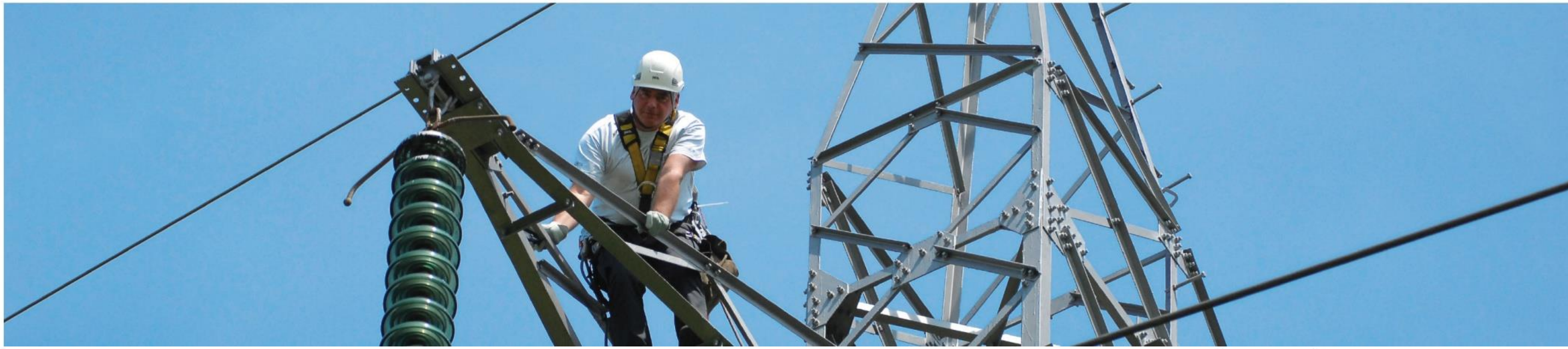

Full year 2014 results

Analyst meeting
Brussels, 27 February 2015

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- Key highlights
- Operational highlights
- Financial results
- Outlook

Key highlights

Key highlights

Operational

- CREG publishes new Belgian regulatory framework, applicable as from 2016
- OFGEM (UK regulator) and CREG jointly approve regulatory regime for Nemo, the interconnection between Belgium and UK
- Outperformance in realization of investment plans in Belgium and Germany
- Continuity of supply maintained during winter season in both areas
- Strategic reserves successfully implemented

Financial

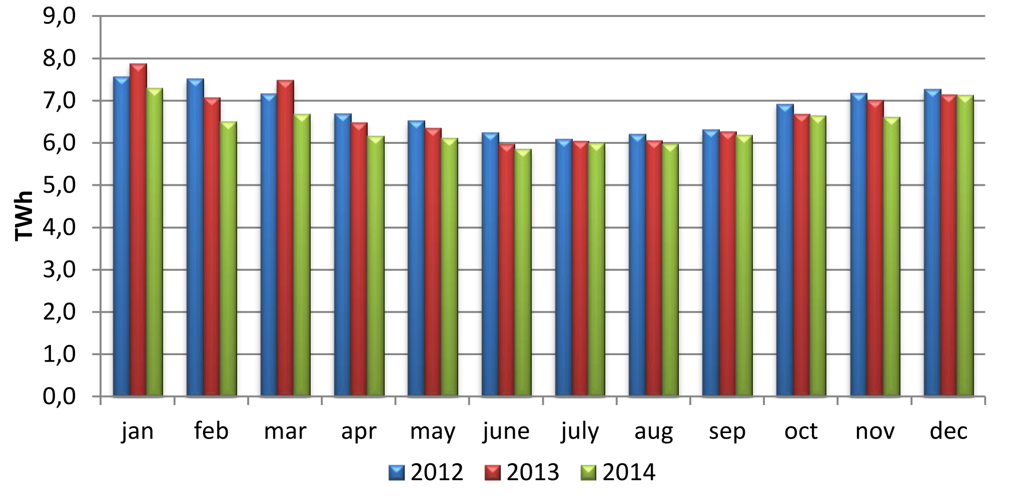
- Stable results for the Group:
    - Decreased results 50Hz transmission due to disappearance of double recovery of investment costs for new investments
    - Lower regulated results for Elia transmission due to low Belgian OLO
- Proposed dividend of €1.54 per share
- Elia succesfully completed €350 million Eurobond issue at very favourable financial terms, Eurogrid (50Hertz) issues first privately placed bond of €50 million

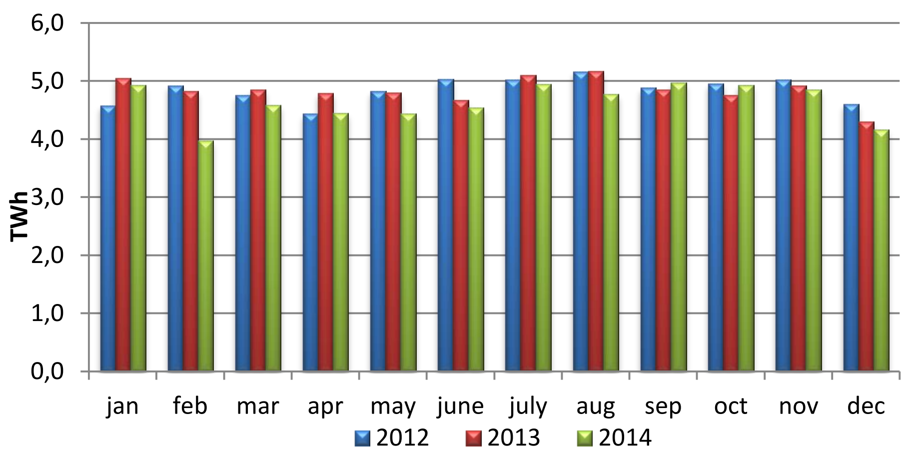
Operational highlights

Energy consumption

Elia's network: 77,2 TWh (80,5 TWh)

