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Good progress on energy transition and solid financial performance in Belgium and Germany

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Highlights for the first half of 2017

- **Grid investments of €192 million in Belgium and €97 million in Germany to secure further the uninterrupted supply of electricity and to accommodate increasing renewable energy flows.**
- **Very high system reliability (99.999%), benefiting 30 million end users in Belgium and Germany.**
- **Normalised net profit[1] up 31.1% to €111.0 million, mainly as a result of the realization of strategic investments and higher contributions in customer connections in Belgium (up 46.3%) and strong operational performance in Germany (up 16.8%).**

1. 1H 2017 in a nutshell

The Elia Group consists primarily of **Elia** in Belgium and **50Hertz** in Germany. As transmission system operators, they help to realise the energy transition by responding to the rapid and fundamental changes taking place in the sector. To this end, the Elia Group continues to invest in major grid development projects that enable both the integration of large quantities of renewable energy and an integrated European electricity system, thereby helping to ensure maximum security of supply.

Transmission infrastructure of the future

In **Belgium**, substantial progress was made on a number of strategic investment projects. Work on the Stevin project is proceeding on schedule and on budget. The 47 km connection (double 380 kV) between Zeebrugge and Zomergem is now being tested in various phases and will be fully commissioned in late 2017. In Bruges (Herdersbrug), civil engineering works are well under way on the converter station for Nemo Link (the interconnector with the UK, due to be commissioned in 2019). The first section of the offshore cable will be laid on British and French seabed over the summer. Meanwhile, Elia has also submitted permit applications for ALEGrO (the first interconnector with Germany) and numerous projects to upgrade the domestic grid are in the application or implementation phase.

The federal parliament recently approved the bill for the Modular Offshore Grid (MOG). This means that future wind farms in the Belgian North Sea will connect to an offshore platform that Elia will build approximately 40 km off the Belgian coast. The MOG will bundle together the cables from the new wind farms and connect them to the mainland. This 'electricity plug' in the North Sea is planned to be commissioned end of the third quarter of 2019. The MOG will also create opportunities for future offshore developments and interconnections with neighbouring countries.

In **Germany**, 50Hertz started laying the second cable for the Ostwind 1 offshore cable project, which is scheduled for completion in summer 2019. Construction of the new Heinersdorf substation was also completed. At the Bentwisch substation, civil engineering works started in preparation for the Kriegers Flak Combined Grid Solution project, the world's first offshore interconnection

[1] The term "normalised" refers to performance measures (EBIT, Net Profit, EPS) before non-recurring items. Non-recurring items are either income or expenses which do not occur regularly as part of the normal activities of the company. They are presented separately because they are important for the understanding of the underlying sustainable performance of the company due to their size or nature. We refer to page 11, point 8 for a detailed reconciliation of the non-recurring items.

(between Germany and Denmark) using the national grid connections to offshore wind farms in the Baltic Sea.

Market developments

Elia started the implementation of a new trading platform, the BidLadder. With this new trading platform, Elia aims to open up the balancing market further for decentralised demand response and decentralised generation. Since May, there has also been a new contractual framework governing the provision of the primary frequency control service (FCR or R1). Market players can now participate in the primary frequency control service using resources with limited energy reserves, such as batteries. With these innovations, Elia remains a pioneer in the integration of decentralised sources of flexibility on the European market.

Safety

Safety is a top priority. The 'Go for Zero programme' aimed at reducing accidents to 0 has been extended to subcontractors. Since April, the Safety for Contractors programme enforces a more rigorous safety approach among all parties working on Elia sites.

Innovation

Elia and nine other international energy companies have joined forces to support the Energy Web Foundation (EWF), a non-profit organisation seeking to develop a public technology platform for blockchain in the energy sector. In Germany, the Saxony-Anhalt State Administration Office gave 50Hertz the go-ahead to implement the CompactLine pilot project as part of the Ragow-Förderstedt-Jessen/Nord 380-kV connection. This innovative project will test out a new, shorter type of pylon that has less visual impact on its surroundings thanks to a narrower corridor.

Social responsibility

As part of the consultation currently under way for a Belgian interfederal energy pact, Elia published a vision paper on the future of the Belgian energy system through to 2050. A study quantifying the vision will follow in mid-November. Elia's aim is to make an active contribution to the social debate on the future of the Belgian energy system in order to fully solve the challenges facing Belgium in the energy transition. Meanwhile, 50Hertz has published its first Sustainability Report. The document fulfils the criteria of the German Sustainability Code and follows the international guidelines of the Global Reporting Initiative. Together with Germany's other three transmission system operators, 50Hertz published a second version of the Network Development Plan 2030 in early 2017. This sets out a number of development scenarios according to the speed at which Germany wishes to implement the energy transition.

See section 3 for further information on the various significant events for the Elia Group in 2017.

2. Key figures

Consolidated results and financial position of the Elia Group for the first six months of 2017:

Key figures (in million EUR)	1H2017	1H2016	Difference (%)
Total revenues	438.3	405.1	8.2%
EBITDA	237.1	212.5	11.6%
EBIT	173.7	148.3	17.1%
Non-recurring items	*0.0*	*1.8*	*(97.7%)*
Normalised EBIT	173.7	146.5	18.5%
Net finance costs	(37.2)	(45.6)	(18.4%)
Net profit	**111.0**	**86.5**	**28.3%**
Non-recurring items	*0.0*	*1.9*	*(97.7%)*
Normalised net profit	**111.0**	**84.6**	**31.1%**
Total assets	6,416.1	6,241.5	2.8%
Equity	2,534.8	2,511.4	0.9%
Net financial debt	2,638.0	2,557.3	3.2%
Key figures per share	1H2017	1H2016	Difference (%)
Reported earnings per share (EUR)	1.82	1.42	28.2%
Normalised earnings per share (EUR)	1.82	1.39	30.9%
Equity per share (EUR)	41.6	41.2	1.0%

EBIT = result from operating activities and share of profit of equity-accounted investees (net of income tax)
EBITDA = EBIT + depreciation/amortisation + changes in provisions
Non-recurring items: see section 8 for more information on the non-recurring items.
Net profit = profit for the period attributable to owners of the company
Equity = equity attributable to owners of the company
Net financial debt = non-current and current loans and borrowings less cash and cash equivalents
Comparative figures for Total assets, Equity, Net financial debt and Equity per share are 31/12/2016 instead 1H2016

Elia Group CEO Chris Peeters comments on the first half of 2017:

"Realising the energy transition will shape the economic development and prosperity in Elia's core regions. Elia is accelerating its efforts to build the grid infrastructure of the future and evolve the system to grant access to new market players, while keeping the system in balance. We will continue to monitor technological changes, innovation and digitalization to bring down costs for society."

Analyst & Investor conference call

Elia will host a conference call for institutional investors and analysts on 28 July 2017 at 10:00 a.m. CET. For dial-in details and webcast links please visit our website (http://www.eliagroup.eu).

Financial

The Elia Group's normalised net profit increased by 31.1% to €111.0 million, the combined result of an increase in net profit in both Belgium (up 46.3%) and Germany (up 16.8%).

In Belgium, solid results were achieved for the first six months of 2017. The regulated net profit increased by €7.8 million thanks to the cumulative effect of the increase in the yearly average OLO (up €2.4 million), the full realisation of the mark-up investments in 2016 and the strong progress made on these strategic investments during the first half of 2017 (up €7.5 million), partially offset by a lower contribution from incentives (down €2.1 million) and a regulatory settlement from prior year (down €1.7 million). Furthermore, there was a significant increase in the customer contributions received (up €6.0 million) and a positive contribution from the movement in the pension provision (up €1.4 million). Finally, unlike prior year, the normalised net profit benefited from limited damage to electrical installations (up €3.4 million). This all resulted in a normalised net profit of €60.0 million for the Belgian activities.

In Germany, operational costs decreased (down €18.8 million) after the peak in maintenance activities as reported in 2016. Furthermore, there was increased investment cost coverage as a result of both onshore and offshore investment activities (up €20.4 million). These effects were partly offset by higher depreciations (up €8.6 million) following commissioning that occurred in the second half of 2016 and higher net finance costs (up €5.6 million) as Eurogrid locked in substantial financing through debt capital markets back in April 2016. Together with higher taxes, this all resulted in a normalised net profit of €84.9 million for the German activities.

Taking into account the non-recurring items, which were slightly higher in 2016, the **reported Elia Group net profit** increased by 28.3% to €111.0 million.

More details of the financial performance of the two constituent TSOs (Elia Transmission in Belgium and 50Hertz Transmission in Germany) are to be found in the individual segment reporting sections below.

The **net financial debt increased slightly** to €2,638.0 million (up 3.2%), mainly owing to the issue of a €250 million Eurobond, partially offset by the reimbursement of commercial paper (€78 million) and an EIB loan reaching maturity at the end of June 2017 (€20 million).

Shareholders' equity for the Elia Group remained at a similar level to prior year, at €2,534.8 million, mainly due to the profit from the first half of the year (€111.0 million) being partially offset by the dividend payment for 2016 (€96.2 million).

