

27.04.2021

Capital Markets Day'21



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Accelerating towards
a net-zero society



Program

**Capital
Markets
Day'21**

10:00 Opening of Elia Group's CMD 2021

Yannick Dekoninck, Head of Investor Relations, Elia Group

10:05 Offshore strategy Elia Group

*Chris Peeters, CEO of Elia Group
Stefan Kapferer, CEO of 50Hertz*

10:50 Act Now Sustainability Programme

*Catherine Vandenberghe, CFO of Elia Group
Olivier Feix, Head of Strategy, Elia Group*

11:40 Financial outlook

*Catherine Vandenberghe, CFO of Elia Group
Marco Nix, CFO of 50Hertz*

12:00 Q&A

12:30 Closing of the event

Chris Peeters, CEO of Elia Group



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Accelerating towards
a net-zero society



01. Offshore Strategy

Chris Peeters



CEO, Elia Group

Stefan Kapferer



CEO, 50Hertz



Decarbonisation



-55%

GHG emissions
by 2030

Renewable electricity



65%

of total electricity
production by 2030

Offshore wind

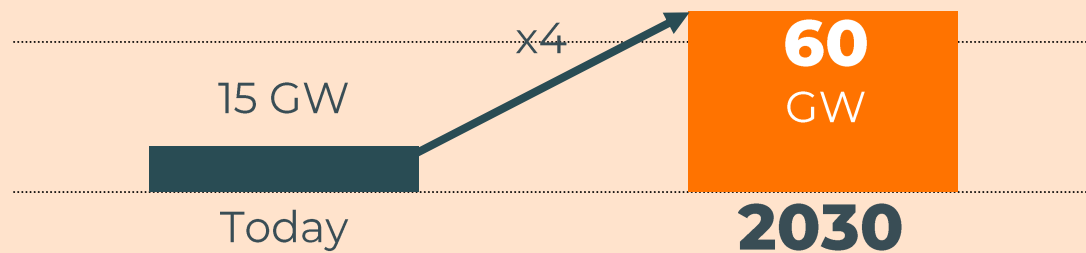


60GW

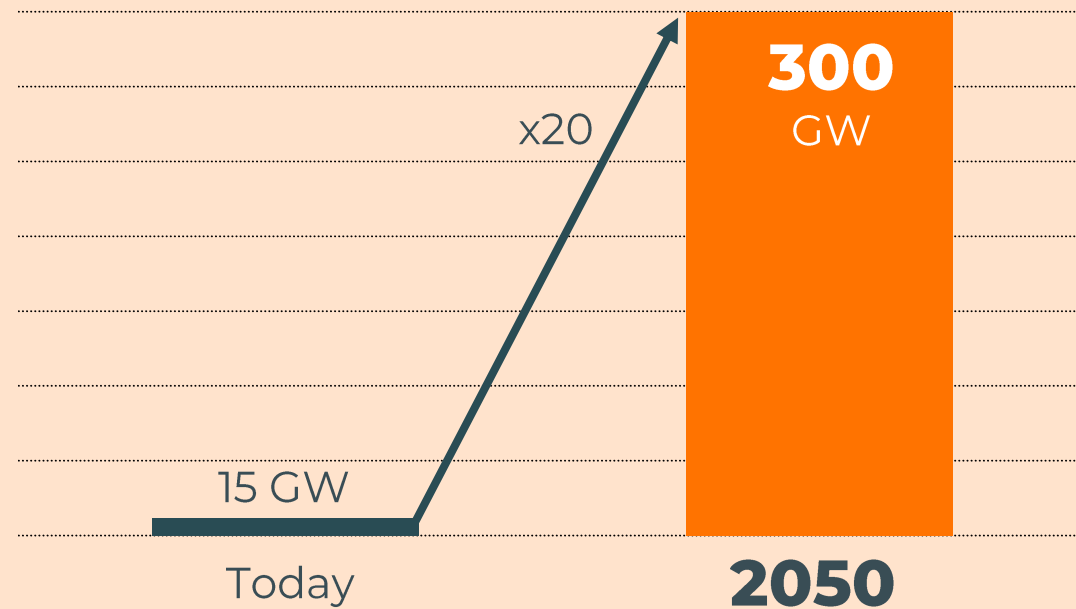
by 2030

01. EU offshore targets

by 2030



by 2050



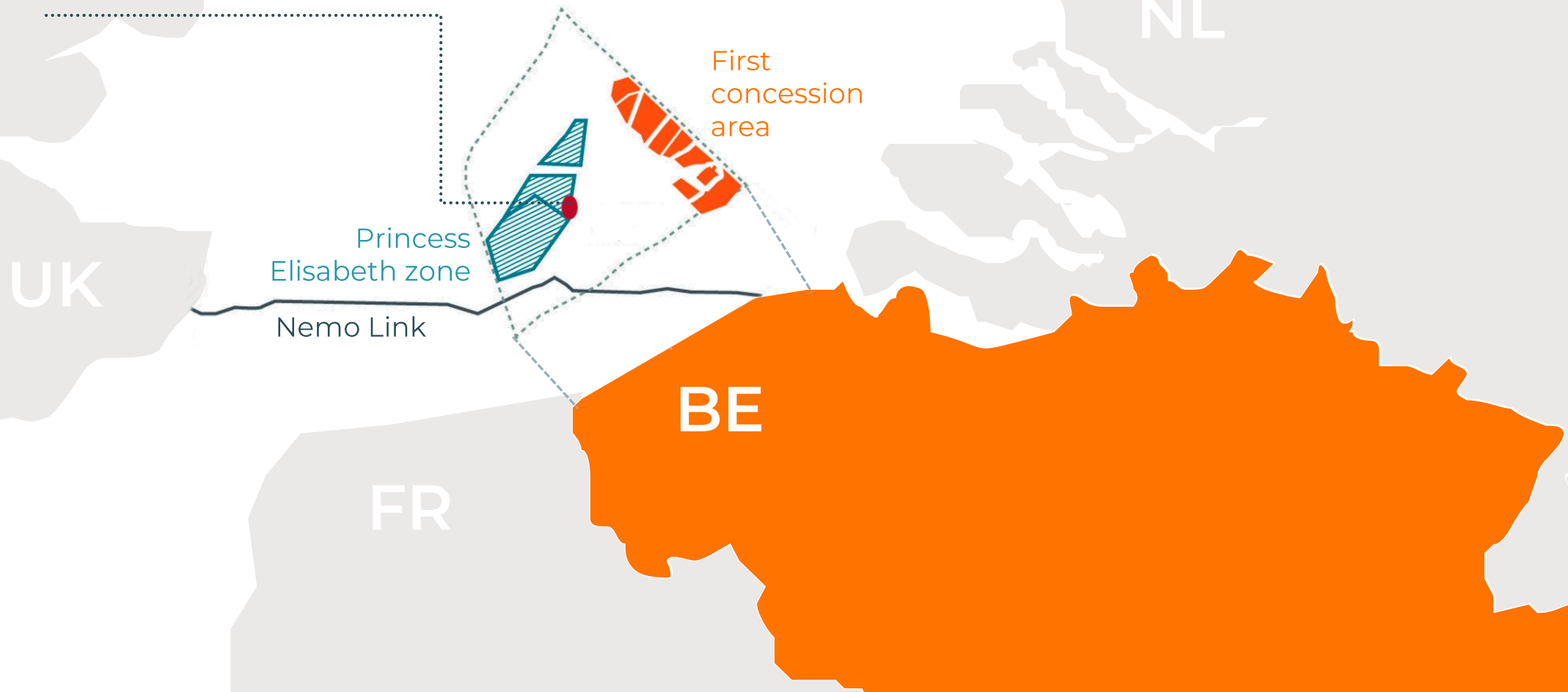
01.

