

Petrofina

PETROFINA is an international oil and chemical group whose activities cover all sectors of the oil industry: exploration, production, transport, refining, petrochemicals, research, distribution and sale of oil and chemical products. The Group is also very active in the paint industry and in oleo-chemicals.

Total consolidated income (minority interests included) totalled BEF 16.7 billion in 1996, compared to BEF 12.3 billion in 1995 (an increase of 36%). The Group's share of this income rose by 38% to BEF 16.0 billion in 1996 (BEF 690 per share), compared to BEF 11.6 billion in 1995 (BEF 500 per share). Capital gains on sales of assets and other extraordinary revenues were absorbed by non-recurring charges. Cash flow in 1996 was BEF 45 billion, compared to BEF 39 billion in 1995.

PETROFINA's 1996 results differed from those of the previous year in three ways:

- there was considerable growth in upstream sector income due to the increase in the price of crude oil and American natural gas;
- an improvement in downstream sector income in Europe following the increase in volumes processed and sold and the improvement of refining margins, particularly in the second half of the year, on conversion margins;
- a fall in income in the chemical sector following the general weakening of margins.

In the upstream sector, the project to redeploy EKOFISK installations continued, while in the downstream sector, the competitive advantages of the Antwerp refinery's deep conversion equipment materialized thanks to market changes. The chemical sector

was supported in Europe and the United States by the production capacity increase and by the development of new products. In Europe, the rise in raw materials prices which took place in the summer was only reflected in end-user prices at the end of the year.

The Group plans to invest BEF 37 billion in 1997, compared to BEF 34 billion in 1996. This investment will mainly be used in the downstream sector to continue the development of EKOFISK II, ARMADA in the North Sea and TEMPA ROSSA in Italy and, in the chemical sector, to increase production capacities by debottlenecking, as well as to expand the high-density polyethylene factory in the United States. In the downstream sector, the investment will extend marketing activities in Europe and in the United States.

The gross dividend rose 14% to BEF 400 per share, for a total distribution of BEF 9.3 billion. After the dividend has been

paid, VVPR shares may be exchanged against a common share and a strip so that only one line is listed on the Brussels Stock Market. The Company has applied for a listing on the New York Stock Exchange. In order to simplify the Group's structures, PETROFINA has proposed to the minority shareholders of FINA Inc. that the two companies merge.

Contribution to:

	Restricted consolidation		Consolidation (transitive)	
	Mio BEF	BEF/share	Mio BEF	BEF/share
Operating result 1996	528	20.9	1,222	48.2
Estimated value at 31.12.1996	15,161	598.3	18,107	714.5

Consolidated key figures (BEF million)

	1993	1994	1995	1996
Equity	127,064	122,969	122,207	133,069
Turnover	558,982	580,676	563,193	624,594
Net profit (Group share)	7,144	10,262	11,608	16,048
Earnings per share (BEF)	307	441	500	690
Gross dividend per share (BEF)	280	320	352	400

Compagnie Générale des Eaux

COMPAGNIE GÉNÉRALE DES EAUX manages and directs the leading French private services group in the environmental (water, power, cleaning and transport), construction and communications sectors. It has become the world-wide leader in diversified municipal and community services.

The Group's turnover totalled FRF 165.9 billion, up 3.4% on constant group perimeter and exchange rate basis. This includes growth of 7.6% in environmental services and growth of 64.5% in communications in France. On the other hand, turnover fell 6.2% in the construction and real estate sector, reflecting the contraction of the market and the selectiveness efforts. Outside France the Group had a turnover of FRF 51.1 billion, up 8%, mainly in service businesses.

The Group's operating income was FRF 3.8 billion, 2.6 times what it was in 1995 on a constant group perimeter basis and slightly higher than the 1994 figure. In environmental-related services, operating income was FRF 6 billion, up 5.3% on a comparable basis. Income from the Group's construction companies, slightly negative at FRF (22) million, was marked by the fall in road activity in France and was still affected by the accounting for probable losses from the completion of several construction yards abroad. As expected, telecommunications produced a FRF (1.1) billion loss under the weight of investments.

Net financial income was FRF 2.2 billion negative, a considerable improvement over the previous year (FRF 3.4 billion negative).

Extraordinary income was close to zero, compared to FRF (2.4) billion in 1995. It mainly includes capital gains and

dilution profits of FRF 3.9 billion, as well as net provisions for FRF 2.2 billion, including FRF 5.3 billion of provisions (mainly in real estate and communications) and FRF 2.9 billion reversals on the provision for replacements in the water business following a change in accounting methods used.

Income from companies accounted for by the equity method was FRF 1,387 million, with a FRF 685 million extraordinary capital gain from the sale by ELECTRAFINA of its interest in TRACTEBEL, and conversely, from the share of the EIFFAGE Group's losses of FRF (293) million.

After accounting for taxes of FRF 1,190 million, employee profit sharing of FRF 260 million and a positive contribution of minority interests (construction and real estate companies) of FRF 370 million, the Group's share of consolidated net income was FRF 1,953 million.

Cash flow went from FRF 6.8 billion to FRF 11.5 billion and operating cash flow went from FRF 4.9 billion to FRF 7.5 billion. The slight fall in investment volume to FRF 16.2 billion allowed for a debt reduction from FRF 51.7 billion to FRF 45.1 billion.

At the beginning of 1997, CGE contributed its interest in CANAL PLUS to HAVAS, which will hold a 34.4% interest. CGE is now the largest shareholder of HAVAS, with the objective of bringing its shareholding in this Group up to 30 %.

