# Société générale de Belgique

***The SOCIÉTÉ GÉNÉRALE DE BELGIQUE, the leading Belgian group of enterprises, has shareholdings in seven companies operating in the international arena: TRACTEBEL (electricity, gas, engineering, environment), GÉNÉRALE DE BANQUE (banking and financial services), FORTIS AG (insurance and financial services), UNION MINIÈRE (non-ferrous metals), RECTICEL (polyurethane foams), COFICEM/SAGEM (electronic and telecommunications equipment) and ARBED (steel).***

For the sixth consecutive year, SGB improved its consolidated operating income (+41%), with all the companies in the Group making a positive contribution. It entirely reabsorbed the debt resulting from raising its stake in TRACTEBEL in 1996 using the proceeds from the sale of three assets:

- the 9% holding in ACCOR was sold for BEF 13.6 billion, realising a capital gain of BEF 2.7 billion;
- the 50% holding in UNION MINIÈRE was reduced to 25%, a transaction with a value of BEF 19.5 billion which realised a capital gain of BEF 12 billion;
- the conversion of all convertible bonds into ARBED shares issued by the SGB, together with the sale of ARBED shares on the stock market, reducing the holding to 9.45%.

In 1997, all of the companies in the group successfully pursued their expansion strategy:

- in 1997 and early 1998, TRACTEBEL won several major electricity contracts (Vietnam, Peru, Thailand, India, the United States and Canada) to install total capacity of more than 1,800 MW. Important gas contracts were concluded in Jordan, Chile and Kazakhstan. In the United States, TRACTEBEL has entered the field of energy product trading. TRACTEBEL and POWERFIN were merged in order to simplify the organisation, increase the liquidity of the share and enhance the group's visibility;
- GÉNÉRALE DE BANQUE extended its international reach by acquiring shareholdings, making acquisitions (HAMBROS BANK LTD in Great Britain) and opening regional and representative offices. It expanded its fund management business, primarily by taking a majority interest in HARBOR CAPITAL MANAGEMENT in the USA;
- FORTIS AG increased its capital by BEF 16.3 billion, to which SGB subscribed its share (BEF 3.1 billion). The Group made several acquisitions in the banking and insurance sector in the United States (AMERICAN SECURITY GROUP, PIERCE NATIONAL LIFE INSURANCE and JOHN ALDEN FINANCIAL CORP. at the beginning of 1998) and in Great Britain (ASPEN INSURANCE SERVICES). In Belgium, FORTIS raised its stake in the CGER to 74.9% by purchasing the 24.7% held by the Belgian state;
- in parallel with the implementation of its industrial plan, UNION MINIÈRE continued its international expansion by acquiring a 98.5% interest in the Bulgarian company MDK which operates a copper smelting and refining plant, as well as the raw materials for batteries and cobalt powders manufacturing activities of THE WESTAIM CORPORATION OF CANADA;
- RECTICEL signed cooperation agreements with GREINER (extension of their EUROFOAM joint-venture), PIKOLIN (the leading Spanish bedding manufacturer) and CORRECTA (a German insulation manufacturer). In February 1998, a preliminary agreement was signed for the acquisition of the Belgian company VERHAEGEN (LATTOFLEX mattresses and bedsprings).

### Contribution to:

| | *Restricted consolidation* | | *Consolidation (transitive)* | |
|---|---|---|---|---|
| | Mio BEF | BEF/share | Mio BEF | BEF/share |
| Operating result 1997 | 195 | **7.7** | 195 | **7.7** |
| Estimated value at 31.12.1997 | 5,698 | **220.0** | 5,698 | **220.0** |

### Key consolidated figures (BEF million)

| | 1994 | 1995 | 1996 | **1997** |
|---|---|---|---|---|
| Equity | 165,769 | 166,470 | 166,335 | **178,079** |
| Net profit (Group share) | 11,011 | 9,205 | 11,220 | **19,326** |
| Net profit per share (BEF) | 156 | 130 | 159 | **274** |
| Gross dividend per share (BEF) | 114 | 116 | 116 | **120** |
| Estimated value per share (BEF) | 2,769 | 2,998 | 3,443 | **4,392** |

# Cobepa

***Traditionally operating in Benelux and Canada, COBEPA exercises its dual role as a merchant bank and an active investor within the PARIBAS global network.***

This forty-first year in business was marked by the division of GEVAERT and the absorption by COBEPA of half of its assets. This major operation also provided an opportunity to reposition IBEL in the market and concentrate its investment strategy.