Hybrid interconnector with Denmark

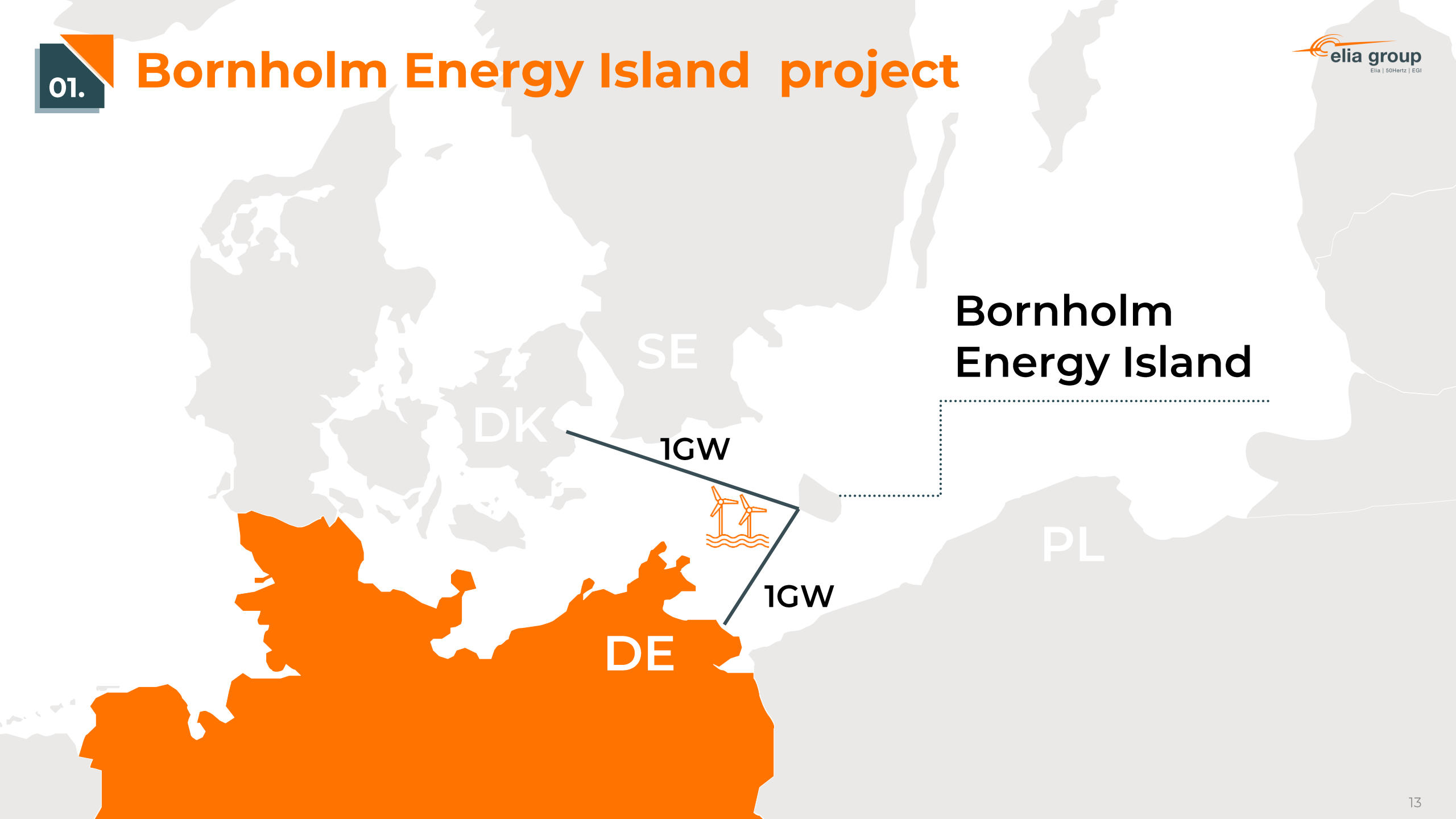


Belgian offshore concession zones

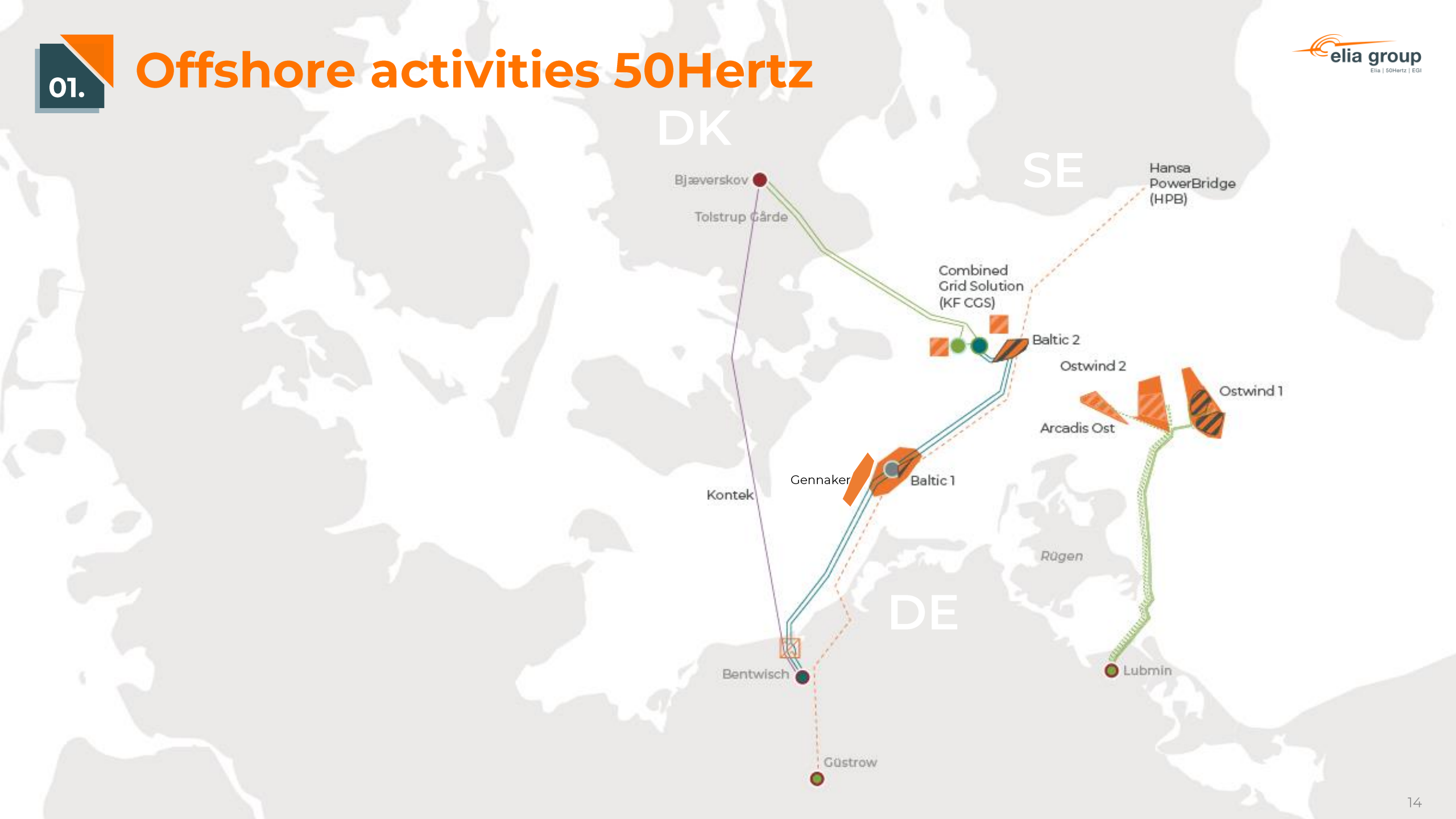
Energy Island



Bornholm Energy Island project

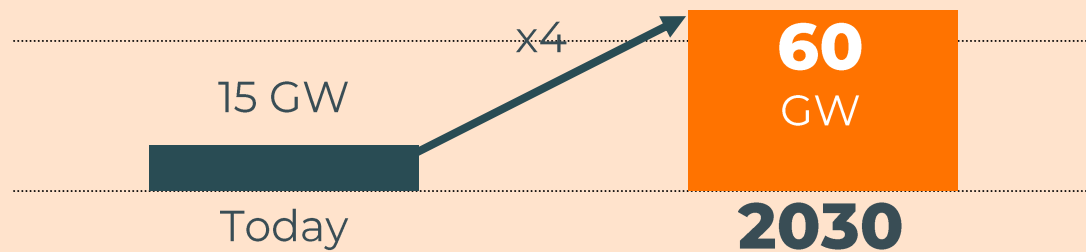


Offshore activities 50Hertz

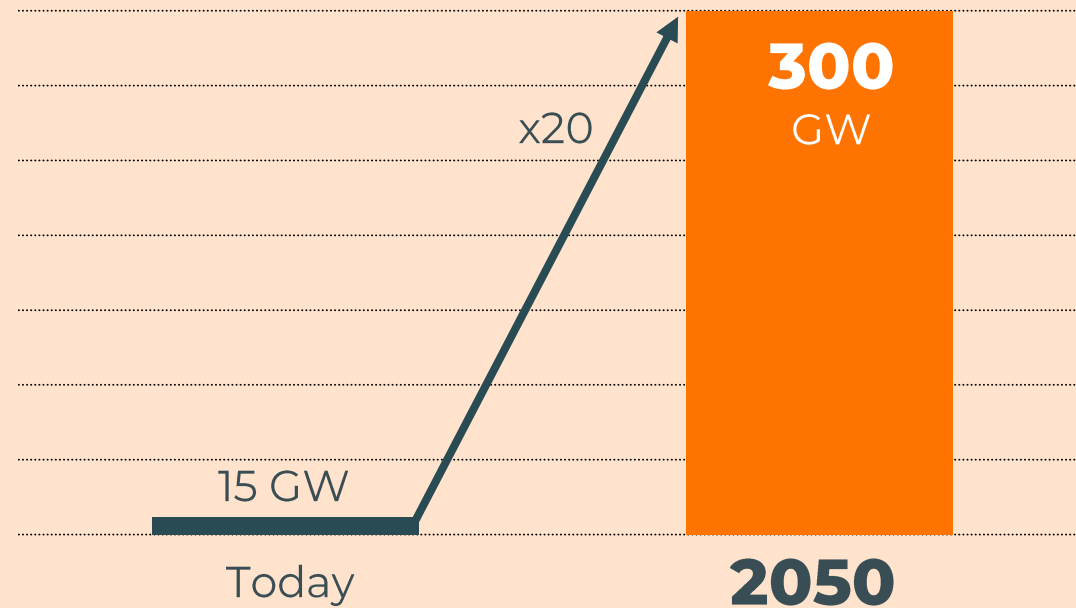


01. EU offshore targets

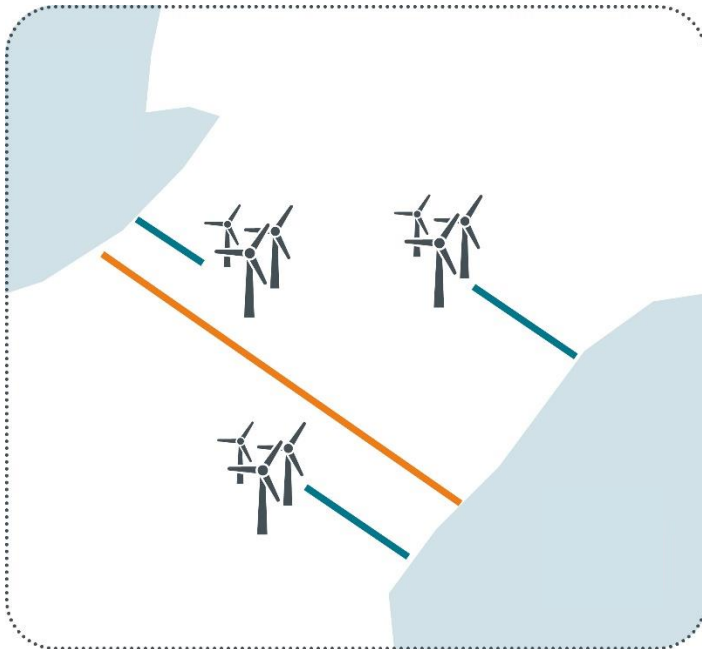
by 2030



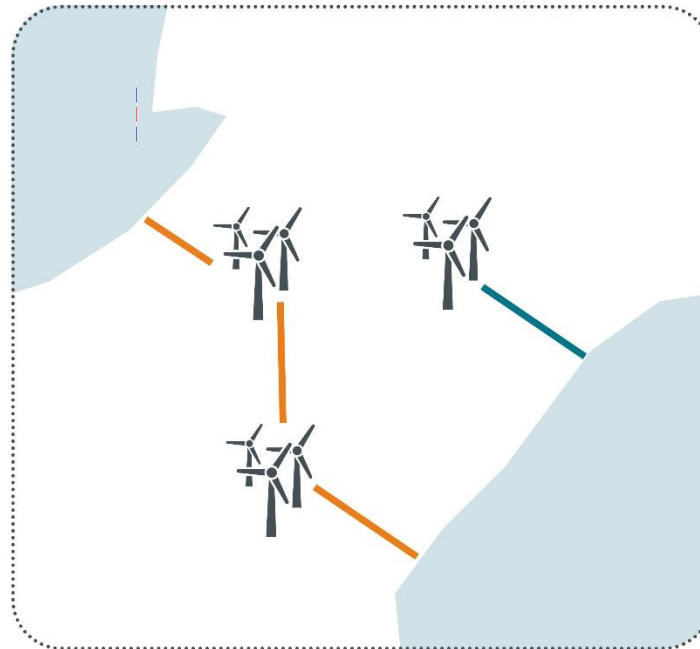
by 2050



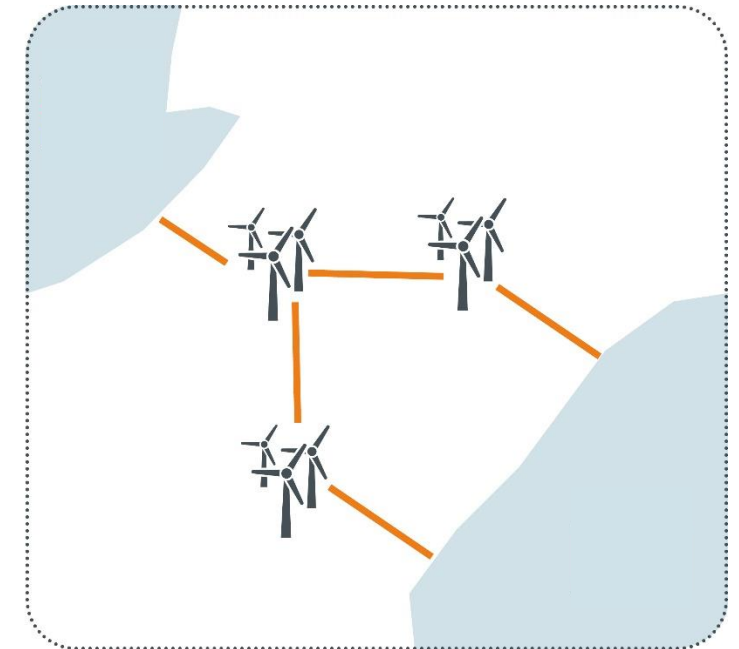
Radial solutions



Hybrid interconnectors



Meshed grid



A new energy value chain



- User experience
- Energy services (B2C)
- Business applications (B2B)
- System applications
- Physical infrastructure

02. Act Now

Sustainability Programme

Catherine Vandenborre

CFO, Elia Group



Olivier Feix

Head of Strategy,
Elia Group



The Green Deal as our sustainable compass



Become
climate-neutral
by 2050



Protect human life,
animals and plants,
by cutting pollution



Help companies
become world leaders
in clean products and
technologies



Help ensure a
just and inclusive
transition

Sustainability at Elia Group addressing core objectives of the Green Deal

From our strategic pillars of growth to ActNow

Our vision

*“A successful energy transition for a **sustainable** world”*

Our mission

“In the interest of society, we make the **energy transition** happen to **decarbonise Europe** by delivering the needed power infrastructure and shaping the European markets.

We **keep the lights on** by operating a reliable and **sustainable** system and innovate to **meet evolving consumers’ needs** in an efficient way and to protect people’s safety. We create further **value for society** in the changing energy landscape.”