- Mild weather
- Decentralised generation



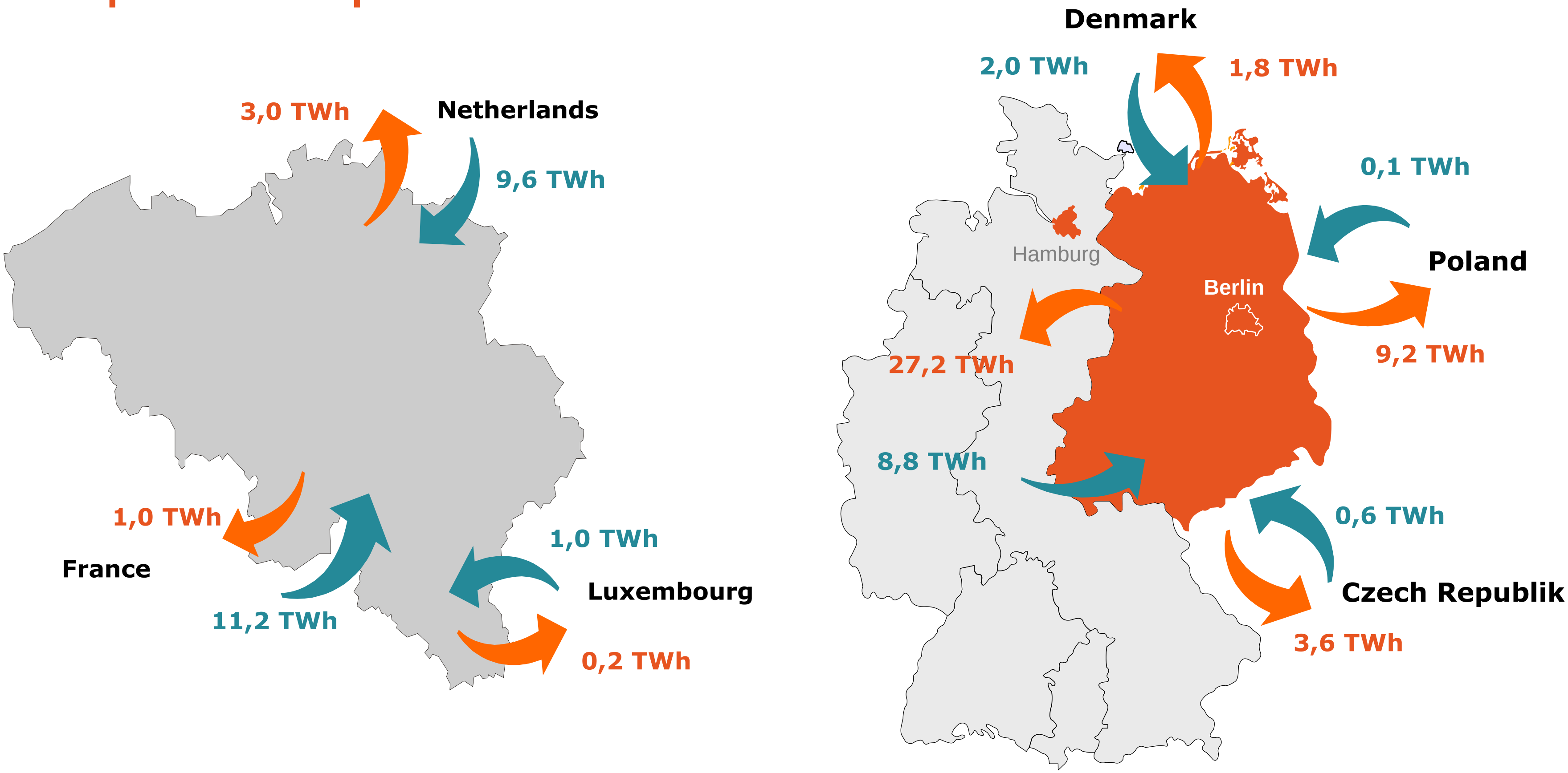


50Hertz's network: 55,6 TWh (58,1 TWh)

- Decentralised generation
- Renewables

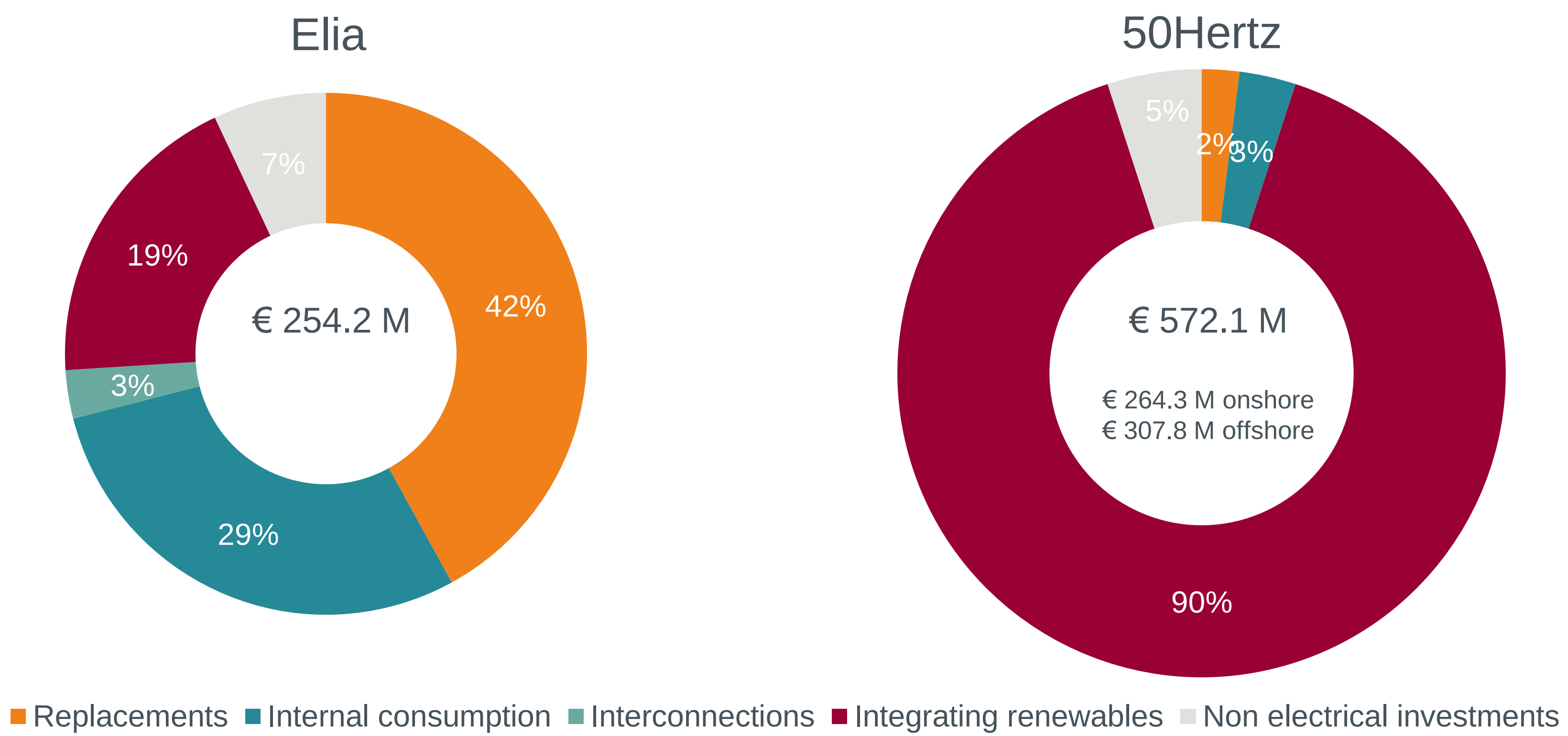
(1) The Elia consumption indicator covers the majority of electricity consumption.
It includes all production directly connected to the Elia grid plus net import-export balance