Amongst the most important divestments carried out was the sale of 8.6% of the BANQUE PARIBAS BELGIQUE to BACOB, with the remainder to be sold off gradually in 1998, 1999 and 2000. Various financial positions were liquidated, in particular the remaining stake in MONCEAU-ZOLDER held by MOSANE, the shareholding in DÉFINANCE, 0.6% of NPM/CNP, 100,000 DEXIA-FRANCE shares, and a series of Canadian shareholdings.

Furthermore, various holdings were disposed of, prominent among which was the interest in FOUNTAIN. IBEL was involved in the stock market flotation of IPSO-I.L.G. TEXAF sold its 10% interest in EXTRACTION DE SMET. For its part, COBEPA contributed the balance of its stake in SAGAL, representing 3.2% of the capital, to the public offer of withdrawal organised by PARIBAS.

On the investment front, IBEL took a 21.3% stake in ANCORABEL, the holding company controlling NEW DISTRIBUTION SYSTEMS, and in the family business of SPAAS. MOSANE, for its part, acquired a 26% holding in ALL-TAG SECURITY. In the Netherlands, the Dutch subsidiary PARIBAS DEELNEMINGEN has had an interest since the beginning of the year in the capital of ARIANNE BEHEER, TRIPLE P and HOLLAND CHEMICAL INTERNATIONAL (apart from VEGRO BEHEER and the APPLEBEE restaurants). At the end of the year, COBEPA itself contributed to an increase in capital at FICHET-BAUCHE (safes, locks, electronic security equipment) alongside another company in the PARIBAS Group, the COMPAGNIE DE NAVIGATION MIXTE. The group also provided additional resources for enterprises in which it already had an interest, either through subscribing to an increase in capital (MOBISTAR), reinvestment of dividends (SWETS & ZEITLINGER, AEGON), buying (GIB) or conversion of debts (SODISCO-HOWDEN).

Its consulting business mainly dealt with acquisitions or sales, with the group providing assistance notably to SWISS LIFE for the acquisition of GAN BELGIUM and, in the Netherlands, to UNI-INVEST in its take-over bid for CAPA CITY REALTY. It advised GIB on the sale of PEARLE VISION and the shareholders selling the distributor HEYTENS.

Net earnings (group share) totalled BEF 23,410 million. However, the capital gains of BEF 15,225 million realised during the division-absorption of GEVAERT had a neutral effect on the equity capital after cancellation of own shares. Ignoring this operation, the remaining net income (group share) totalled BEF 8,185 million.

Group operating cash flow (the consolidated operating income of the integrated companies) totalled BEF 2,294 million (compared with BEF 1,970 million in 1996), a rise of 10.4% per share taking into account the higher number of shares in circulation.

The asset value per share rose from BEF 1,662 on 31 December 1996 to BEF 2,176 on 31 December 1997 (and to BEF 2,416 on 28 February 1998), giving a financial return of 36.1% for the whole of 1997. On the basis of intrinsic value, the corresponding figures are BEF 1,451 on 31 December 1996, BEF 2,040 on 31 December 1997 (and BEF 2,280 on 28 February 1998) giving an annual return of 44.9%.

### Contribution to:

| | *Restricted consolidation* | | *Consolidation (transitive)* | |
|---|---|---|---|---|
| | Mio BEF | BEF/share | Mio BEF | BEF/share |
| Operating result 1997 | 87 | **3.4** | 87 | **3.4** |
| Estimated value at 31.12.1997 | 1,478 | **57.1** | 1,478 | **57.1** |

### Key consolidated figures (BEF million)

| | 1994 | 1995 | 1996 | **1997** |
|---|---|---|---|---|
| Equity | 47,744 | 47,056 | 50,064 | **55,994** |
| Net profit (Group share) | 4,577 | 3,361 | 3,209 | **8,185** |
| Net profit per share (BEF) | 107.1 | 78.9 | 75.0 | **181.4** |
| Gross dividend per share (BEF) | 49.8 | 53.3 | 57.3 | **85.3** |
| Estimated value per share (BEF) | 1,353 | 1,423 | 1,662 | **2,176** |