003 on the provisions established for the decommissioning of nuclear power stations and the management of irradiated nuclear fuels resulted in an extraordinary charge, in part compensated for by the release of surpluses in the portfolio.

The remaining net extraordinary result mainly consists of changes to assets and miscellaneous provisions, as well as the fiscal impact of these various elements.

Consolidated net result

Taking these extraordinary elements into consideration, the net result (100 %) for 2004 fell by 5.8 % in 2004 to €1 059 million compared with €1 125 million in 2003. The €175 million increase in the current result is actually more than offset by the drop in the extraordinary result (down €224 million) because taxes increased by €17 million. For the Group's share, the consolidated net result fell by 6.2 % to € 945 million compared with €1 007 million the previous year.

Appropriation of the profits

	2004	2003
Gross dividend for the financial year	15.7600	15.0000
Net dividend for the financial year	11.8200	11.2500
Net dividend with VVPR strip	13.3960	12.7500
<i>Number of shares bearing dividends</i>	<i>54 878 197</i>	<i>54 697 196</i>

The profit available for appropriation by Electrabel S.A. amounts to €961 million.

The Board will propose to the Annual General Meeting of shareholders to appropriate an amount of €75 million to the available reserves, and to increase the result carried forward by €18 million. If this proposal is accepted, a net unit dividend of €11.82 will be paid to shareholders, representing an increase of 5.07 % compared with the net dividend for 2003. The net dividend payable to shares accompanied by a VVPR strip (giving entitlement to a reduced 15 % rate of withholding tax) would then be €13.396.

International accounting standards

Throughout 2004, the Group continued to prepare for the switchover to IFRS (International Financial Reporting Standards). Financial information on the consolidated results for the 2005 financial year, including half-yearly results, will be finalised and published in accordance with this new accounting system. To enable a relevant comparison to be made with the results from 2004, a consolidated opening balance sheet, finalised on 1 January 2004, was drawn up in line with the new standards.

Applying the IFRS standards to the financial situation on 1 January 2004 should result in a slight variation in consolidated shareholders' equity and will not affect the Group's financial debt.

The options chosen by the Group for the switchover to the IFRS system, the accounting methods which underlie the creation of the opening balance sheet, as their main impacts on consolidated equity can be viewed on the Group's website in the week following the publication of this press release.

Prospects

On the deregulated Benelux market, Electrabel is now recognised as a prominent player, both in terms of its market share and the quality of its services. In Belgium, the Group's position remains and will continue to remain highly dependent on a context that is extremely complex and unstable in terms of institutions and regulations. The gradual emergence of a genuine European energy market is the source of new development opportunities but also an additional risk factor.

Electrabel has already clearly demonstrated its ability to seize such opportunities whilst respecting strict profitability criteria and working towards a long-term vision of sustainable development. It will therefore continue to develop and renew its production facilities and its supply sources in a diverse and balanced way whilst ensuring that it has a customer base that allows it to make the most of its technical expertise and the high-quality services it offers. To achieve this, it can rely on its highly skilled staff and a solid financial basis which will be further enhanced by selling a large proportion of its holding in Elia.

Changes in market prices for electricity, gas and other fuels will of course be one of the main factors that will shape future results.

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AUDITORS' REPORT

"The information is in agreement with the annual accounts as established by the Board of Directors. The auditors Deloitte & Touche and KPMG have confirmed that their audit work on the financial statements prepared in accordance with Belgian GAAP, which has been carried out thoroughly, did not reveal any significant correction that should be made to the accounting information included in the press release".

On behalf of the company, the Board wished to express once again its deepest sympathies and support for those affected by the tragic accident in Ghislenghien and their families. The disaster caused the death of one Electrabel employee and serious injuries to another employee.

Electrabel, a European supplier of all-in, tailor-made energy solutions

Electrabel is one of Europe's front-ranking energy companies and leader in the Benelux. It seizes the opportunity of the electricity and natural gas market deregulation to achieve sustainable growth in Europe while keeping to strict criteria of profitability.

The company develops its range of energy products and services by exploiting the synergies between electricity and natural gas. It offers a tailor-made solution for each customer, characterised by quality and close support, acting through marketing subsidiaries and partnerships with local operators.

The company manages a diversified range of generating facilities totalling more than 28,500 MW, and carries out trading on all the energy markets. In Belgium it operates the electricity and natural gas networks on behalf of distribution system operators.

Electrabel is part of SUEZ, an international industrial and services group that is active in energy and the environment.

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Ce communiqué est également disponible en français.

Dit persbericht is ook beschikbaar in het Nederlands.