2.A. Segment reporting for Elia Transmission (Belgium)

Key results:

Elia Transmission key figures (in million EUR)	1H2017	1H2016	Difference (%)
Total revenues	438.3	405.1	8.2%
EBITDA	186.0	166.9	11.4%
EBIT	122.7	102.6	19.6%
Non- recurring items	*0.0*	*(0.2)*	*n.r.*
Normalised EBIT	122.7	102.8	19.4%
Net finance costs	(37.2)	(45.6)	(18.4%)
Income tax expenses	(25.6)	(16.1)	59.0%
Net profit	**60.0**	**40.9**	**46.7%**
Non- recurring items	*0.0*	*(0.1)*	*n.r.*
Normalised net profit	**60.0**	**41.0**	**46.3%**
Total assets	5,587.2	5,463.6	2.3%
Total equity	1,971.5	1,999.1	(1.4%)
Net financial debt	2,638.0	2,557.3	3.2%
Free cash flow	(18.2)	62.5	(129.1%)

Free cash flow = net cash from operating activities – net cash used in investing activities
Comparative figures for Total assets, Total equity and Net financial debt are 31/12/2016 instead 1H2016

Financial

Elia Transmission's revenue increased by 8.2% compared with the same period the previous year, to €438.3 million. The increase in revenues is a result of the higher allowed regulated net profit, higher depreciation and higher taxes that are passed through into revenues. These increases were partly offset by lower costs, mainly for ancillary services and financing, which are all being passed through into revenues, and lower revenues generated by EGI.

The table below provides more details of changes in the various revenue components:

Detailed revenues (in million EUR)	1H2017	1H2016	Difference (%)
Revenues according to old tariff mechanism	0.0	(1.3)	n.r.
Grid connection	21.2	20.5	3.3%
Management and development of grid infrastructure	240.8	238.6	0.9%
Management of the electrical system	60.0	59.9	0.2%
Compensation for imbalances	81.4	72.1	12.8%
Market integration	12.3	12.0	2.5%
International revenue	20.8	14.4	44.2%
Other income (including EGI revenues)	48.8	50.2	(2.8%)
Subtotal revenues & other income	**485.3**	**466.4**	**4.0%**
Settlement mechanism: deviations from approved budget	(47.0)	(61.4)	(23.5%)
Total revenues and other income	**438.3**	**405.1**	**8.2%**

The 2016 figures include a final invoicing of 2015 **revenues (according to the old tariff structure)**, amounting to a reduction of €1.3 million.

Grid connection revenues increased slightly to €21.2 million (up 3.3%) as a result of higher revenues from new grid connections with direct customers.

Revenues from **management and development of grid infrastructure** (up 0.9%) and **management of the electrical system** (up 0.2%) remained at the same level as prior year.

Revenues for **compensation of imbalances** increased by €9.3 million (up 12.8%) to €81.4 million. The increase can largely be explained by the tariff increase for energy management (up €6.7 million) and to a lesser extent by higher revenues from compensation of imbalances as a result of higher congestion (up €2.6 million).

Finally, the last section of the tariff revenues encompasses the services Elia Transmission provides within the context of **market integration**, which increased slightly (up 2.5%) to €12.3 million.

International revenue increased by €6.4 million (up 44.2%), due to higher congestion on the borders in early 2017 resulting from a lack of production in France.

Other income declined by 2.8% compared to the same period last year, to €48.8 million. The bulk of the fall came from EGI revenues, which decreased from €9.4 million to €6.0 million, and the fact that €8.8 million from the recovery of the pre-FID development costs for the interconnection between the UK and Belgium from Nemo Link was included in prior year revenues.

The **settlement mechanism** (€47.0 million) encompasses both deviations in the current year from the **budget approved by CREG** (€37.6 million) and the settlement of old deficits and surpluses realised before 2017 (€9.4 million). The operational surplus compared to the budget is primarily a result of the higher tariff sales (€3.4 million), increased cross-border revenues (€0.5 million), lower costs for ancillary services (€30.0 million) and lower financial charges (€8.3 million). This was partly offset by a higher regulated net profit compared to budget (€4.6 million).

The **reported EBITDA** (up 11.4%) and **EBIT** (up 19.6%) were mainly impacted by the increase in regulated net profit and lower financing costs that are passed through into revenues.

Net **finance costs** (down 18.4%) fell by €8.4 million compared to the same period the previous year, mainly due to the repayment of a €500 million bond in April 2016. Also, with the settlement of the fiscal claim in 2016, no external funding was raised until March of this year, when a new €250 million Eurobond was issued. Owing to strong investor interest and low market interest rates, the Eurobond had a coupon of 1.375%. The lower lending costs are entirely to the benefit of consumers, in accordance with the regulatory framework.

The **normalised net profit** increased by 46.3% to €60.0 million, mainly due to the following items:

1. Increase in the **fair remuneration** (up €2.4 million):
   The higher average OLO compared to the first half of 2016 and the increase in equity due to reservation of part of the 2016 result led to a fair remuneration of €19.8 million.
2. Decrease in the **incentives** realised (down €2.1 million):
   Good operational performance, primarily on the incentives linked to welfare, timely project management reporting and the discretionary incentive (up €0.9 million), was offset by poor performance on the incentive linked to import capacity (down €1.4 million) following a change in the regulatory reference for 2017 and lower efficiency (down €1.6 million).
3. Higher **mark-up** for strategic investments (up €7.5 million) accounted for €14.4 million.
4. Higher and front-loaded customer contributions for specific investments (up €6.0 million).
5. No major damage to electrical installations compared to 2016 (up €3.4 million).
6. Others (up €1.8 million): movement in the pension provision (up €1.4 million), regulatory settlement for prior year (down €1.7 million), higher result on equity-accounted investments (up €0.3 million), higher activation of software costs (up €0.8 million) and the activation of issuance costs linked to Eurobonds issued (up €0.7 million).

No non-recurrent items have been recognised in the first half of 2017. Following the introduction of a new tariff methodology in 2016, the annual regulatory settlements covering this period are presented in the normalised result, whereas the non-recurrent item recognised in 2016 represents regulatory settlements from 2015 and thus related to another tariff methodology.

Total assets increased slightly by 2.3% to €5,587.2 million, mainly as a result of CAPEX. The **net financial debt** also increased slightly to €2,638.0 million (up 3.2%) as a result of the issue of a €250 million corporate bond in late March 2017, partially offset by the reimbursement of commercial paper and an EIB loan reaching maturity at the end of June 2017.

<u>Operational</u>

The **load** measured on the Elia grid at the end of June 2017 remained stable in comparison with 2016 at 39.0 TWh. **Net offtake** from the Elia network rose from 34.4 TWh at the end of June 2016 to 35.0 TWh at the end of June 2017 (up 1.7%).

At the end of June 2017, Belgium was again a net importer. Net imports increased from 2.9 TWh at the end of June 2016 to 4.6 TWh at the end of June 2017. Total imports increased by 16% to 8.0 TWh, whereas energy exports decreased by 15% to 3.4 TWh. Overall electricity flows between Belgium and its neighbouring countries were down 5% to 11.4 TWh.

<u>Investments</u>

A net sum of €192.0[2] million (including Nemo) was invested during the first half of 2017, mainly on upgrading high-voltage substations and laying high-voltage cables. Until June, a further €32.7 million was invested in the Stevin project, mainly in cable works. Work on the Brabo project also continued (€10.9 million) and work on the high-voltage Mercator-Horta line got under way (€13.7 million). Finally, Elia Transmission continued to finance Nemolink to the tune of €51.4 million.

[2] Excluding Nemo and including capitalisation of software, IAS 23 (Borrowing Costs) and IFRIC 18 (Transfers of Assets from Customers – with customer contributions to grid connections fully recognised in IFRS as revenue), the total is €162.0 million.

2.B. Segment reporting for 50Hertz Transmission (Germany)

Key results:

50Hertz Transmission key figures (in million EUR)	1H2017*	1H2016*	Difference (%)
Total revenues	682.5	655.5	4.1%
EBITDA	231.2	198.6	16.4%
EBIT	158.1	133.8	18.2%
Non-recurring items	*0.1*	*4.7*	*n.r.*
Normalised EBIT	158.0	129.1	22.4%
Net finance costs	(28.0)	(22.4)	25.0%
Income tax expenses	(45.1)	(35.3)	27.8%
Net profit	**85.0**	**76.0**	**11.8%**
Of which 60% attributable to the Elia Group	***51.0***	***45.6***	***11.8%***
Non-recurring items	*0.1*	*3.3*	*n.r.*
Normalised net profit	**84.9**	**72.7**	**16.8%**
Of which 60% attributable to the Elia Group	***51.0***	***43.6***	***16.8%***
Total assets	6,187.3	5,663.6	9.2%
Total equity	1,381.4	1,296.4	6.6%
Net financial debt	1,169.7	1,623.5	*n.r.*
Free cash flow	463.6	(8.3)	*n.r.*

* Income, expenses, assets and liabilities are reported in the table at 100%
Comparative figures for Total assets, Total equity and Net financial debt are 31/12/2016 instead 1H2016

Financial

50Hertz Transmission's revenue increased by 4.1% compared with the same period last year. This was the result of increasing revenues following the increased onshore and offshore investments, as well as higher other revenues.