Import - export



- Significant imports in Belgium, up by 26.4% compared to 2013, due to continued outages of nuclear plants
- The increased RES share within control zone 50Hertz results in important exports, up by 9.5% compared to 2013

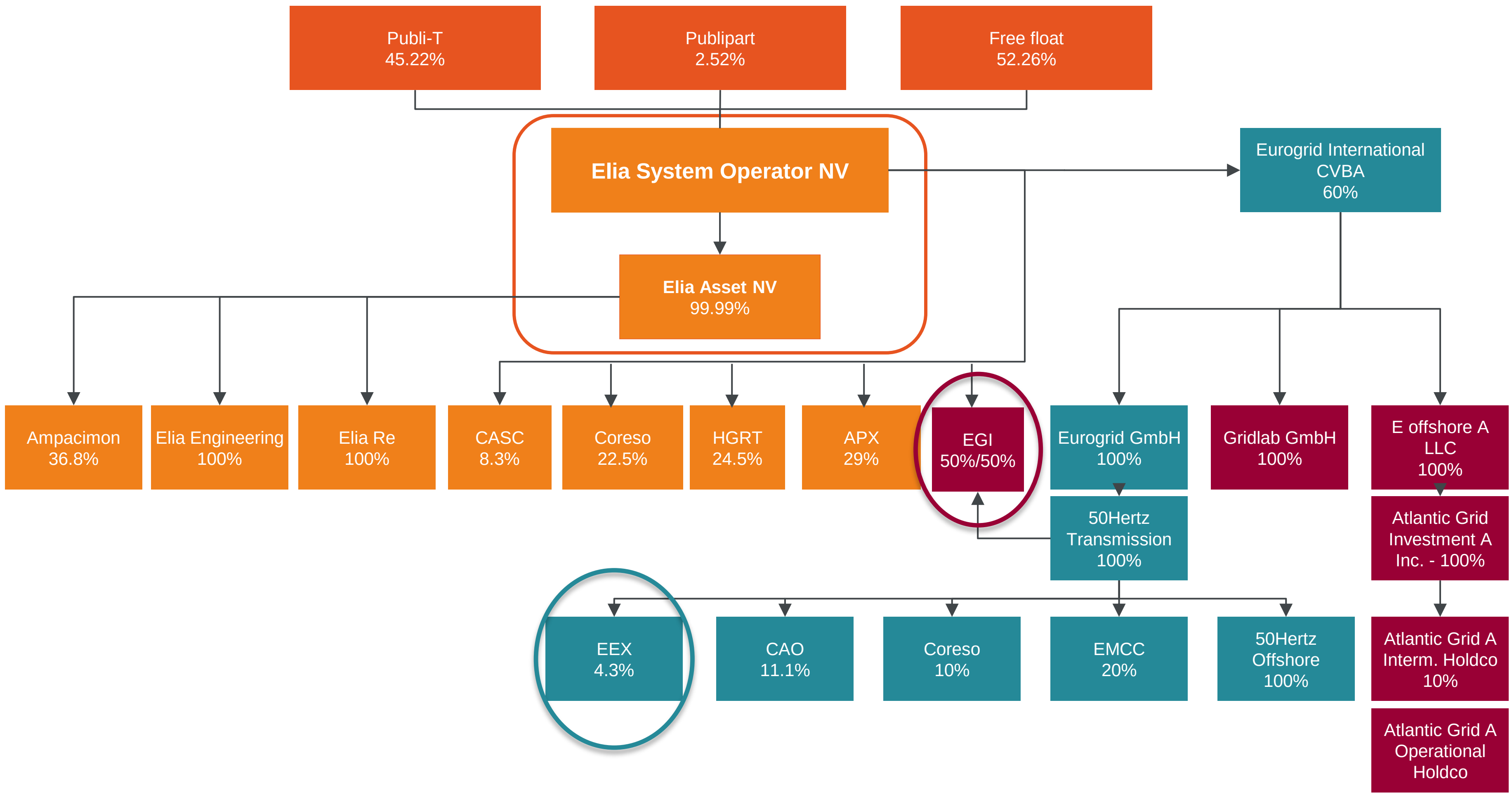
Elia group: Investments



- Investments in Belgium are mainly driven by replacements and the internal consumption.
- In Germany, the integration of renewables is by far the most important driver.

Financial results

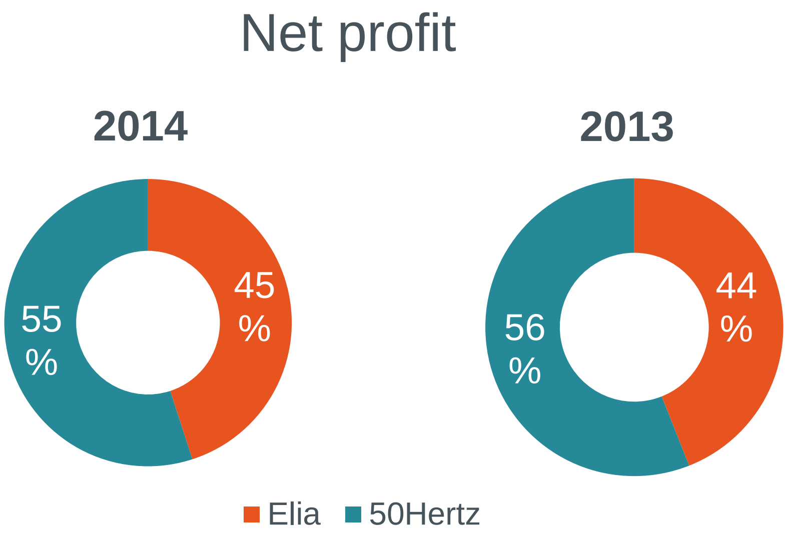
Corporate structure and shareholders’ structure



Change in participation of 50Hertz in the European Energy Exchange (EEX) and new joint initiative Elia Grid International (EGI)