Our strategy (to be relevant today and tomorrow)

Grow beyond current perimeter to deliver societal value

Develop new services creating value for customers in the energy system

Deliver the infrastructure of the future and develop and operate a sustainable power system



Connect strategy with sustainability ambitions

ActNow Program

Connecting our activities to the UN Sustainability Development Goals through 5 dimensions



ESG



① Climate Action

②

③

④

⑤

We go beyond our own emissions

Power sector
emissions (BE/DE)

OUR SOCIETAL
CHALLENGE

233,070

Own emissions

OUR CORPORATE
CHALLENGE

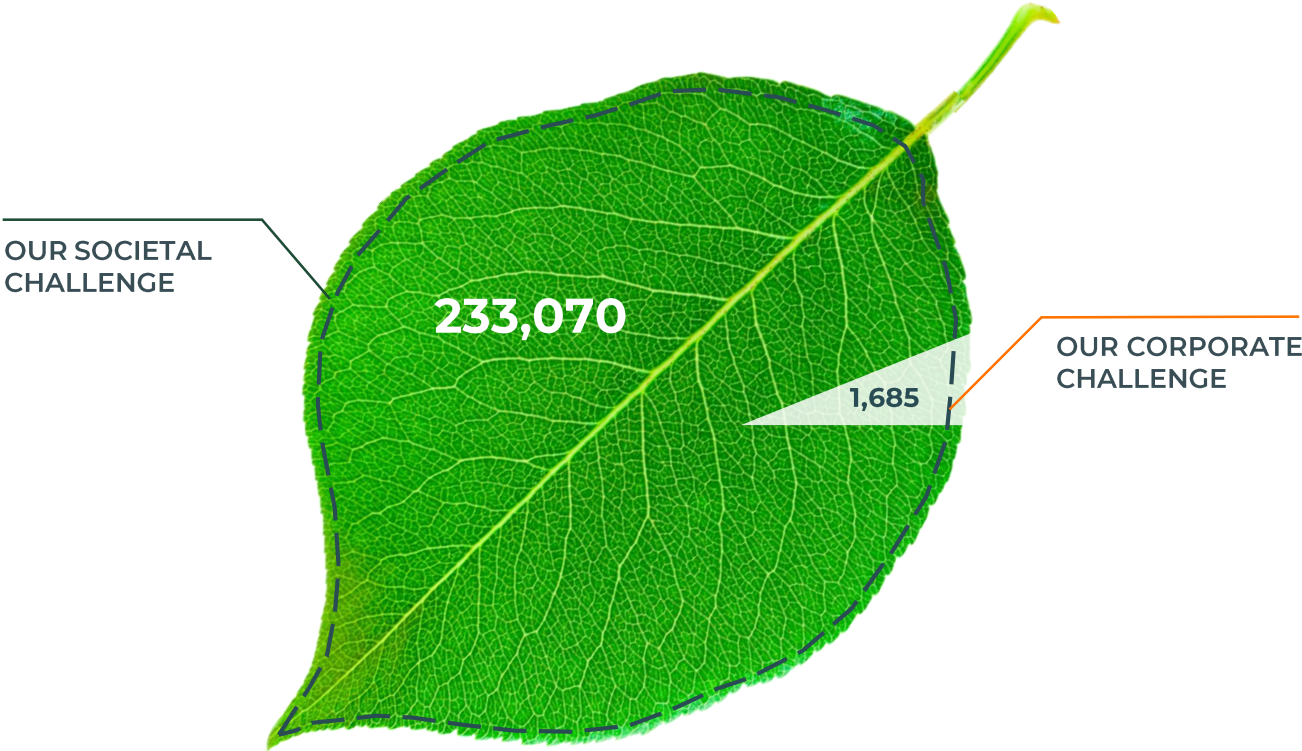
1,685

ktCO₂eq

As a Group of TSOs we are in a **unique position to integrate RES** in order to drive the decarbonisation of the power sector

At the same time, we fully embrace our **corporate responsibility** and reduce our own emissions

Our 4 objectives towards decarbonisation



OBJECTIVE 1

Speed-up decarbonization of the power sector

OBJECTIVE 2

Reach carbon neutrality in system operation by 2040

OBJECTIVE 3

Reach carbon neutrality in own activities by 2030

OBJECTIVE 4

Move towards a carbon neutral value chain for new assets & construction works

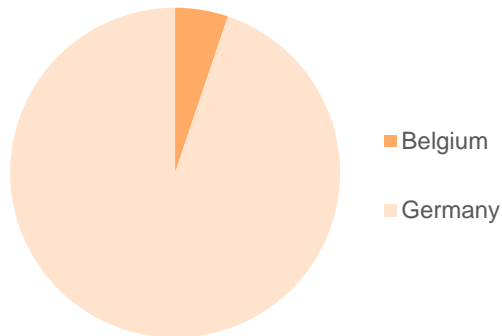
Our 4 objectives towards decarbonisation

Our societal challenge

Our focus:

- Grid development
- Market development & system operations
- Electrification

233,070 ktCO₂eq



OBJECTIVE 1

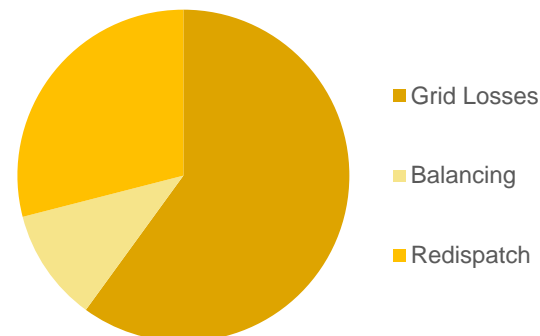
Speed-up decarbonization of the power sector

Our corporate challenge

Our focus:

- Grid losses
- Balancing & redispatch

963 ktCO₂eq*



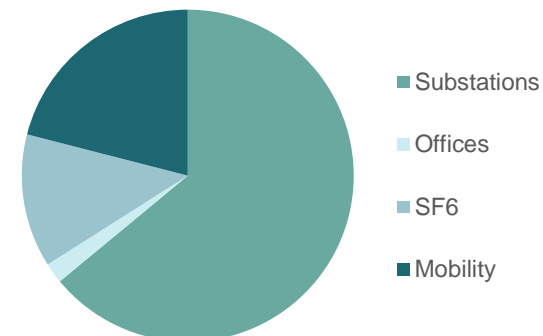
OBJECTIVE 2

Reach carbon neutrality in system operation by 2040

Our focus:

- Offices & substations
- SF6
- Mobility

76 ktCO₂eq



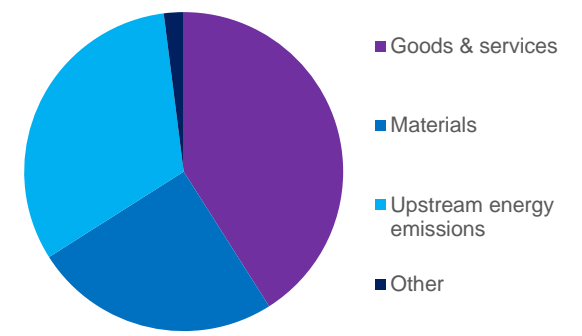
OBJECTIVE 3

Reach carbon neutrality in own activities by 2030

Our focus:

- Procurement & technical design

646 ktCO₂eq



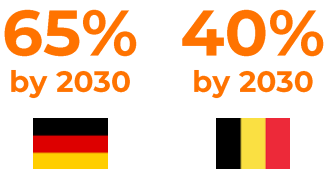
OBJECTIVE 4

Move towards a carbon neutral value chain for new assets & construction works

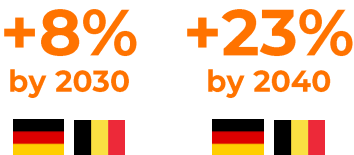
*Excluding balancing and redispatch (emissions not on a TSO CO₂ balance according to GHG protocol)

Speed-up decarbonisation of the power sector

Increased RES share in electricity system



Increased electrification



Facilitate **RES integration**:

- Grid development
- Market development
- System operations

Support **Electrification** & contribute to effective sector convergence

Boucle du Hainaut, Ventilus, SuedOstLink...

Near real time market products, 15 minutes products, pre-qualification of new market players

Consumer centric market design and digital solutions to integrate decentral flexibility into the power system (EVs...)

Joint assessments with industrial players, data center providers and hydrogen producers to assess electrification potentials and main levers.

OBJECTIVE 1

Speed-up decarbonization of the power sector

OBJECTIVE 2

Reach carbon neutrality in system operation by 2040

OBJECTIVE 3

Reach carbon neutrality in own activities by 2030

OBJECTIVE 4

Move towards carbon neutral value chain for new assets & works

Concrete projects and highlights

Walking the extra mile

eMobility



~1.5 TWh

Enabling smart charging of EVs

Offshore



~20 TWh

Additional Offshore through Energy islands, Gennaker, Testfield, 2 other wind parks

RES



~15 TWh

Additional Renewables in the 50Hertz area

OBJECTIVE 1

Speed-up decarbonization of the power sector

OBJECTIVE 2

Reach carbon neutrality in system operation by 2040

OBJECTIVE 3

Reach carbon neutrality in own activities by 2030

OBJECTIVE 4

Move towards carbon neutral value chain for new assets & works

- Minimize the increase of losses
- Explore ways to reduce emissions associated with ancillaries (even if not imputable to TSO)

Grid losses emissions
reduction target

-28%
by 2030

Investing in assets with lower emissions

Thorough impact assessment
for each investment decision

Operational measures in maintenance
& grid operations

Reduce footprint of losses through
green electricity procurement

OBJECTIVE 1

Speed-up decarbonization
of the power sector

OBJECTIVE 2

Reach carbon neutrality in
system operation by 2040

OBJECTIVE 3

Reach carbon neutrality in
own activities by 2030

OBJECTIVE 4

Move towards carbon neutral
value chain for new assets &
works

Tackling the emissions of our own activities

Emission reduction from Mobility

90%
by 2030

Emission reduction from buildings

-30%
since 2018

Share of **SF6-free** solutions in new assets

50%
by 2030

- Carbon-free fleet by 2030
- Innovative commuting solutions
- Climate conscious Business Travel

- Continuously Improving energy efficiency of existing buildings through insulation and better energy management
- High efficiency criteria in future buildings

- Shifting away from SF6
- Continue to improve SF6 leakage management to remain well below 0.25%

OBJECTIVE 1	OBJECTIVE 2	OBJECTIVE 3	OBJECTIVE 4
Speed-up decarbonization of the power sector	Reach carbon neutrality in system operation by 2040	Reach carbon neutrality in own activities by 2030	Move towards carbon neutral value chain for new assets & works

Increase our carbon accounting maturity

- Increase maturity for Co₂ accounting in collaboration with our major suppliers in order to set concrete reduction targets

Introducing an Internal Carbon Price

- Introduce scope 3 criteria in our internal decision-making processes

**Mature
Scope 3 data**

60%
by 2023

**ICP fully
integrated in our
business processes**

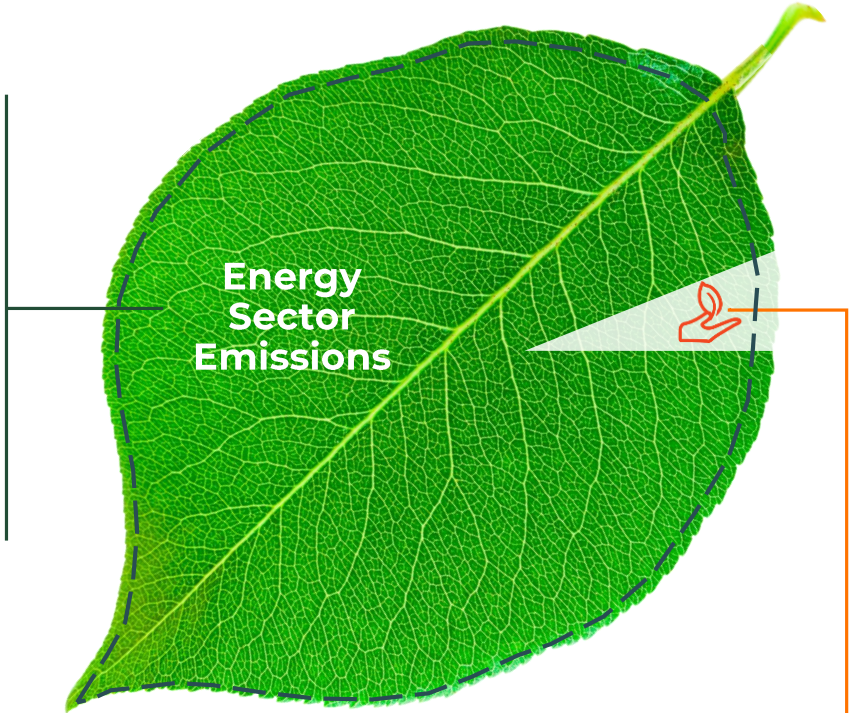
2023

<div>OBJECTIVE 1</div> <div>Speed-up decarbonization of the power sector</div>	<div>OBJECTIVE 2</div> <div>Reach carbon neutrality in system operation by 2040</div>	<div>OBJECTIVE 3</div> <div>Reach carbon neutrality in own activities by 2030</div>	<div>OBJECTIVE 4</div> <div>Move towards carbon neutral value chain for new assets & works</div>
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Ensuring Taxonomy and SBT compliance