Total revenues are detailed in the table below.

Total revenues (in million EUR)	1H2017	1H2016	Difference (%)
Vertical grid revenues	631.2	487.3	29.5%
Horizontal grid revenues	103.2	84.7	21.9%
Ancillary services revenues	61.5	63.2	(2.7%)
Other revenues	30.0	25.8	16.3%
Subtotal revenues	**826.0**	**661.0**	**25.0%**
Settlement mechanism: deviations from approved budget	(143.4)	(5.5)	n.r.
Total revenues and other income	**682.5**	**655.5**	**4.1%**

Vertical grid revenues (tariffs to end customers) increased by €143.9 million (up 29.5%), primarily as a result of the increase in the total allowed revenues by the regulator. The allowed non-controllable costs for energy (up €161.5 million) to be passed on in the tariffs, which are updated each year, were impacted by a newly introduced allowance for renewable energy (RES) curtailment costs, as well as the recovery of the high 2015 tariff deficits for energy costs. Furthermore, following the ongoing investment programme, there is an increased allowed cost recovery for investments (up €9.4 million).

Horizontal grid revenues (tariffs to other TSOs) increased by 21.9% compared to the first half of 2016 due to higher congestion income (up €4.3 million) and higher offshore costs (up €14.2 million). In Germany, all offshore connection costs are shared across the four German transmission system operators. This means that 50Hertz bears around 20% of these costs and passes on 80% of its own connection costs to the other three TSOs. Due to the increasing offshore investments, which in 2017 relate mainly to the offshore grid connection of Ostwind 1, the cost recovery charged horizontally to the other TSOs is rising and thus impacting the horizontal revenues.

Ancillary services revenues slightly reduced compared to the first half of 2016 (down 2.7%). Cross-border redispatch revenues strongly decreased, as hardly any measures were required in the first half of 2017. However, this reduction was largely offset by higher balancing costs being charged to the balancing groups.

The **settlement mechanism** includes both the annual offsetting of deficits and surpluses arising accounted for before 2017 (-€81.1 million) and the net surplus generated in 2017 between the costs allowed to be passed on in the tariffs and the actual costs (-€62.3 million). The operational surplus in the first half of 2017 results mainly from the lower real energy costs as a result of favourable weather conditions and preventative grid measures.

The **EBITDA** increased by 16.4% to €231.2 million, mainly as a result of both onshore and offshore investment activities (up €20.4 million) and lower operational expenditures (up €17.1 million) as the maintenance costs dropped significantly after peaking in the 2016 maintenance activity cycle. **Normalised EBIT** (up 22.4%) was further impacted by the increased depreciations as a result of commissioning in the second half of 2016. Taking into account the non-recurring energy bonus realised over the first half of 2017 (€1.1 million), which decreased compared to the first half of 2016 (€5.4 million), and the non-recurring regulatory settlements (-€1.0 million), the **reported EBIT** came in at €158.1 million.

The **normalised net profit** increased by 16.8% to 84.9 million as a result of:

1. a growing asset base leading to a higher onshore (up €8.3 million) and offshore (up €12.1 million) profit, driven by the ongoing investment programme;
2. decreased **OPEX and other costs** (up €17.1 million);
3. increased **depreciation** (down €8.6 million) driven by commissioning of investments;
4. increased **net finance costs** (down €5.6 million), mainly driven by the debt capital market transaction concluded in April 2016 for a total amount of €750 million;
5. increased **income tax expense** (down €11.0 million).

Total assets increased by 9.2% to €6,187.3 million, mainly due to the favourable development of EEG's cash flows and the investments made.

The first half of 2017 showed a positive **free cash flow** of €463.6 million linked to the positive EEG cash flows and the remuneration of the 2015 energy costs. Consequently, the **net financial debt** decreased to €1,169.7 million from the end of 2016. The net debt includes an EEG cash position of €923.5 million.

<u>Operational</u>

A net volume of 24.2 TWh was drawn off from the 50Hertz grid, 3.6% lower than during the same period last year (25.1 TWh). The peak load of the year was 8,664 MW (8,698 MW in 1H2016).

In the first half of 2017, 50Hertz was again a net exporter of electricity, with net exports of 23.8 TWh (19.9 TWh in 1H2016). 6.2 TWh of electricity was imported and 30.0 TWh exported (6.4 TWh and 26.3 in 1H2016).

<u>Investments</u>

To meet grid users' requirements, 50Hertz Transmission invested €97.1 million in the first half of 2017, 47% less than in the first half of 2016 (€182.6 million).

The onshore investments amounted to €68.2 million, while the offshore investments totalled €28.9 million. The most significant onshore investments were for the North Ring overhead line project (€7.6 million), the construction of new phase shifters in the substations at Vierraden (€2.0 million) and Röhrsdorf (€4.0 million) and the reinforcement of high-voltage pylons (€4.5 million) to increase operational safety. Offshore investments related mainly to the offshore grid connection of Ostwind 1 (€20.5 million) and the offshore interconnector project Kriegers Flak Combined Grid Solution (€6.1 million).

3. Significant events in the first half of 2017

Significant progress on crucial investments in Belgium and Germany

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. The works are on schedule, with commissioning planned in the first quarter of 2019. The building of the converter station at Herdersbrug saw very good progress, while construction of the station at Richborough has been slightly delayed. The clearance of the unexploded ordinances found in the seabed survey is currently ongoing; the UK and French offshore as well as the UK nearshore sections are completed. With regard to the cable, production is progressing well: the first half of the sea cable (UK side, 2 times 59 km) has been completed and the factory acceptance test successfully executed. This first sea cable will arrive in the UK at the end of July and the cable laying works will start shortly thereafter.

Stevin project - Belgium

The works to construct a new double 380-kV connection between Zeebrugge and Zomergem by the end of 2017 are on schedule. Elia is currently finalising and testing the 380-kV high-voltage cables. The underground 380-kV cable, a first for Belgium, stretches 10 kilometres and partly runs through a tunnel under the Boudewijn Canal. It is part of the Stevin project, which aims to bring wind power generated by offshore wind farms to the mainland, strengthen the region's supply and make it possible to exchange energy with the UK via the subsea Nemo cable. The works are progressing on schedule, with commissioning due to take place by the end of this year.

ALEGrO project – Belgium

Following approval of the investment plan and the signing of the turnkey contracts for cable and converter in 2016, work began on the detailed design phase for construction of a 90-km interconnector between Belgium and Germany, capable of transporting a capacity of 1,000 MW. In 2016, the authorities included the project in the sector plan. The permit applications were submitted in February 2017 and the final permit decision is expected at the end of 2017. Type-testing of the cable is ongoing and production of the cables has begun. Commercial operation is expected to start in 2020.

Mercator-Horta project – Belgium

Works started on the Mercator-Horta high-voltage line in East Flanders. Mercator-Horta is a 49-km, 380-kV high-voltage line running from Kruibeke to Zomergem. In the first phase, which is expected to be completed by the spring of 2018, the towers and foundations will be reinforced. In recent years, this line has become an increasingly important link in the European electricity system. The Mercator-Horta upgrade is crucial for ensuring energy exchange with our neighbouring countries and guaranteeing security of supply.

Modular Offshore Grid - Belgium

In April 2017, Elia formally approved the investment for an 'electricity plug' or 'modular offshore grid' (MOG) in the North Sea. Committing to the MOG is of strategic importance for Belgium’s future in terms of its participation in the further development of renewable energy in the North Sea.
The MOG includes amongst other an offshore platform providing connections to new wind farms. This platform will be located approximately 40 km off the coast of Zeebrugge. Three 220-kV submarine cables will link the platform with the Stevin substation in Zeebrugge, so that generated wind energy can be injected into the Belgian onshore grid. The MOG is scheduled to be commissioned during Q3 of 2019.

Ostwind 1 - Germany

Costing over €1 billion, the project connecting the offshore wind farms in the Westlich Adlergrund Cluster (CWA) to the grid represents the largest investment in the history of the company so far and another key step towards the culmination of the German energy transition.

The AC connection to be built by 50Hertz consists mainly of three cable systems connecting the Lubmin onshore substation with two offshore substations (OSSs) and one cross connection between the two OSSs. Production and laying of the cables are progressing in line with the completion dates officially announced. During the first half of 2017, the laying of the first cable system made good progress. However, due to external events, the project has been delayed in relation to the initial Year Plan, resulting in a shift of expenditure to next year. This will not compromise the planned commissioning date of summer 2019, nor the expected overall costs.

Kriegers Flak Combined Grid Solution - Germany

The Kriegers Flak Combined Grid Solution will connect the Danish region of Zealand with the German state of Mecklenburg-Western Pomerania. It is the first offshore interconnector in the Baltic Sea, linking the two national offshore windfarm connections with a planned transfer capacity of 400 MW. Commissioning is scheduled for the end of 2018. The civil engineering works at the Bentwisch substation for the construction of the back-to-back converter have started, and the licensing authorities have begun the consultation phase for the laying of the submarine cables. Construction work on the offshore substation and the gravity-based foundations is progressing well.