Elia group : consolidated key figures

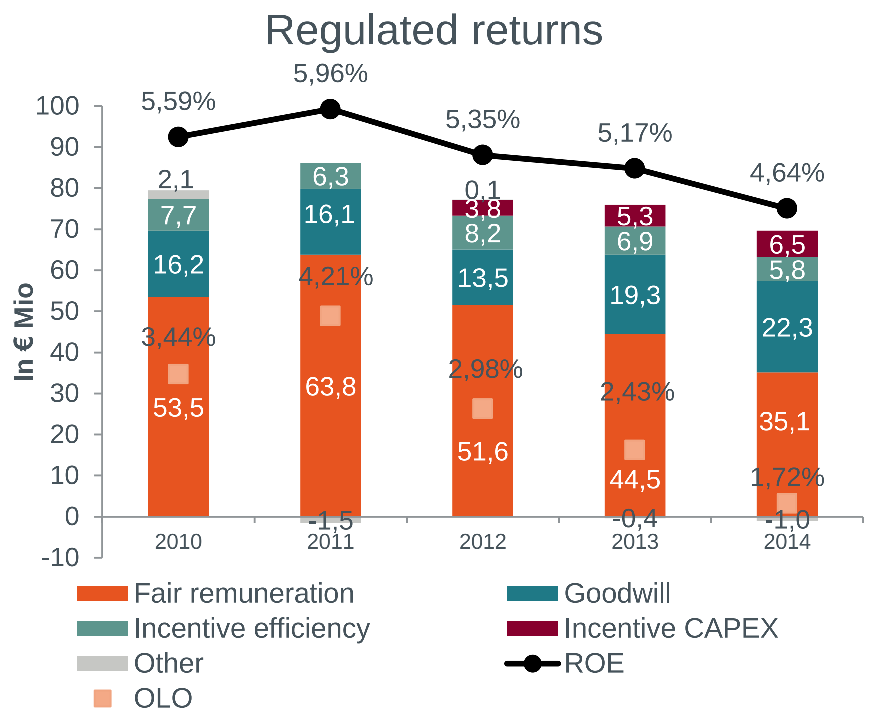
(in € Mio)	2014	2013 restated	Change	2013
Total revenues	838.9	832.7	0.7%	1,389.5
Results from operating act.	199.7	209.3	-4.6%	345.4
Share of profit of equity acc.invest.	97.0	99.0	-2.0%	0.4
EBITDA	409.6	412.8	-0.8%	486.9
EBIT	296.8	308.3	-3.7%	345.4
Finance result	(100.6)	(109.2)	-7.9%	(108.5)
Taxes	(23.8)	(23.4)	1.7%	(61.5)
Net profit	**172.6**	**175.8**	**-1.8%**	**175.8**



- Negative evolution in **EBIT(DA)** due to decreased EBITDA for Elia and lower net profit for 50Hertz
- **Finance result** positively impacted by lower interest charges in Belgium
- Stable **net profit** of € 174.1 Mio; 50Hz contribution again at 55%

Elia: 2014

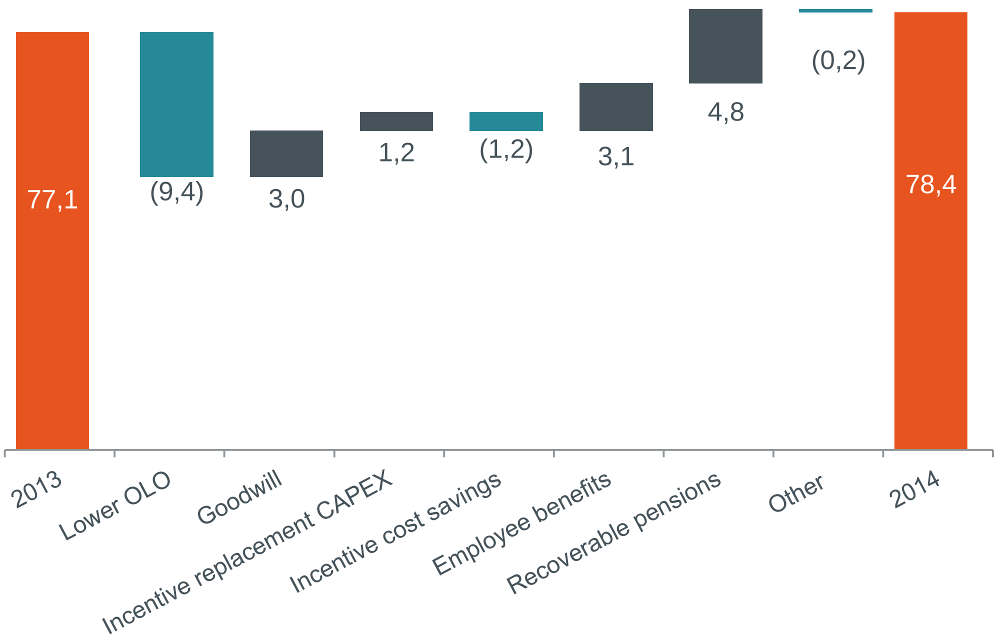
(in € Mio)	2014	2013	Change
Total revenues	838.9	832.7	0.7%
EBITDA	315.4	313.9	0.3%
(R)EBIT	202.6	209.3	-3.4%
Finance result	(100.6)	(109.2)	-7.9%
Taxes	(23.8)	(23.4)	1.7%
Net profit	**78.4**	**77.1**	**1.7%**



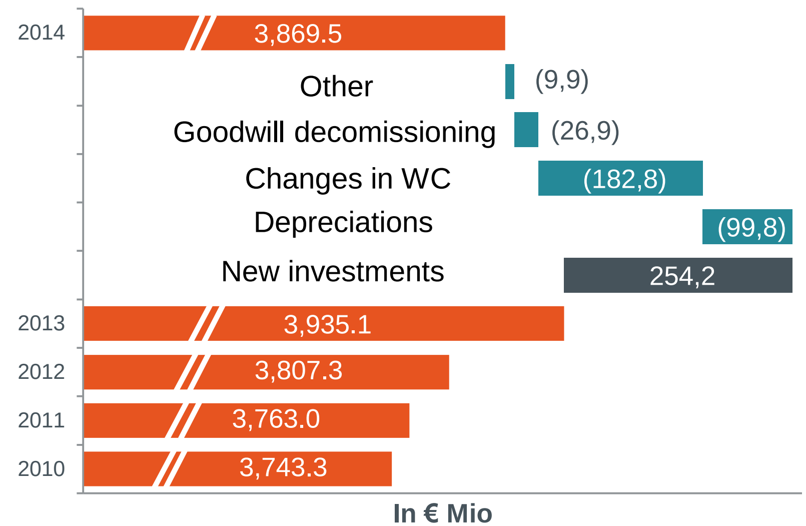
- **EBIT** is impacted by the lower regulated profit and lower net finance costs to be passed on in the tariffs, partly offset by the recalculation of the provisions for employee benefits and the relating amount recoverable in future tariffs
- **Finance result** down mainly due to lower outstanding debt
- Regulated profit (€ 68.7 Mio) decreased with 9% compared to 2013, ROE comes in at 4.64%