The EU Taxonomy recognizes our activities as **key enablers** of the decarbonisation of the power sector



Reduce Elia Group CO₂* emissions by

28%
by 2030

Our **own emissions** reduction path is in line with **SBT**



* Scope 1 and 2 by 2030

② Environment & Circular Economy

Committed to protecting nature, fostering biodiversity and embedding circularity

- Designing our grid projects in the **least intrusive way** possible
- **Co-developing** nature protection and ecological compensation activities with local actors
- Further embedding **circularity and eco-design** in our decision-making processes

Banning
herbicides from
our properties by

2022

Amount in **project budget** dedicated to ecological measures

6%*

Reaching
ISO 14001
certification by

 **2022**  **2023**



“**Increasing impact** of our environmental activities by **co-shaping** them together with local communities”

*Including mandatory activities

Committed to protecting nature, fostering biodiversity and embedding circularity

Ecological Corridor Management

- Designing the grid corridors to preserve natural habitats and allow for safe grid operations

Bird protection

- Installed along critical sections of our power lines to help mitigate bird collisions

Managing 90% of all forest corridors sustainably by 2030



50Hertz:	Elia:
From 3,870 ha to 4,150 ha	From 562 ha to 1,150 ha

Installation of bird beacons in critical bird protection areas

50Hertz:	Elia:
From 274 km to 400 km	From 44 km to 200 km



Concrete projects and highlights

Watercourse restoration in Charlottenburg Palace Park

- Habitat enhancement and creation of breeding sites for kingfishers contributing to quality of life and species conservation



Farmers and 50Hertz jointly create biotope network with meadows and pastures

- Farmers in the region co-develop measures that enhance biodiversity while cultivating valuable, high-yield soils



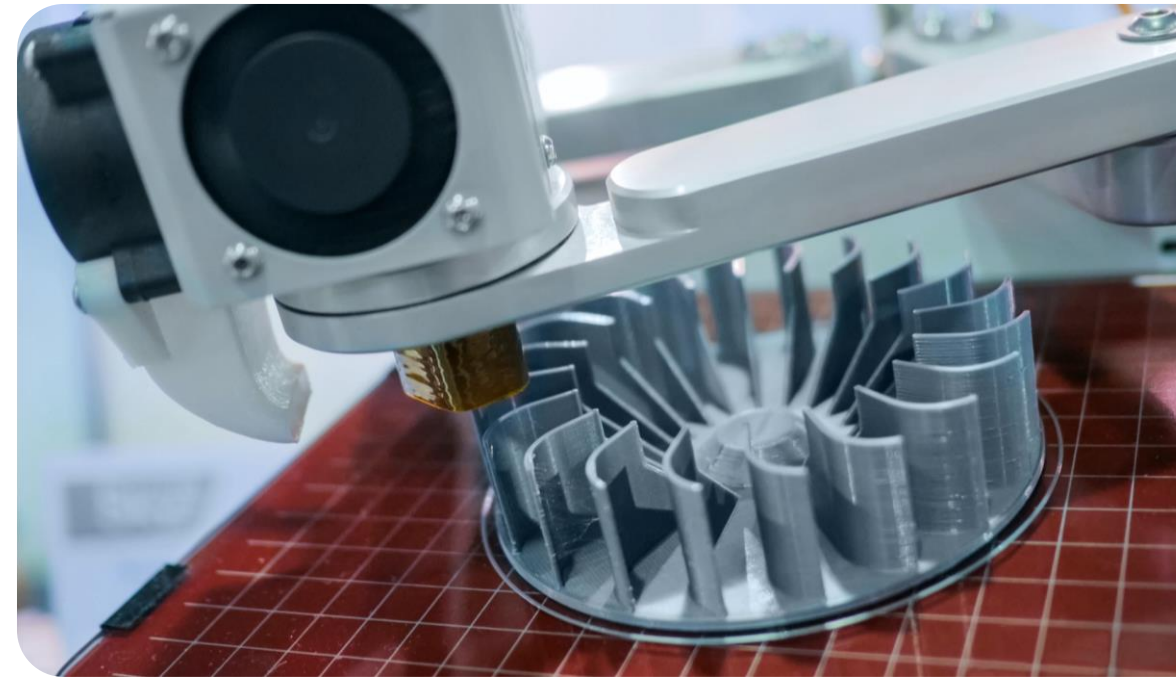
Recycling rates

- Today, almost 100% of our transformers & pylons are recycled



3D printing

- Exploring the use of 3D printing to increase asset lifetime



③ Health & Safety

Going for zero accidents

Safety is at the heart of our company and leadership culture



- We act as a **role model** in Health and Safety
- Our success is based on our own **employees** and **contractors**
- **Maintaining** our excellent **H&S track record** whilst increasing our CAPEX activities

Regular awareness

amongst our staff with specialized programs

Developing **technical solutions** to reduce possible exposure to risk

Specialized training, use of safety toolkits & regular safety dialogue moments

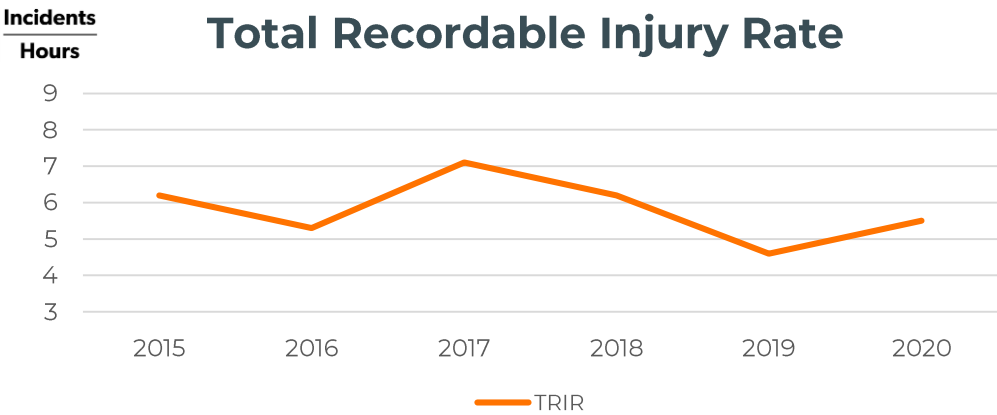
Optimisation of existing **processes**



“With major activities related to works at heights, keeping our employees and subcontractors safe is part of our **license to operate**”