Hansa PowerBridge - Germany

In January 2017, 50Hertz Transmission and Svenska kraftnät (Sweden) signed a cooperation agreement for planning and constructing the Hansa Powerbridge. Feasibility studies are now ongoing for the future construction and commissioning of a 700-MW direct current (DC) connection between Germany and Sweden. By 2025-26, this interconnector is set to bring Scandinavia with its large storage volume and continental Europe with its high share of wind and solar power closer together.

Extension of the primary frequency control market to include new technologies

On 1 May 2017, Elia introduced a new contractual framework governing the provision of the primary frequency control service (FCR or R1). This framework sets out new rules designed to further enhance suppliers' flexibility with respect to possible combinations of the resources in their portfolio. In addition, market players can now participate in the primary frequency control service using resources with limited energy reserves, such as batteries.

Successful debt capital market transaction by Elia System Operator NV/SA

On 31 March 2017, Elia System Operator issued a corporate bond worth €250 million under its Euro Medium Term Note (EMTN) programme. The bond has a 10-year maturity and a coupon yielding 1.375%. The proceeds from the bond issue will be used to fund general corporate activities.

Furthermore, in May 2017, the European Investment Bank signed a contract with Elia for a seven-year loan of €100 million. Elia will use the loan to finance its investments in Stevin and Nemo, which will contribute significantly to the integration of renewable energy, strengthen the region's security of supply and make it possible to exchange energy with the UK via the subsea Nemo cable.

Finally, on 29 June 2017, the prospectus for the Commercial Paper programme was updated and the total amount that can be drawn increased from €250 million to €350 million.

4. Additional information as required by the Royal Decree of 14 November 2007

In view of the impact of the 10-year government bond interest rate (OLO) on the Belgian result and the fact that the Belgian result for 2017 depends to a significant degree on parameters which will only be known or can only be calculated at the end of 2017 (e.g. the inflation rate for December 2017 and the beta factor of the Elia share), Elia Transmission cannot make any profit forecast for 2017. However, with the implementation of our investment plan progressing as planned, the outlook for our 2017 results remains positive with a confirmed investment target of around €488 million and realisation of incentives (excluding efficiency) in a range of 55%-60% of total allowed incentives. Results forecasts for Germany also continue to be positive, with the regulatory framework remaining stable through 2017. Nevertheless, as a result of external variables (such as weather conditions, ground conditions, and availability of the equipment provided), some expenditures will be shifted to the next year, resulting in targeted investments of around €500 million for 2017.

5. Information on expected impact of IFRS standards issued but not yet effective

IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018) establishes a new comprehensive framework for determining whether, how much and when revenue is recognised. The Group has completed an initial assessment of the potential impact of the adoption of IFRS 15 on its consolidated financial statements. The only impact that the Group foresees relates to the application of IFRIC 18, under which received customer contributions are currently directly recognised in full as revenue, whereas under IFRS 15 the cash considerations should be presented as deferred revenue and will be recognised in revenue over the lifetime of the underlying asset. The impact on the Group's results is €8.7 million for the period ended 30 June 2017 as well as an expected impact of €60.5 million on the opening equity at 1 January 2017.

IFRS 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Group has completed an initial assessment of the potential impact of the adoption of IFRS 9 on its consolidated financial statements. The Group expects an increase in impairment losses and more volatility on the impairment losses for the assets in the scope of the IFRS 9 impairment model. A preliminary assessment indicated that the application of the Expected Credit Losses (ECL) method at 30 June 2017 would increase the bad debt allowance for trade receivables by between €0.3 million and €0.5 million at that date compared with the allowance for trade receivables recognised under IAS 39. Deferred tax assets would increase by an amount between €0.1 million and €0.2 million and net profit for the period would decrease by an amount between €0.2 million and €0.3 million.

6. Joint auditors' review report

The condensed consolidated interim financial statements for the period ended 30 June 2017 attached to this press release have been subject to a review by the Joint Auditors.

7. Financial calendar for 2017

Interim statement Q3 2017	*30 November 2017*
Publication of 2017 annual results	*23 February 2018*
Publication of 2017 Annual Report	*Early April 2018*
General Meeting of Shareholders	*15 May 2018*

8. Non-recurring items - reconciliation table

(in million EUR) - Period ended 30 June 2017	Elia Transmission	50Hertz Transmission à 100%	Consolidation entries	Elia Group
EBIT – Non-recurring items				
Regulatory settlements prior year	0.0	(1.0)	1.0	0.0
Equity consolidation 50Hertz (60% net profit)	0.0	0.0	0.0	0.0
Energy bonuses	0.0	1.1	(1.1)	0.0
Total EBIT non-recurring items	**0.0**	**0.1**	**(0.1)**	**0.0**
Tax impact	0.0	0.0	0.0	0.0
Net profit – non-recurring items	**0.0**	**0.1**	**(0.1)**	**0.0**

(in million EUR) - Period ended 30 June 2016	Elia Transmission	50Hertz Transmission à 100%	Consolidation entries	Elia Group
EBIT – Non-recurring items				
Regulatory settlements prior year	(0.2)	(0.7)	0.7	(0.2)
Equity consolidation 50Hertz (60% net profit)	0.0	0.0	2.0	2.0
Energy bonuses	0.0	5.4	(5.4)	0.0
Total EBIT non-recurring items	**(0.2)**	**4.7**	**(2.7)**	**1.8**
Tax impact	0.1	(1.4)	1.4	0.1
Net profit – non-recurring items	**(0.1)**	**3.3**	**(4.7)**	**1.9**

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.

Website: This press release and the annexes are available on www.elia.be

ANNEXES

1. Declarations by responsible parties
2. Interim management report
3. Condensed consolidated interim financial statements:
   - Condensed consolidated statement of financial position
   - Condensed consolidated statement of profit or loss
   - Condensed consolidated statement of profit or loss and other comprehensive income
   - Condensed consolidated statement of changes in equity
   - Condensed consolidated statement of cash flows
   - Notes to the condensed consolidated interim financial statements
4. Report of the joint statutory auditors on the review

ANNEXES:

1. Statement on the true and fair view of the condensed consolidated interim financial information and the fair overview of the interim management report

Chris Peeters, Chief Executive Officer and Chairman of the Management Committee, and Catherine Vandenborre, Chief Financial Officer, certify on behalf of the company that, to their knowledge,

a) the condensed consolidated interim financial information, which has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union, gives a true and fair view of the equity, financial position and financial performance of the company, and the entities included in the consolidation as a whole,

b) the interim management report includes a fair overview of the information required under Article 13, paragraphs 5 and 6 of the Royal Decree of 14 November 2007 on the obligations of issuers of financial instruments admitted to trading on a regulated market.

Brussels, 27 July 2017

Catherine Vandenborre
Chief Financial Officer

Chris Peeters
Chairman of the Management Committee & Chief Executive Officer

2. Interim management report

- Key figures, reported in sections 1 and 2 of the press release
- Significant events in the first half of 2017, reported in section 3 of the press release
- Additional information pursuant to the Royal Decree of 14 November 2007, given in section 4 of the press release

3. Condensed consolidated interim financial statements

Condensed consolidated statement of financial position

(in million EUR)	Notes	30 June 2017	31 December 2016
ASSETS			
NON-CURRENT ASSETS		**5,855.5**	**5,653.9**
Property, plant and equipment	(7)	3,054.4	2,956.5
Intangible assets and goodwill		1,737.2	1,735.8
Trade and other receivables		93.9	63.0
Equity-accounted investees	(4)	905.6	832.4
Other financial assets (including derivatives)		63.4	65.4
Deferred tax assets		1.0	0.8
CURRENT ASSETS		**560.6**	**587.7**
Inventories		26.6	22.6
Trade and other receivables		313.6	379.6
Current tax assets		0.1	2.8
Cash and cash equivalents		209.8	176.6
Deferred charges and accrued revenues		10.5	6.1
Total assets		**6,416.1**	**6,241.6**
EQUITY AND LIABILITIES			
EQUITY		**2,535.9**	**2,512.6**
Equity attributable to owners of the Company		2,534.8	2,511.4
Share capital		1,517.6	1,517.2
Share premium		11.9	11.8
Reserves		173.0	173.0
Hedging reserve		(3.1)	(6.2)
Retained earnings	(6)	835.4	815.6
Non-controlling interest		1.1	1.2
NON-CURRENT LIABILITIES		**2,975.3**	**2,728.0**
Loans and borrowings	(8)	2,834.1	2,586.4
Employee benefits		65.3	75.1
Derivatives		0.0	9.4
Provisions		23.1	23.3
Deferred tax liabilities	(10)	47.8	28.7
Other liabilities		5.0	5.1
CURRENT LIABILITIES		**904.9**	**1,001.0**
Loans and borrowings	(8)	13.7	147.5
Provisions		2.2	2.4
Derivatives	(9)	4.7	0.0
Trade and other payables		367.3	390.8
Current tax liabilities		5.8	0.5
Accruals and deferred income		511.2	459.8
Total equity and liabilities		**6,416.1**	**6,241.6**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of profit or loss