Elia: 2014

Net profit evolution 2013 - 2014



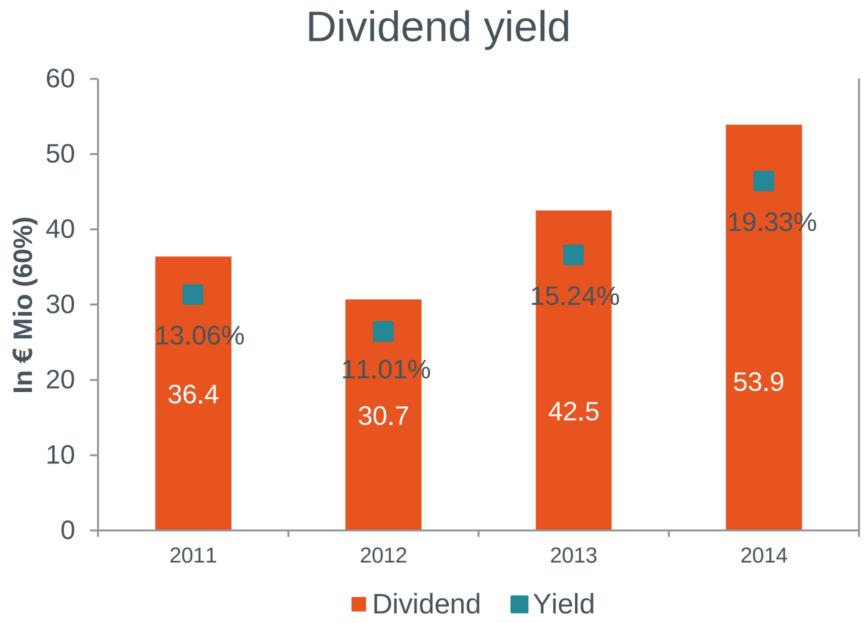
Regulated asset base



- Regulated results are still suffering from persistent **low long term Belgian interest rate** (1.72% in 2014 vs. 2.43% in 2013), fully compensated by the recalculation of the employee benefits and the relating amount recoverable in future tariffs.

50Hertz: 2014

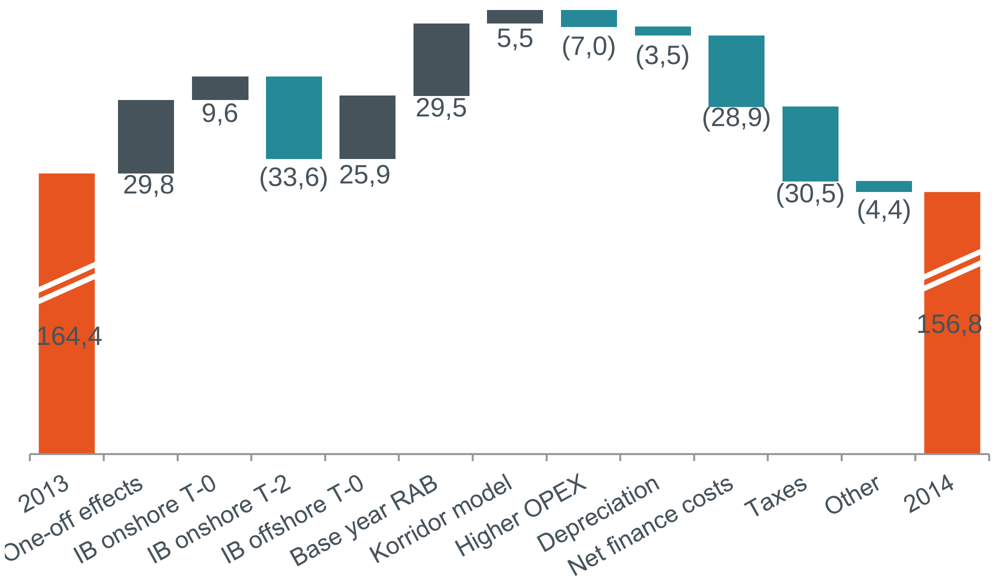
(in € Mio)	2014	2013	Change
Total revenues	1,022.8	929.3	10.1%
EBITDA	344.1	288.5	19.3%
EBIT	281.2	226.8	24.0%
Finance result	(29.8)	1.2	n/a
Taxes	(94.5)	(63.6)	48.6%
Net profit	**156.8**	**164.4**	**(4.6%)**



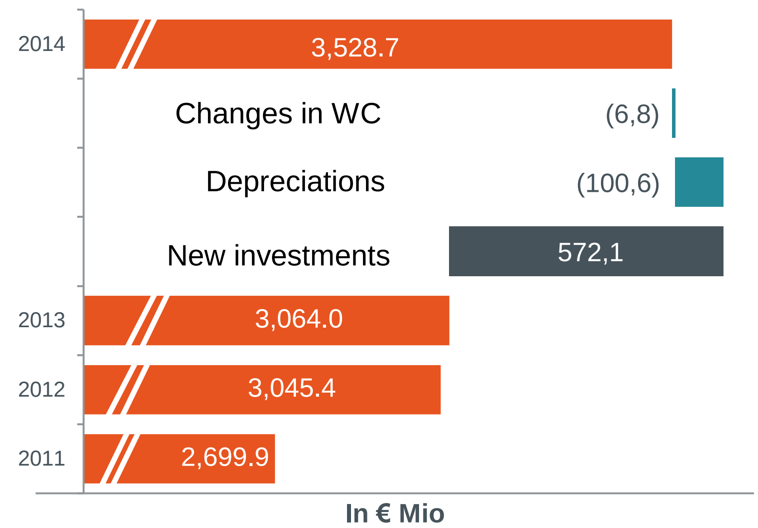
- Increased **EBIT(DA)** mainly a result from the increased cost recovery for investments and some one-off effects
- **Finance result** negatively impacted by discounting of long term (regulatory) provisions
- Finalization of tax audit for the years 2006 – 2009 led to a non-recurring increased **tax expense** (€ 16.8 Mio)