Contribution to:

	Restricted consolidation		Consolidation (transitive)	
	Mio BEF	BEF/share	Mio BEF	BEF/share
Operating result 1996	97	3.8	97	3.8
Estimated value at 31.12.1996	4,384	173.0	4,384	173.0

Consolidated key figures (FRF million)

	1993	1994	1995	1996
Equity	31,613	34,446	30,176	33,682
Turnover	147,609	156,157	162,961	165,914
Net profit (Group share)	3,205	3,346	(3,686)	1,953
Earnings per share (FRF)	31.5	30.1	(31.3)	15.8
Dividend per share (FRF)	11.00	11.25	11.25	12.00

Elf Aquitaine

ELF AQUITAINE, present in 80 countries, is one of the ten largest petroleum groups world-wide and is the fourth largest producer of natural gas in Europe. Its ELF ATOCHEM subsidiary is the thirteenth largest chemical group world-wide. In the health sector, SANOFI is among the 30 largest laboratories. Since its privatisation in 1994, ELF has focused on its core businesses (Hydrocarbons, Chemicals and Health), has implemented a cost-cutting policy aimed at improving its profitability and has continued to grow in emerging markets.

In 1996, current operating income rose 44% to FRF 22.3 billion and net current income rose 41% to FRF 7.5 billion, or FRF 28 per share. Net income was FRF 7 billion.

The increase of the operating cash flow to FRF 31,1 billion and a good control of the investments allowed the Group to pursue its financial debt reduction policy while buying back 12,3 million ELF AQUITAINE shares when the Government withdrew from its capital. The gearing ratio is now 37%, though it would have been 30% without the purchase of its own shares.

The various businesses contributed as follows:

- **Exploration-Production:** 1996 marked the first time that production exceeded the equivalent of 1 million petroleum barrels per day (3/4 petrol, 1/4 gas). Current operating income from Exploration-Production rose 96% to FRF 15.7 billion. Productivity gains and growth in hydrocarbon production account for nearly FRF 2 billion of this growth, the balance being due to the rise in petrol prices;
- **Refinery-Distribution:** ELF AQUITAINE has developed a world-

wide business in the sale of lubricants and liquefied petrol gas (LPG). The rise in the contribution of the Refinery-Distribution and International Trading sector is mainly due to productivity gains. Its operating income was FRF 0.4 billion in 1996;

- **Chemicals:** the activities of ELF ATOCHEM are distributed among specialized chemicals world-wide and basic chemicals (petrochemicals, chlorochemicals and fertilisers) in Europe. The 1996 business year was marked by acquisitions (FINDLEY ADHESIVES INC. in the United States and the European activities of LAPORTE PLC in adhesives and mastics) in accordance with ELF ATOCHEM's strategy to develop and internationalize speciality chemicals. Operating income from chemicals was FRF 3.6 billion in 1996;
- **Health:** the consequences of the slowdown in consumption

on the European beauty market were offset by the positive developments of SANOFI's major international medications. In 1996, SANOFI made significant progress towards bringing to the market three very important molecules based on its research. Its operating income remained unchanged at FRF 2.5 billion.

Contribution to:

	Restricted consolidation		Consolidation (transitive)	
	Mio BEF	BEF/share	Mio BEF	BEF/share
Operating result 1996	130	5.1	130	5.1
Estimated value at 31.12.1996	3,744	147.8	3,744	147.8

Consolidated key figures (FRF million)

	1993	1994	1995	1996
Equity	84,088	76,472	78,672	80,062
Turnover	209,675	207,674	208,290	232,707
Net profit (Group share)	1,070	(5,439)	5,035	6,977
Earnings per share (FRF)	4.2	(21.0)	18.9	26.0
Dividend per share (FRF)	13.0	13.0	13.0	14.0

The TRANSCOR Group is active in the distribution and trading of energy products: mainly coal and petrol. The oil trading is carried out by the ASTRA Group and its various subsidiaries, which are located to ensure a world-wide coverage.

After a difficult year in 1995 which was marked by the lightening of its operating structure, ASTRA saw a considerable improvement in its operations in 1996. Despite an oil market characterized by greater competitive pressures, ASTRA took advantage of its strategy of concentration on promising market niches.

On the other hand, its subsidiaries active in the trading and distribution of coal saw a sharp reduction in volumes; this was mainly the result of the fall in consumption of coke used in the steel industry, as well as the closing of a coal terminal located in England, which had been losing money due to a change in market conditions. The entire cost of said closure was posted to the year's results.

As for commercial structure, 1996 also saw the opening of two new subsidiaries, one in Germany, the other in the United States. Both began trading coal products in January 1997.

HAUTERAT & WATTEYNE, the Belgian subsidiary which distributes and markets oil products, continued its expansion in the thinners sector while maintaining its market share in the sale of fuel oil to Belgian industrial clients.

Overall, 1996 results were much better than those of the previous year, mainly as a result of the turnaround of the ASTRA Group.

Contribution to:

	<i>Restricted consolidation</i>		<i>Consolidation (transitive)</i>	
	Mio BEF	BEF/share	Mio BEF	BEF/share
Operating result 1996	24	0.9	93	3.7
Estimated value at 31.12.1996	681	26.9	758	29.9

Consolidated key figures (BEF million)

	1993	1994	1995	1996
Equity	1,360	1,271	1,203	1,431
Turnover	72,885	59,045	33,324	42,051
Net profit (Group share)	150	257	45	173
Dividends	240	240	50	145