(in million EUR) - Period ended 30 June	Notes	2017	2016
Continuing operations			
Revenue		406.8	360.4
Raw materials, consumables and goods for resale		(5.6)	(6.7)
Other income		31.4	44.7
Services and other goods		(157.7)	(146.5)
Personnel expenses		(72.5)	(71.1)
Depreciations, amortisations and impairments		(63.8)	(61.6)
Changes in provisions		0.4	(2.6)
Other expenses		(18.0)	(15.3)
Results from operating activities		**121.0**	**101.3**
Share of profit of equity-accounted investees (net of tax)		52.6	46.9
Earnings before interest and tax (EBIT)		**173.7**	**148.2**
Net finance costs		**(37.1)**	**(45.6)**
Finance income		2.7	2.7
Finance costs		(39.8)	(48.3)
Profit before income tax		**136.6**	**102.6**
Income tax expense	(11)	(25.6)	(16.1)
Profit from continuing operations		**111.0**	**86.5**
Profit for the period		**111.0**	**86.5**
Profit attributable to:			
Owners of the Company		111.0	86.5
Non-controlling interest		(0.1)	0.0
Profit for the period		**110.9**	**86.5**
Earnings per share (EUR)			
Basic earnings per share		1.82	1.42
Diluted earnings per share		1.82	1.42

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of profit or loss and other comprehensive income

(in million EUR)	Notes	30 June 2017	30 June 2016
Profit for the period		**110.9**	**86.5**
Other comprehensive income (OCI)			
Items that may be reclassified subsequently to profit or loss:			
Effective portion of changes in fair value of cash flow hedges		4.7	4.0
Related tax		(1.6)	(1.4)
Items that will not be reclassified to profit or loss:			
Remeasurements of post-employment benefit obligations		7.6	(4.3)
Related tax		(2.6)	1.5
Other comprehensive income for the period, net of tax		**8.1**	**(0.2)**
Total comprehensive income for the period		**119.0**	**86.3**
Total comprehensive income attributable to:			
Owners of the Company		119.1	86.3
Non-controlling interest		(0.1)	0.0
Total comprehensive income for the period		**119.0**	**86.3**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of changes in equity

(in million EUR)	Share capital	Share premium	Hedging reserve	Foreign currency translation	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2016	1,512.8	10.0	(11.9)	0.1	138.8	763.8	2,413.6	0.8	2,414.4
Profit for the period						86.5	86.5		86.5
Other comprehensive income			2.6			(2.8)	(0.2)		(0.2)
Total comprehensive income for the period			**2.6**			**83.7**	**86.3**		**86.3**
Transactions with owners, recorded directly in equity									
Contributions by and distributions to Owners									
Transfer to legal reserve					34.2	(34.2)			
Dividends						(94.2)	(94.2)		(94.2)
Total contributions and distributions					34.2	(128.4)	(94.2)		(94.2)
Changes in ownership interests									
Total transactions with Owners					34.2	(128.4)	(94.2)		(94.2)
Balance at 30 June 2016	**1,512.8**	**10.0**	**(9.3)**	**0.0**	**173.0**	**719.1**	**2,405.6**	**0.8**	**2,406.4**
Balance at 1 January 2017	1,517.2	11.8	(6.1)	0.0	173.0	815.5	2,511.4	1.2	2,512.6
Profit for the period						111.0	111.0	(0.1)	110.9
Other comprehensive income			3.0	0.1		5.0	8.1		8.1
Total comprehensive income for the period			**3.0**	**0.1**		**116.0**	**119.1**	**(0.1)**	**119.0**
Transactions with owners, recorded directly in equity									
Contributions by and distributions to Owners									
Shares issued	0.3	0.1					0.4		0.4
Share-based payment expenses	0.1						0.1		0.1
Dividends						(96.2)	(96.2)		(96.2)
Total contributions and distributions	0.4	0.1				(96.2)	(95.7)		(95.7)
Total transactions with Owners	0.4	0.1				(96.2)	(95.7)		(95.7)
Balance at 30 June 2017	**1,517.6**	**11.9**	**(3.1)**	**0.1**	**173.0**	**835.3**	**2,534.8**	**1.1**	**2,535.9**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of cash flows

(in million EUR) - Period ended 30 June	Notes	2017	2016
Cash flows from operating activities			
Profit for the period		**111.0**	**86.5**
Adjustments for:			
Net finance costs		37.2	45.6
Other non-cash items		0.1	0.0
Income tax expense		10.8	9.3
Profit or loss of equity-accounted investees, net of tax		(52.6)	(46.9)
Depreciation of property, plant and equipment and amortisation of intangible assets		63.8	61.0
Loss on sale of property, plant and equipment and intangible assets		3.2	2.4
Impairment losses of current assets		0.2	0.8
Change in provisions		(3.1)	1.1
Change in fair value of derivatives		0.5	0.5
Change in deferred taxes		14.7	6.9
Cash flow from operating activities		**185.8**	**167.2**
Change in inventories		(3.9)	(5.0)
Change in trade and other receivables		65.7	16.9
Change in other current assets		(0.8)	(2.1)
Change in trade and other payables		(23.5)	(32.4)
Change in other current liabilities		51.3	78.8
Changes in working capital		**88.8**	**56.2**
Interest paid		(78.4)	(104.7)
Interest received		1.3	54.9
Income tax paid		(2.8)	54.0
Net cash from operating activities		**194.7**	**227.6**
Cash flows from investing activities			
Acquisition of intangible assets	(7)	(5.3)	(4.8)
Acquisition of property, plant and equipment	(7)	(156.7)	(128.3)
Acquisition of equity-accounted investees	(4)	(20.6)	(11.8)
Proceeds from sale of property, plant and equipment		0.4	0.2
Proceeds from sales of investments	(4)	0.0	6.2
Proceeds from capital decrease from equity-accounted investees		0.1	0.0
Loans and long term receivables to joint ventures	(4)	(30.8)	(26.6)
Net cash used in investing activities		**(212.9)**	**(165.1)**
Cash flow from financing activities			
Proceeds from the issue of share capital		0.4	0.0
Dividends paid (-)	(6)	(96.2)	(94.2)
Repayment of borrowings (-)	(8)	(100.0)	(540.0)
Proceeds from withdrawal of borrowings (+)	(8)	247.2	25.0
Non-controlling interests		0.0	(0.1)
Net cash flow from (used in) financing activities		**51.4**	**(609.3)**
Net increase (decrease) in cash and cash equivalents		**33.2**	**(546.8)**
Cash & cash equivalents at 1 January		176.6	626.4
Cash & cash equivalents at 30 June		209.8	79.6
Net variations in cash & cash equivalents		**33.2**	**(546.8)**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements

1. General information

Elia System Operator SA/NV (hereinafter "the company" or "Elia") is established in Belgium, having its head office at Boulevard de l'Empereur 20, B-1000 Brussels.
Elia's core business is managing, maintaining and developing very-high-voltage grids (380 kV, 220 kV and 150 kV) and high-voltage grids (70 kV, 36 kV and 30 kV). It is responsible for transmitting electricity from power generators in Belgium, Germany and elsewhere in Europe to customers, particularly distributors and major industrial users.

These unaudited and condensed consolidated interim financial statements of the company for the six months to 30 June 2017 contain the financial position and performance of the company and its subsidiaries (collectively referred to as "the Group") and the Group's interests in joint ventures.

The condensed consolidated interim financial statements were approved by the Board of Directors of Elia System Operator SA/NV on 27 July 2017.

2. Basis for preparation and changes to the Group's accounting policies

a. Basis for preparation
The condensed consolidated interim financial statements were prepared in accordance with IAS 34 *Interim Financial Reporting*, issued by the IASB as approved by the European Union.

The condensed consolidated interim financial statements do not include all the information and disclosures required for a complete set of IFRS financial statements and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2016. However, selected explanatory notes are included to explain events and transactions that are significant for an understanding of the changes in the Group's position and performance since the last annual consolidated financial statements.

b. New standards, interpretations and amendments adopted by the Group
The accounting policies applied when preparing the condensed consolidated interim financial statements are consistent with those used to prepare the Group's annual consolidated financial statements as of and for the year ended 31 December 2016, except for the adoption of new standards and interpretations effective as of 1 January 2017 as mentioned in note 2.1 accompanying the annual consolidated financial statements as of and for the year ended 31 December 2016. The application of Amendments to IAS 7 and the Amendments to IAS 12 did not have an impact on the Group's condensed consolidated interim financial statements.
As the new standards and interpretations did not have an impact on the Group's condensed consolidated interim financial statements, no retrospective application of the change in accounting policies and retrospective restatement of previous financial statements was needed.

c. Standards issued but not yet effective

Listed below are a number of standards and amendments to standards effective for annual periods beginning on or after 1 January 2018. The Group has not early adopted any of them in preparing these condensed consolidated interim financial statements.

IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018) establishes a new comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts, IFRIC 18 Transfers of Assets from Customers and IFRIC 13 Customer Loyalty Programmes.