50Hertz: 2014

Net profit evolution 2013 -2014



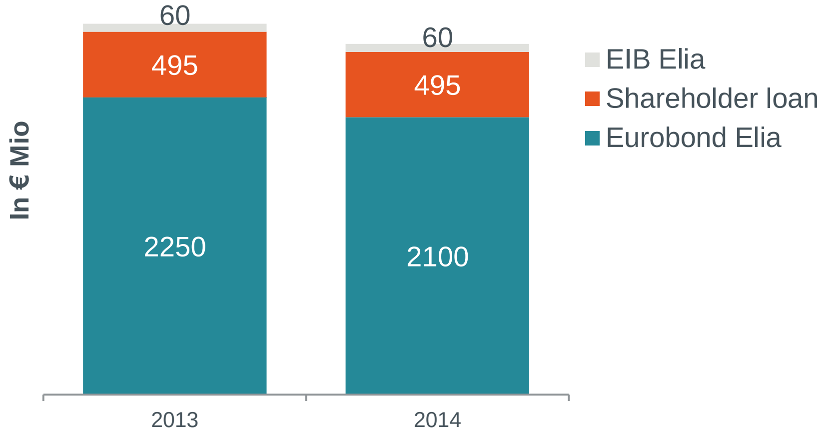
Regulated asset base



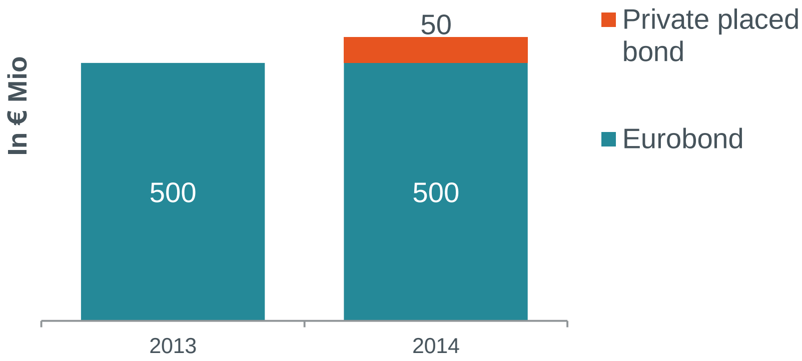
- Net profit mainly boosted by the increased cost recovery for investments and reset of the base year allowed cost recovery, partly offset by the disappearance of T-2 recovery and higher net finance costs
- Regulated asset base growing with the important investments, partly offset by the incurred depreciations

Elia Group: 2014 debt

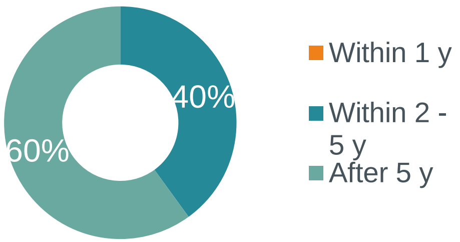
Elia debt



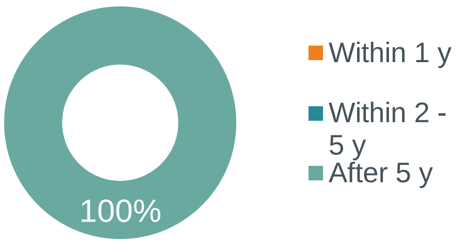
50Hz debt



Maturity



Maturity



- Decrease in Elia debt due to the refinancing of the € 500 Mio Eurobonds with the new € 350 Mio (15 y) Eurobonds.
- New privately placed bond (30y) at 50Hertz
- Maturity profile improved significantly with the new Eurobonds issued in 2014 and 2013. In 2016, a € 500 Mio bond is coming to maturity

Elia Group: Consolidated key figures

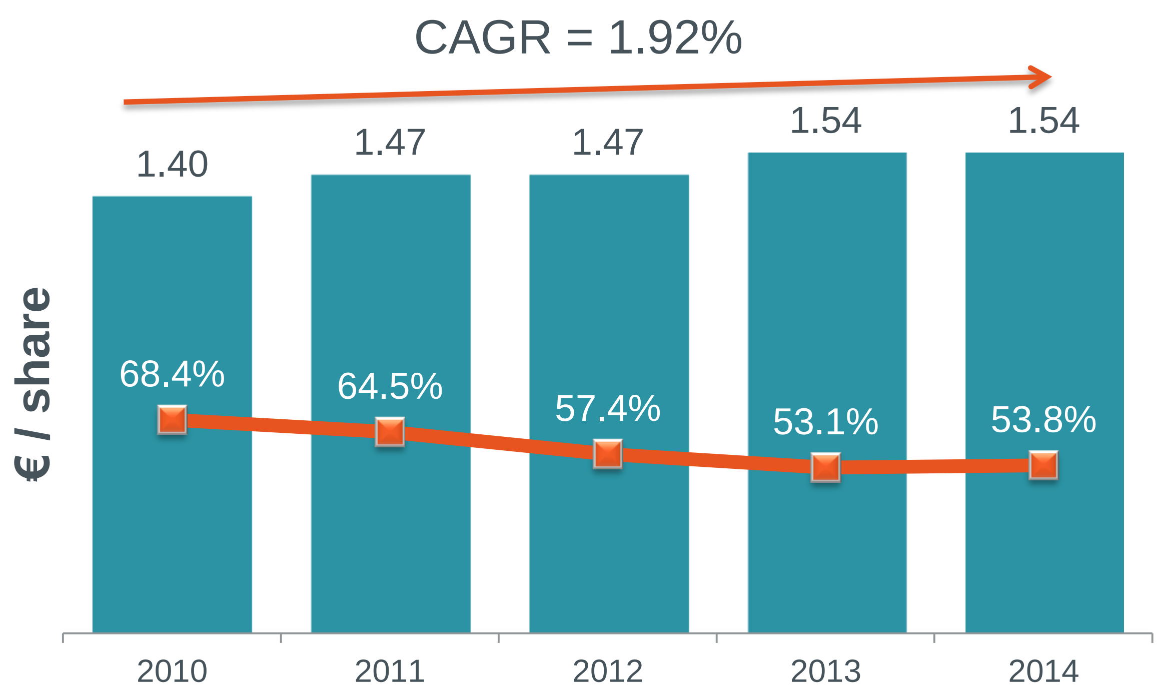
(in € Mio)	2014	2013 restated	2013
Net debt	2,539.2	2,628.4	2,773.8
Leverage (D/D+E)	54.24%	54.72%	55.31%
REBITDA/Gross Interest	3.69	3.36	3.96
Net debt / REBITDA	6.18	6.37	5.61
Average cost of debt	3.99%	4.35%	3.94%
% fixed of gross debt	81.61%	82.73%	84.37%

Standard & Poor's rating Elia Group:
Long Term: A-
Outlook: Stable

Moody's rating German segment:
Long Term: Baa1
Outlook: Stable

- Decrease in net debt is mainly a result of the refinancing of a €500 million Eurobond with a €350 million Eurobond
- Average cost of debt decreased thanks to the replacement of the Eurobond and low interest charges that were due on the floating interest loan
- Ratings were again confirmed for both Elia and 50Hertz

