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## ***Interim statement: Q1 2016***

### **Significant progress made on crucial investments in Belgium and Germany**

#### Stevin project - Belgium

The Stevin project will play a vital role in the future of Belgium's electricity supply, ensuring that power generated by offshore wind farms can be brought on shore and transmitted further inland.

Elia began work on this project in early April 2015. By the end of 2016 the Stevin project will have resulted in the installation of 38 km of high-voltage cables or lines.

In early February 2016, Elia Transmission started installing new conductors between Zomergem and Eeklo. These works form part of subproject 1, in which Elia is upgrading the existing high-voltage line between Zomergem and Eeklo with the addition of an extra three-phase transmission line and replacement of the previous conductors with a new type.

Another development is that Damme and Bruges have recently become the first places on the Elia grid to have pylons with insulated cross arms. The cutting-edge materials used here keep the pylons' height and width down to a level that they are similar to conventional 150-kV pylons.

These pylons form part of the new above-ground 380-kV lines between Eeklo and the Van Maerlant high-voltage substation in Vivenkapelle, and between the Gezelle and Stevin high-voltage substations.

The works are planned to be completed by end of 2017.

#### Nemo project - Belgium

In February 2015, Elia and National Grid signed a joint-venture agreement to build the first-ever subsea power line between the UK and Belgium. When all the work is finished, the new interconnector will have a maximum capacity of 1,000 MW. The line will comprise 140 km of cables and will provide enough electricity to power half a million homes.

Elia is due to start building the converter station between the subsea direct-current (DC) cable and the Belgian grid (which uses alternating current (AC)) in second half of 2016.

The commissioning of this interconnector is expected in Q1 2019.

#### Ostwind 1 - Germany

In August 2015, at the same time of the successful connection of the Baltic 2 offshore wind farm, 50Hertz started rolling out the Ostwind 1 offshore cable project. With completion anticipated in the summer of 2019, the 93-km cable route will connect the offshore wind farms in the Westlich Adlergrund Cluster (CWA) to the grid. Costing over €1 billion, the project represents the largest investment in the history of the company so far and another key step towards the culmination of the German energy transition.

## Successful debt capital market transaction by 50Hertz

In April, Eurogrid GmbH, under its EMTN programme, issued a corporate bond worth €750 million. The bond has a duration of 12 years and a coupon of 1.5%. The bond, which was placed with investors from over 25 countries, is also meant to finance the ambitious investment programme, entailing expenditure of about €3.5 billion over the next five years, in line with the objectives of the energy transition.

## Financial outlook

As indicated in the press release regarding the 2015 annual results, in view of the impact of the 10-year government bond interest rate (OLO) on the Belgian result and the fact that for 2016 these depend on parameters which will only be known or can only be calculated at the end of 2016 (e.g. the inflation rate for December 2016 and the beta factor of the Elia share), Elia Transmission is unable to make any profit forecasts for 2016. In Germany, the medium-term outlook remains positive in light of the stable regulatory framework until 2018. However, following the major investments realised in recent years, expanding the maintenance activities, especially offshore, will pose a challenge in terms of productivity in 2016 and will have a resultant impact on the net results compared to 2015.

## Financial calendar

<i>Trading of ex-coupon number 12</i>	<i>30 May 2016</i>
<i>Record date</i>	<i>31 May 2016</i>
<i>Payment of dividend for 2015</i>	<i>1 June 2016</i>
<i>Publication of the half-yearly results for 2016</i>	<i>26 August 2016</i>
<i>Interim statement Q3 2016</i>	<i>28 October 2016</i>

## About Elia:

*The Elia Group is organised around two electricity transmission system operators: Elia Transmission in Belgium and (in cooperation with Industry Funds Management) 50Hertz Transmission, one of the four German transmission system operators, active in the north and east of Germany. With more than 2,000 employees and a transmission grid comprising some 18,300 km of high-voltage connections serving 30 million consumers, the Elia Group is one of Europe's top five TSOs. It efficiently, reliably and securely transmits electricity from generators to distribution system operators and major industrial consumers, while also importing and exporting electricity from and to neighbouring countries. The Group is a driving force behind the development of the European electricity market and the integration of energy generated from renewable sources.*

*In addition to its system operator activities in Belgium and Germany, the Elia Group offers businesses a range of consultancy and engineering services.*

*The Group operates under the legal entity Elia System Operator, a listed company whose reference shareholder is municipal holding company Publi-T.*