The Group has completed an initial assessment of the potential impact of the adoption of IFRS 15 on its consolidated financial statements. The Group foresees only an impact as a result of the application of IFRIC 18.

Under IFRS 15, recognised revenue should reflect the consideration received by an entity in exchange for the transfer of control of promised goods or services to customers. The Group used a five-step approach to assess whether a contract is in scope of IFRS 15 and how revenue should be recognised.

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract(s)
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue when performance obligations are satisfied, when control of goods or services is transferred to the customer

The Group has a number of standard contracts for its customers, which cover the bulk of its revenue. These contracts are specific to each segment. As a consequence, the potential impact of IFRS 15 is analysed by reviewing those standard contracts. In the table below, an overview of the different revenue buckets is shown, with reference to the relevant contracts and the result of the potential impact under IFRS 15.

Revenue bucket (per segment)	Revenue bucket (Group)	Contracts	Status analysis	In scope of IFRS 15	Change in accounting policy	Change in amount of revenue	Change in timing of revenue	Impact on opening equity 01/01/2017 (net of tax)
Elia Transmission (Belgium) revenues								
Grid connection	Revenue	Connection contract	complete	yes	no	no	no	0.0
Management and development of grid infrastructure	Revenue	Access contract	complete	yes	no	no	no	0.0
Management of the electrical system	Revenue	Access contract	complete	yes	no	no	no	0.0
Compensation for imbalances	Revenue	ARP contract	complete	yes	no	no	no	0.0
Market integration	Revenue	ARP contract	complete	yes	no	no	no	0.0
International revenues	Revenue	Congestion revenue	complete	yes	no	no	no	0.0
Other income	Transfers of assets from customers	Customer contributions	complete	yes	yes	no	yes	42.4
Other income	Revenue	EGI contracts	complete	yes	no	no	no	0.0
Other income	Optimal use of assets	Telecom contracts	complete	yes	no	no	no	0.0
50Hertz Transmission (Germany) revenues (at 100%)								
Vertical grid revenues	n/a	Grid use contract	complete	yes	no	no	no	0.0
Ancillary services revenues	n/a	Contract for balancing groups	complete	yes	no	no	no	0.0
Other income	n/a	Customer contributions	complete	yes	yes	no	yes	30.1

Received customer contributions (IFRIC 18) are currently directly recognised in full as revenue, whereas under IFRS 15 the cash considerations should be presented as deferred revenue and will be recognised in revenue over the lifetime of the underlying asset.

The impact of the transition to IFRS 15 on the revenue of the segments Elia Transmission Belgium and 50Hertz Transmission Germany is shown below:

Elia Transmission (Belgium) revenues	**30 June 2017** as reported	**30 June 2017** under IFRS 15	**30 June 2017** difference
Grid connection	21.2	21.2	0.0
Management and development of grid infrastructure	240.8	240.8	0.0
Management of the electrical system	60.0	60.0	0.0
Compensation for imbalances	81.4	81.4	0.0
Market integration	12.3	12.3	0.0
International revenue	20.8	20.8	0.0
Other income	48.8	35.7	13.1
Subtotal revenues & other income	**485.3**	**472.2**	**13.1**
Settlement mechanism: deviations from approved budget	(47.0)	(47.0)	0.0
Total revenues and other income	**438.3**	**425.2**	**13.1**

50Hertz Transmission (Germany) revenues	**30 June 2017** as reported	**30 June 2017** under IFRS 15	**30 June 2017** difference
Vertical grid revenues	631.2	631.2	0.0
Horizontal grid revenues	103.2	103.2	0.0
Ancillary services revenues	61.5	61.5	0.0
Other income	30.0	30.0	0.0
Subtotal revenue and other income	**826.0**	**826.0**	**0.0**
Settlement mechanism: deviations from approved budget	(143.4)	(143.4)	0.0
Total revenues and other income	**682.5**	**682.5**	**0.0**

The summarised impact on the revenue of the Group is detailed below:

(in million EUR) - Period ended Detail revenue	**30 June 2017** as reported	**30 June 2017** under IFRS 15	**30 June 2017** difference
Revenue	392.9	392.9	0.0
Transfers of assets from customers	13.9	0.8	13.1
Total revenue	**406.8**	**393.8**	**13.1**
Total other income			
Services and technical expertise	2.1	2.1	0.0
Own production	10.4	10.4	0.0
Optimal use of assets	7.4	7.4	0.0
Other	11.4	11.4	0.0
Gain on sale PPE	0.2	0.2	0.0
Other operating income	**31.4**	**31.4**	**0.0**

The impact on the results of the Group can be found in the table below, for the period ended 30 June 2017 as well as for the expected impact on opening equity at 1 January 2017.
The companies included in the 50Hertz Transmission Germany segment are accounted for using the equity method (at 60%). Therefore, the impact of IFRS 15 on their revenue recognition is shown under Share of profit of equity-accounted investees (net of income tax) in the Group's results.

Key figures (in million EUR)	30 June 2017 as reported	30 June 2017 under IFRS 15	30 June 2017 difference	31 December 2016 as reported	31 December 2016 under IFRS 15	31 December 2016 difference
Total revenues	438.3	425.2	13.1	n/r	n/r	n/r
Share of profit of equity-accounted investees (net of income tax)	52.6	52.6	0.0	n/r	n/r	n/r
Income tax expenses	(25.6)	(21.2)	(4.4)	n/r	n/r	n/r
Net profit	**111.0**	**102.3**	**8.7**	n/r	n/r	n/r
Total assets	6,416.1	6,398.0	18.1	6,241.5	6,223.4	18.1
Total equity	2,534.8	2,465.6	69.2	2,512.6	2,452.1	60.5

Key figures per share						
Basic earnings per share (EUR)	1.82	1.68	0.14	n/r	n/r	n/r
Equity per share (EUR)	41.6	40.5	1.1	41.2	40.3	0.9

Transition method

The Group plans to adopt IFRS 15 in its consolidated financial statements for the year ending 31 December 2018 using the full retrospective method. As a result, the Group will apply all of the IFRS 15 requirements to each comparative period presented and adjust its consolidated financial statements.

The Group also plans to use the practical expedients for completed contracts, if relevant, meaning that completed contracts that began and ended in the same comparative period, as well as those that are completed at the beginning of the earliest period presented, will not be restated.

IFRS 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Group has decided not to adopt IFRS 9 until it becomes mandatory on 1 January 2018.

IFRS 9 establishes a principles-based approach to determining whether a financial asset should be measured at amortised cost or fair value, based on the business model in which the asset is managed and the cash flow characteristics of the asset. The Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets for the following reasons:

- Trade receivables and loans granted by Group entities meet business model and cash flow characteristic criteria in IFRS 9 and therefore the Group will continue to account for these classes of assets at amortised cost, consistent with the current accounting policies.

- The Group may elect on a case-by-case basis to designate equity instruments at "Fair value through OCI". The impact of this election is not expected to be material at the initial application date. Under IFRS 9, the accumulated revaluation gains and losses recognised in OCI will not be recycled through the income statement.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. IFRS 9 does not have an impact on the accounting policies for de-recognition of financial assets and liabilities.

The new impairment model requires recognition of bad debt allowances to reflect the expected credit losses (ECL) rather than the incurred credit losses as is the case under IAS 39. It applies, among other things, to financial assets classified at amortised cost, contract assets under IFRS 15 Revenue from Contracts with Customers, and certain financial guarantee contracts. The Group expects an increase in impairment losses and more volatility on the impairment losses for the assets in the scope of the IFRS 9 impairment model. A preliminary assessment indicated that the application of the ECL method at 30 June 2017 would increase the bad debt allowance for trade receivables by between €0.3 million and €0.5 million at that date compared with the allowance for trade receivables recognised under IAS 39. Deferred tax assets would increase by an amount between €0.1 million and €0.2 million and net profit for the period would decrease by an amount between €0.2 million and €0.3 million. The Group does not expect the new impairment requirements to have a significantly higher impact on its results, given the low exposure to counterparty default risk as a result of the credit risk management processes implemented by the Group.

Under the amended hedging requirements, more hedge relationships could be eligible for hedge accounting, as the new standard introduces a more principles-based approach. However, at this stage the Group does not expect any new hedge relationships to be designated. The Group's existing hedge relationships appear to qualify as continuing hedges upon the adoption of IFRS 9. As a consequence, the Group does not expect a significant impact on its hedge relationships.

The new standard also introduces expanded disclosure requirements. The nature and extent of the Group's disclosures about its financial instruments in the year of the adoption of the new standard and going forward will be affected by IFRS 9.

IFRS 16 Leases (effective 1 January 2019 – not yet endorsed) sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. It replaces IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC-15 Operating Leases - Incentives and SIC-27 Evaluating the Substance of Transactions in the Legal Form of a Lease. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard. The Group has started an initial assessment of the potential impact on its consolidated financial statements. The Group plans to assess the potential effect of IFRS 16 on its consolidated financial statements by the end of 2017.