Elia Group: Dividend policy

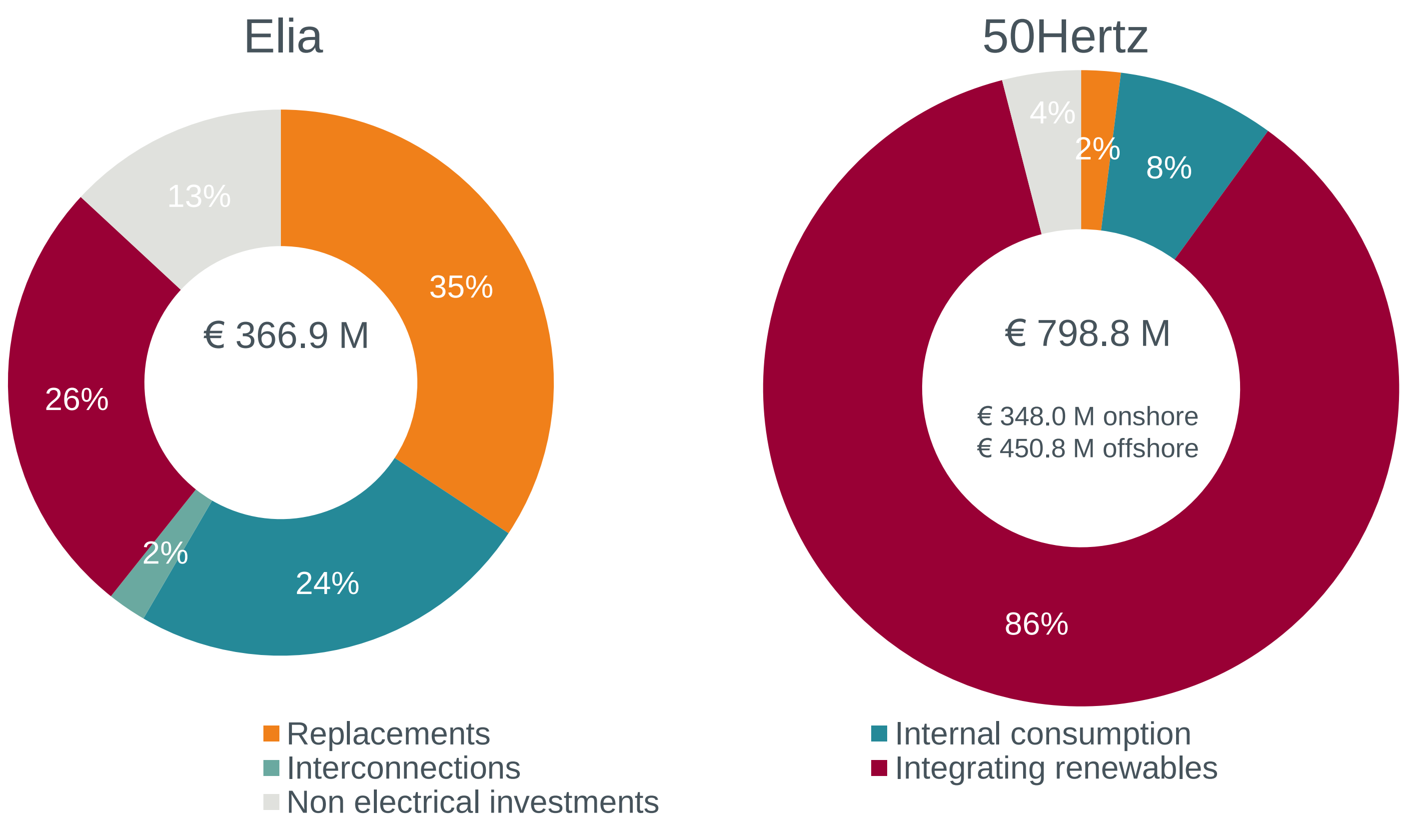


	2010	2011	2012	2013	2014
Total amount paid out (€m)	**84.5**	**88.7**	**89.0**	**93.3**	**93.5**

Proven track record of growing dividend over time, with a compound annual growth rate of 1.92%

Outlook

Elia Group: Investments 2015



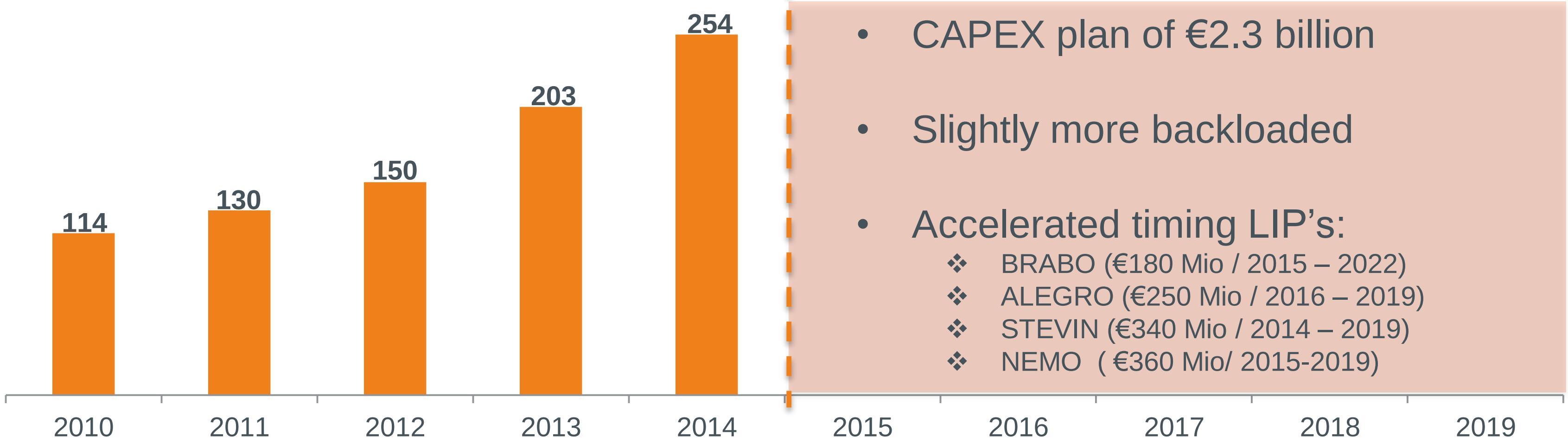
- Integrating renewables and investments due to generation localization are becoming more important in Belgium.
- In Germany, investments increase year-over-year with 39.6%, mainly driven by the offshore connections

Elia-TSO: Investment plan 2015 - 2019

Investment program is accelerating due to updated timing large infrastructure projects

WHERE WE COME FROM

WHERE WE GO TO

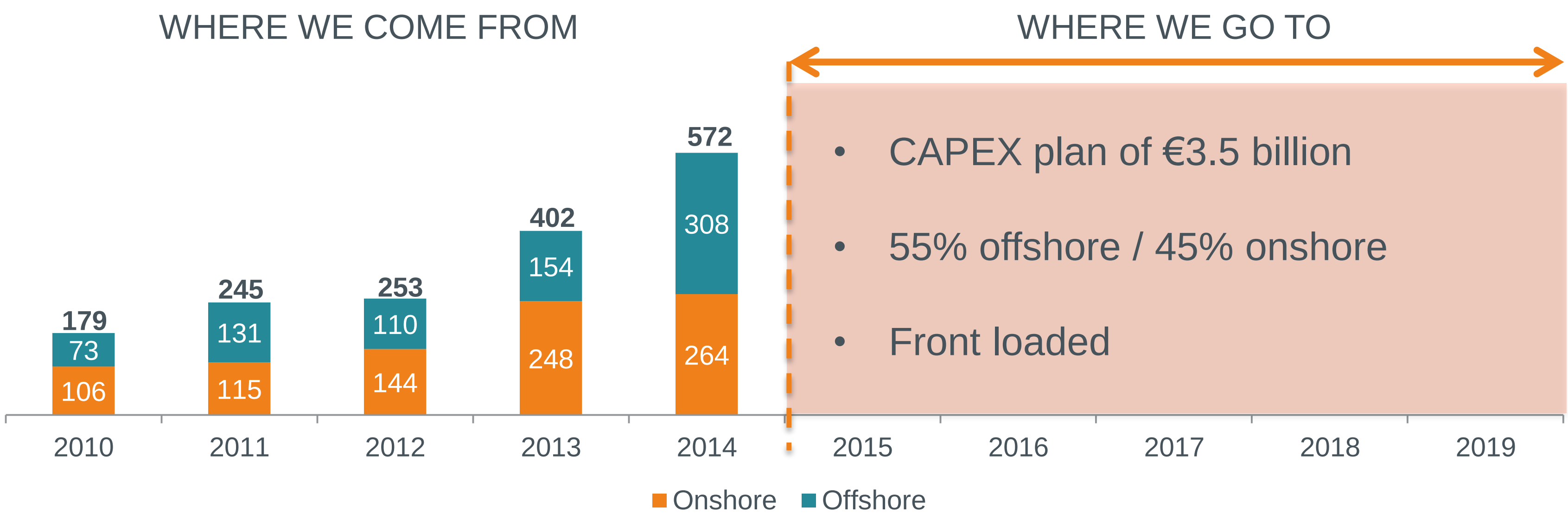


- CAPEX plan of €2.3 billion
- Slightly more backloaded
- Accelerated timing LIP’s:
  - BRABO (€180 Mio / 2015 – 2022)
  - ALEGRO (€250 Mio / 2016 – 2019)
  - STEVIN (€340 Mio / 2014 – 2019)
  - NEMO (€360 Mio/ 2015-2019)

Elia is commited to the regulatory gearing 33% equity – 67% debt

50Hertz-TSO: Investment plan 2015 - 2019

Historical investment program reaching its peak in first coming years



- CAPEX plan of €3.5 billion
- 55% offshore / 45% onshore
- Front loaded

Important investment program won't require new equity (excl. profit reservation), financing through increasing leverage

Approved new tariff methodology Elia Belgium, applicable as from 2016

Highlights

- "Cost+" regulation
- Remuneration of equity
  - Equity < 33% = [$OLO_{avg\ cy}$ + (RP x β)] x IP with
    RP = 3.5% // $β_{3year}$ with floor 0.53 // $IP_{(illiquidity\ premium)}$ = 1.1
  - Equity > 33% = $OLO_{avg\ cy}$ + 70bps
  - Potential mark-up on remuneration for strategic investments
- Goodwill remuneration no longer applicable
- "Embedded debt" principle
- Mostly positive incentives (€ -2 / +31 Mio)
- Gearing : 33% equity, 67% debt
- RABn+1 = RABn + Investments - Depreciation – Divestments +/- change in WC
- No volume risk

Basic principles of the current methodology remain valid in the proposed new tariff methodology, however important change in remuneration

Approved new tariff methodology Elia Belgium, applicable as from 2016

Highlights

- New classification of costs:
  - Controllable costs: efficiencies / extra spending 50% attributable to net profit
  - Semi-controllable costs: Reservation of ancillaries
    Gross incentive of 15% on Δ reality – budget with cap (- € 2 Mio) / floor (+ € 6 Mio) pre tax
  - Non-controllable costs: Fully pass-through
- Other Incentives on (pre tax) :
  - Market integration
    - ✓ Enhancement interconnection capacity (€ 0 / 6 Mio)
    - ✓ Welfare increase from regional market coupling (€ 0 / 11 Mio)
  - Investment management
    - ✓ Optimal ex ante / ex post justification of project cost / project management (€ 0 / 2.5 Mio)
    - ✓ Timely realization Stevin, Brabo, Alegro & 4th phaseshifter (€ 0 / 1 Mio per project)
  - R&D (€ 0 / 1 Mio)
    Operational subsidies are considered manageable income, 50% of them are attributable to the net profit
  - Network availability (€ 0 / 2 Mio)
    Based on AIT
  - System adequacy (€ 0 / 2 Mio)
    Based on an optimal activation of strategic reserve
- Definition of the incentives with the CREG is ongoing

Approved regulatory framework Nemo investment

Cap & floor regulatory framework

- National Grid and Elia are developing an **electrical interconnector** (1000 MW HVDC) between the UK (Richborough) and Belgium (Zeebrugge-Herdersbrug)
- **Commercial operation** is scheduled for **Q1 2019**
- CREG and OFGEM jointly approved **regulated system**
- Estimated total project budget : **€ 336 millions for Elia**
- **25 year duration**, starting as from entry into commercial operation
- **Cap & floor on interconnector revenues**, congestion revenues through explicit and implicit capacity auctioning mechanisms
- **5 year period assessments** of cap & floor levels against real interconnector revenues

Approved regulatory framework Nemo investment

Cap & floor regulatory framework

- **The RAV and operational allowance will determine the yearly Cap & Floor values, taking into account :**
  - Cost of capital :
    - At the floor : cost of debt for a rating of A/BBB - 0,59% real
    - At the cap : benchmark for return on equity of a gas power plant - 7,34% real
  - Yearly operational expenditure
  - Yearly depreciation of RAV on an economic lifetime of 25 years
  - All construction costs to be added to the RAV
    - IDC – Interest during construction : 5,66% real
  - A yearly tax allowance (blended rate between UK and BE)
  - Cap & Floor are annuitized (NPV neutral) to optimise net profits on total project lifetime
- **Capital expenditure is subject to regulatory approval of CREG & OFGEM**
  - The approved allowance will define the Regulatory Asset Value (RAV)
- **Operational expenditure is subject to regulatory approval**
  - To be reviewed every 10 years of commercial operation

Questions & Answers

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Brussels, 28.2.2014