Other forthcoming requirements which are not expected to have a significant impact, and for which the Group will assess the impact on its consolidated financial statements as at the end of 2017:

- Annual improvements to IFRSs 2014-2016 Cycle (effective 1 January 2018 – not yet endorsed): improvements have been made to three standards, IFRS 1 First-time Adoption, IAS 28 Investments in Associates and Joint Ventures and IFRS 12 Disclosure of Interest in Other Entities.
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (effective 1 January 2018) clarifies the transaction date used to determine the exchange rate.
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (endorsement process has been delayed). The amendments clarify that gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. If these assets do not constitute a business, as defined in IFRS 3, any gain or loss is only recognised to the extent of unrelated investors' interests in the associate or joint venture.
- IFRIC 23 clarifies application of recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments. The interpretation is effective for annual periods beginning on or after 1 January 2019.

3. Use of estimates and judgements

The condensed consolidated interim financial statements for the first half of 2017 were prepared using estimates and judgements as indicated in note 2.4 accompanying the annual consolidated financial statements as of and for the year ended 31 December 2016.

4. Subsidiaries, joint ventures and associates

No significant changes occurred within the consolidation scope in the first half of 2017.

In the first half-year, Elia provided further funding of €51.4 million to Nemo Link Limited, 40% via equity contribution and 60% via loans.

5. Segment reporting

5.1. Elia Transmission (Belgium)

Results Elia Transmission (in million EUR) - Period ended 30 June	2017	2016	Difference (%)
Total revenues and other income	438.3	405.1	8.2%
Depreciation, amortisation, impairment and changes in provisions	(63.4)	(64.3)	(1.4%)
Results from operating activities	121.1	101.4	19.4%
Share of profit of equity-accounted investees (net of income tax)	1.6	1.3	23.1%
Earnings before interest and tax (EBIT)	122.7	102.6	19.6%
Earnings before depreciations, amortisations, interest and tax (EBITDA)	186.0	166.9	11.4%
Finance income	2.7	2.7	0.0%
Finance costs	(39.8)	(48.3)	(17.6%)
Income tax expenses	(25.6)	(16.1)	59.0%
Profit attributable to the Owners of the Company	**60.0**	**40.9**	**46.7%**

Consolidated statement of financial position (in million EUR)	30 June 2017	31 December 2016	Difference (%)
Total assets	5,587.2	5,463.6	2.3%
Capital expenditures	162.0	406.9	(60.2%)
Net financial debt	2,638.0	2,557.3	3.2%

EBIT = operating profit and share of profit of equity-accounted investees (net of income tax)
EBITDA = EBIT + depreciation/amortisation + changes in provisions
Net financial debt = non-current and current loans and borrowings less cash and cash equivalents

5.2. 50Hertz Transmission (Germany)

Results 50Hertz Transmission (Germany) (in million EUR) 100% - Period ended 30 June	2017	2016	Difference (%)
Total revenues and other income	682.5	655.5	4.1%
Depreciation, amortisation, impairment and changes in provisions	(73.1)	(64.8)	12.8%
Results from operating activities	158.1	133.8	18.2%
Share of profit of equity-accounted investees (net of income tax)	0.0	0.0	n.r.
Earnings before interest and tax (EBIT)	158.1	133.8	18.2%
Earnings before depreciations, amortisations, interest and tax (EBITDA)	231.2	198.6	16.4%
Finance income	1.2	0.6	100.0%
Finance costs	(29.2)	(23.0)	27.0%
Income tax expenses	(45.1)	(35.3)	27.8%
Profit attributable to the Owners of the Company	**85.0**	**76.0**	**11.8%**

Consolidated statement of financial position (in million EUR)	30 June 2017	31 December 2016	Difference (%)
Total assets	6,187.3	5,663.6	9.2%
Capital expenditures	97.1	737.3	(86.8%)
Net financial debt	1,169.7	1,623.5	(28.0%)

* 60% of the profit attributable to the owners of the Company is included in the Share of profit of equity-accounted investees (net of income tax) of the Group.

5.3. Segment reporting reconciliation

Consolidated results (in million EUR) - Period ended 30 June	2017 Elia Transmission (Belgium) (a)	2017 50Hertz Transmission (Germany) (b)	2017 Consolidation entries & intersegment transactions (c)	2017 Elia Group (a)+(b)+(c)
Total revenues and other income	438.3	682.5	(682.5)	438.3
Depreciation, amortisation, impairment and changes in provisions	(63.4)	(73.1)	73.1	(63.4)
Results from operating activities	121.1	158.1	(158.1)	121.1
Share of profit of equity-accounted investees, net of tax	1.6	0.0	51.0	52.6
Earnings before interest and tax (EBIT)	122.7	158.1	(107.1)	173.7
Earnings before depreciations, amortisations, interest and tax (EBITDA)	186.0	231.2	(180.1)	237.1
Finance income	2.7	1.2	(1.2)	2.7
Finance costs	(39.8)	(29.2)	29.2	(39.8)
Income tax expenses	(25.6)	(45.1)	45.1	(25.6)
Profit attributable to the Owners of the Company	**60.0**	**85.0**	**(34.0)**	**111.0**
Consolidated statement of financial position (in million EUR)	30.06.2017	30.06.2017	30.06.2017	30.06.2017
Total assets	5,587.2	6,187.3	(5,358.4)	6,416.1
Capital expenditures	162.0	97.1	(97.1)	162.0
Net financial debt	2,638.0	1,169.7	(1,169.7)	2,638.0

Consolidated results (in million EUR) - Period ended 30 June	2016 Elia Transmission (Belgium) (a)	2016 50Hertz Transmission (Germany) (b)	2016 Consolidation entries & intersegment transactions (c)	2016 Elia Group (a)+(b)+(c)
Total revenues and other income	405.1	655.5	(655.5)	405.1
Depreciation, amortisation, impairment and changes in provisions	(64.3)	(64.8)	64.8	(64.3)
Results from operating activities	101.4	133.8	(133.8)	101.4
Share of profit of equity-accounted investees, net of tax	1.3	0.0	45.6	46.9
Earnings before interest and tax (EBIT)	102.6	133.8	(88.1)	148.3
Earnings before depreciations, amortisations, interest and tax (EBITDA)	166.9	198.6	(153.0)	212.5
Finance income	2.7	0.6	(0.6)	2.7
Finance costs	(48.3)	(23.0)	23.0	(48.3)
Income tax expenses	(16.1)	(35.3)	35.3	(16.1)
Profit attributable to the Owners of the Company	**40.9**	**76.0**	**(30.4)**	**86.5**
Consolidated statement of financial position (in million EUR)	30 June 2016	30 June 2016	30 June 2016	30 June 2016
Total assets	5,111.2	5,839.9	(5,028.4)	5,922.7
Capital expenditures	137.5	177.1	(177.1)	137.5
Net financial debt	2,563.8	940.9	(940.9)	2,563.8

All revenues are earned from external customers except for the intersegment revenues disclosed in note 13.

6. Dividends

On 16 May 2017, the shareholders approved payment of a gross dividend of €1.58 per share (i.e. a net dividend of €1.1060 per share), corresponding to a total gross dividend of €96.2 million.

7. Acquisitions and disposals of PPE

A net sum of €162.0 million was invested. See section 2.a of part I of the press release for more details.

8. Loans and borrowings

The current borrowings of €100.0 million as at 31 December 2016 (comprising a loan from the European Investment Bank, dematerialised treasury notes and a straight loan) were all paid back in the first half of 2017 (see also section 2 of part I of the press release).

A new Eurobond with a nominal value of €250.0 million and a maturity of 10 years was issued in late March 2017 to cover financing needs.

Long-term borrowings as at 30 June 2017 comprise the following:

(in million EUR)	Maturity	Amount	Interest rate before hedging	Interest rate after hedging	Current proportion - fixed	Current proportion - variable
Shareholder loan	2022	495.8	1.07%	2.91%	40.34%	59.66%
Eurobond issues 2004 / 15 years	2019	499.7	5.25%	5.25%	100.00%	0.00%
Eurobond issues 2013 / 15 years	2028	547.2	3.25%	3.25%	100.00%	0.00%
Eurobond issues 2013 / 20 years	2033	199.4	3.50%	3.50%	100.00%	0.00%
Eurobond issues 2014 / 15 years	2029	346.4	3.00%	3.00%	100.00%	0.00%
Eurobond issues 2015 / 8.5 years	2024	498.3	1.38%	1.38%	100.00%	0.00%
Eurobond issues 2017 / 10 years	2027	247.3	1.38%	1.38%	100.00%	0.00%
Total		**2,834.1**			**89.56%**	**10.44%**

(in million EUR) – as at 31 December 2016	Maturity	Amount	Interest rate before hedging	Interest rate after hedging	Current proportion - fixed	Current proportion - variable
Shareholder loan	2022	495.8	1.07%	2.91%	40.34%	59.66%
Eurobond issues 2004 / 15 years	2019	499.6	5.25%	5.25%	100.00%	0.00%
Eurobond issues 2013 / 15 years	2028	547.1	3.25%	3.25%	100.00%	0.00%
Eurobond issues 2013 / 20 years	2033	199.3	3.50%	3.50%	100.00%	0.00%
Eurobond issues 2014 / 15 years	2029	346.3	3.00%	3.00%	100.00%	0.00%
Eurobond issues 2015 / 8.5 years	2024	498.2	1.38%	1.38%	100.00%	0.00%
European Investment Bank	2017	20.0	4.79%	4.79%	100.00%	0.00%
Dematerialised treasury notes	2017	78.0	(0.12%)	(0.12%)	100.00%	0.00%
Straight loan EGI	2017	2.0	0.75%	0.75%	100.00%	0.00%
Total		**2,686.3**			**88.99%**	**11.01%**

9. Financial instruments

The table below shows a comparison of the carrying amount and fair value of financial instruments as at 30 June 2017 and the fair value hierarchy:

(in million EUR)	Carrying amount						Fair value			
	Designated at fair value	Fair value - hedging instruments	Held-to-maturity investments	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
31 December 2016										
Other financial assets	7.3					7.3	7.1		0.2	7.3
Trade and other receivables				442.6		442.6				
Cash and cash equivalents				176.6		176.6				
Interest rate swaps used for hedging		(9.4)				(9.4)		(9.4)		(9.4)
Unsecured financial bank loans and other loans					(643.3)	(643.3)		(643.3)		(643.3)
Unsecured bond issues					(2,090.6)	(2,090.6)		(2,449.8)		(2,449.8)
Trade and other payables					(390.8)	(390.8)				
Total	**7.3**	**(9.4)**	**0.0**	**619.2**	**(3,124.6)**	**(2,507.6)**	**7.1**	**(3,102.5)**	**0.2**	**(3,095.2)**
30 June 2017										
Other financial assets	7.3					7.3	7.1		0.2	7.3
Trade and other receivables				407.6		407.6				
Cash and cash equivalents				209.8		209.8				
Interest rate swaps used for hedging		(4.7)				(4.7)		(4.7)		(4.7)
Unsecured financial bank loans and other loans					(509.5)	(509.5)		(509.5)		(509.5)
Unsecured bond issues					(2,338.3)	(2,338.3)		(2,613.3)		(2,613.3)
Trade and other payables					(367.3)	(367.3)				0,0
Total	**7.3**	**(4.7)**	**0.0**	**617.4**	**(3,215.1)**	**(2,595.2)**	**7.1**	**(3,127.5)**	**0.2**	**(3,120.2)**

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of the fair value.

The outstanding amount of unsecured bond issues increased compared to 31 December 2016 due to the issuance of a new €250 million Eurobond in late March 2017.

Fair value hierarchy

The above fair value of 'sicavs' falls into level 1, i.e. valuation is based on the (unadjusted) listed market price on an active market for identical instruments.

The above fair value of interest rate swaps is classified as level 2, which means that the valuation is based on input from prices other than the stated prices. These other prices can be observed for assets or liabilities. This category includes instruments valued on the basis of listed market prices on active markets for such instruments; listed prices for identical or similar instruments on markets that are deemed insufficiently active; and other valuation techniques arising directly or indirectly from observable market data.

Estimate of fair value

Brokers' statements are used for interest-rate swaps. The statements are checked using valuation models or techniques based on discounted cash flows.

10. Deferred tax liabilities

The deferred tax liabilities increased from €28.7 million to €47.8 million (or 66.6%), mainly as a result of the following elements:

- decrease of €7.7 million in the deferred tax asset position related to use of the notional interest deduction reserve;
- increase of €4.4 million in the deferred tax liability as a result of higher customer contributions;
- increase of €3.4 million resulting from lower employee benefits; and
- increase of €1.4 million due to the rise in borrowing costs.

11. Income tax expense

Excluding the share of profit of equity-accounted investees, the effective income tax rate was 30.5% for the six months to June 2017 compared to 29.0% for the six months to June 2016.

The increase in effective tax rate is mostly due to the lower percentage of notional interest deduction that can be applied in the current year (0.237% versus 1.131% in 2016).

12. Settlement mechanism (regulatory framework)

In Belgium, the final settlement arising from the tariff regulation mechanism for the year ended 31 December 2016 was accounted for in the financial statements for the period ended 30 June 2017 and decreased the net profit for the period by €1.7 million.

In Germany, there are no changes in the regulatory uncertainties due to the final settlements arising from the tariff regulation mechanisms to be approved by the relevant authorities.

As at 30 June 2017, there are no changes to the regulatory uncertainties due to the final settlements arising from the tariff regulation mechanisms to be approved by the relevant authorities, as described in note 9.2 accompanying the annual consolidated financial statements as of and for the year ended 31 December 2016.

13. Related parties

Controlling entities

The reference shareholder of Elia System Operator is still Publi-T. No transactions occurred with the reference shareholder in the six months ended 30 June 2017.

Transactions with key management personnel

The key management includes Elia's Management Committee. Members of the Management Committee do not receive stock options, special loans or other advances from the Group.

There were no significant transactions with entities in which key management exercise a significant influence (e.g. holding positions such as CEO, CFO or members of the management committee) in the first half of 2017.

There were various significant transactions with entities (mainly distribution system operators) in which Elia directors exercise a significant influence in the first half of 2017.
Sales and expenses amounted to €27.4 million and €1.7 million respectively for the six months ended 30 June 2017.
As at 30 June 2017, there were outstanding trade receivables of €4.4 million and outstanding trade debts of €0.4 million.

Transactions with Group entities

There were no material transactions between Elia and the German segment, except for the transactions relating to International Grid Control Cooperation (hereafter "IGCC") signed at the end of 2012 between Elia System Operator and 50Hertz Transmission, representing expenses of €0.3 million in the first six months of 2017 (compared with €1.6 million of revenues for the first six months of 2016).
Besides these transactions, various service agreements are in place with the German entities for consulting projects and other services, which generated €2.0 million in sales of goods and €1.2 million in purchases of goods.

At the end of May 2017, Eurogrid GmbH paid a dividend of €99.7 million to Eurogrid International CVBA (compared with €99.3 million for the first six months of 2016).

Details of transactions with other related parties (including the German segment) are shown below.

(in million EUR) – Period ended 30 June	2017	2016
Transactions with joint ventures and associated companies	**1.6**	**10.7**
Sales of goods	3.5	13.6
Purchases of goods	(3.0)	(3.4)
Interest and similar revenue	1.2	0.4
(in million EUR)	30/06/2017	31/12/2016
Outstanding balances with joint ventures and associated companies	**68.3**	**28.7**
Non-current trade and other receivables	93.8	54.1
Current trade and other receivables	2.1	2.8
Current trade and other payables	(27.3)	(29.7)
Deferred charges and accrued revenues	0.0	1.6
Accruals and deferred income	(0.3)	(0.1)

The decrease in sale of goods and service with joint ventures and associated companies can mainly be explained by the recharge to Nemo Link Limited of the pre-FID development costs Elia incurred amounting to €8.8 million in the first half of 2016.

The long-term debtors entirely represent the shareholder's funding which is provided by Elia System Operator to its joint venture Nemo Link Limited.

14. Seasonal fluctuations

The Group's profit profile follows a seasonal pattern, primarily due to the higher volumes of electricity consumed during the winter which have to be transmitted by the grid operator from power generators to distributors and large industrial customers, and also due to the impact of renewable energies, which are highly sensitive to weather conditions and hence have a considerable effect on revenue inflows.

15. Events after the reporting date

There are no important events to report since 30 June 2017, which would affect the condensed consolidated interim financial statements.

16. Regulatory framework

Belgian regulatory framework

In 2017, there were no significant changes to the regulatory framework in Belgium (as described in note 9.1 to the annual consolidated financial statements as of and for the year ended 31 December 2016).

German regulatory framework

In 2017, there were no significant changes to the regulatory framework in Germany (as described in note 9.2 to the annual consolidated financial statements as of and for the year ended 31 December 2016).

4. Report of the joint statutory auditors on the review

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Report of the joint statutory auditors on the review of the condensed consolidated interim financial statements of Elia System Operator NV/SA as of 30 June 2017 and for the six month period then ended

Introduction

We have reviewed the accompanying consolidated statement of financial position of Elia System Operator NV/SA (the "Company"), and its subsidiaries (jointly "the Group") as at 30 June 2017 and the related consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended, and explanatory notes, collectively, the "Condensed Consolidated Interim Financial Statements". These statements show a consolidated statement of financial position total of € 6,416.1 million and a profit for the period of € 111.0 million. The Board of Directors of the Company is responsible for the preparation and presentation of these Condensed Consolidated Interim Financial Statements in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union. Our responsibility is to express a conclusion on these Condensed Consolidated Interim Financial Statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Condensed Consolidated Interim Financial Statements as at 30 June 2017 and for the six month period then ended are not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Information*, as adopted by the European Union.

Emphasis of certain matters

Without qualifying our conclusion, we draw attention to note 12 of the Condensed Consolidated Interim Financial Statements that provide a description of the uncertainties resulting from the final settlements arising from the tariff regulation mechanisms to be approved by the competent authorities.

Brussels, 27 July 2017

Joint statutory auditors

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