Concrete projects and highlights

HighStep System reduces risk when climbing pylons



**Helicopter
Rescue Service**
also available for
external partners

Prioritising physical and mental wellbeing

- Further incorporate **preventive health measures**
- **Accompanying our employees** in a rapidly changing working environment

Elia Group
Sickness Rate

3% compared
to industry
average of 5%

Provision of external **medical services**

Group-wide **best practice** activity sharing

Regular **“pulse” checks** and employee surveys

VISION ZERO
Safety. Health. Wellbeing.



“Ensuring our employees stay **healthy, well-adjusted and resilient**”

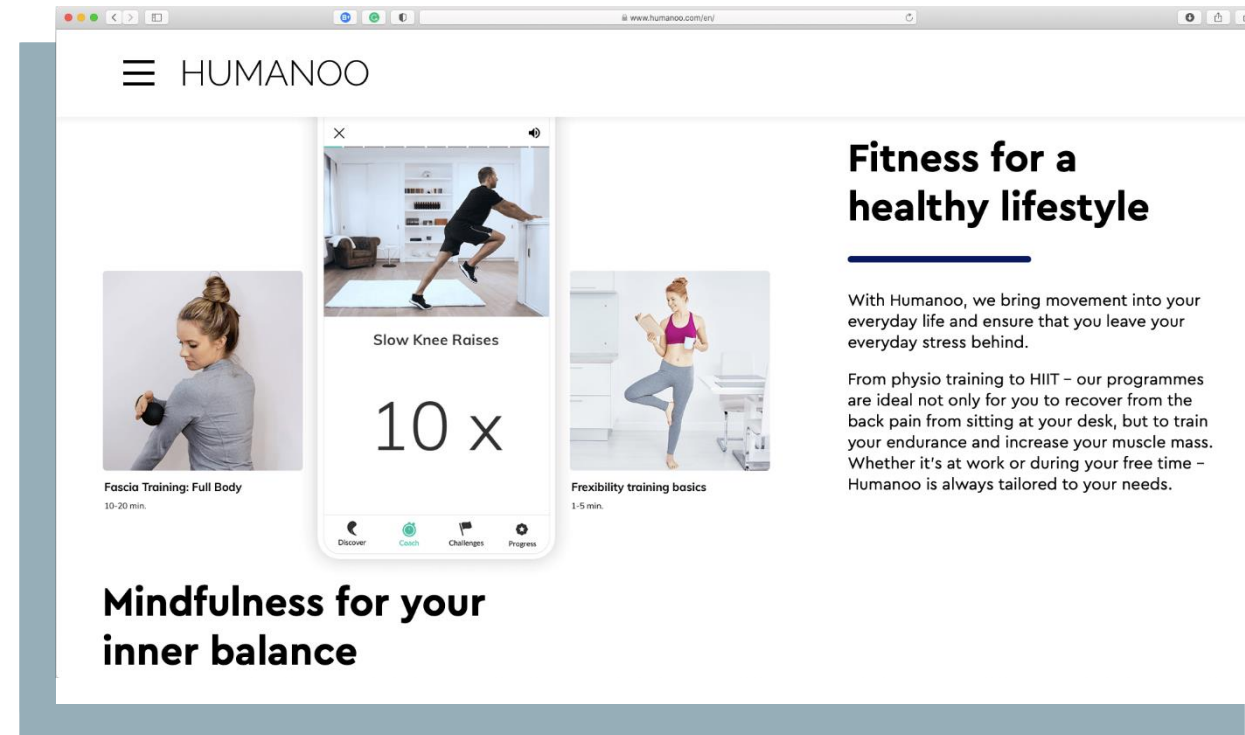
Concrete projects and highlights

Holistic COVID-19 prevention strategy

incl. proactive testing, work@home strategy and practical support

(Mental) Health assistance

Health Apps, webinars on burnout prevention & resilience, awareness raising on intranet, etc.



④

Diversity, Equity & Inclusion

Transitioning towards a diverse, equitable and inclusive company

- Providing **equality of opportunity** and creating an inclusive and supportive work environment
- Our organisation and teams **reflect the communities** and customers **we serve**

Number of nationalities
in Elia Group

+41% over last
2 years

Increase of women
in senior leadership

+7% over last
2 years

Continue to increase **the proportion of women** in the total workforce, leadership and management

Increase diversity in **educational background**, job trajectory and **experience** in leadership

“Diversity, equity and inclusion is key to be **resilient, innovative** and to **attract** the talents needed to deliver our strategy and face the challenges ahead”

Concrete projects and highlights

Deploy action based on our Diversity Charter to remove barriers and biases

- Review and **adapt recruitment & promotion processes**
- Run our **Ambassadors' network**
- **New leadership model** promoting diversity



Flexible working models including parental leave, sabbaticals and home working



⑤ Governance, Ethics & Compliance

①

②

③

④

Strengthening Governance, Ethics and Compliance as a catalyst of our strategic ambitions

- Governance is both a **prerequisite and a compass**: it guides us through complexity, ensuring our progress on sustainability goals
- Effective measures ensure we remain **compliant** with internal, legal and regulatory requirements and prevent fraud and abuse

Group Code of Ethics as framework for Group-wide behaviours

Robust **risk management** framework in place

Policies ensure integrity in dealing with contractors and suppliers

Board members **remunerations** linked to sustainability aspects of the strategy

“Our **sound governance** framework increases resilience and ensures **consistency and efficiency** when implementing sustainability measures”

Transparency & active stakeholder engagement anchored in our business culture

- Transparency and **stakeholder engagement** remain our top priorities
- We are **co-developing** powerful **solutions** with strong partners

Strong **cooperation** with diverse partners

Set up of a **Scientific Advisory** and Project Board with academia

Supporting **cultural & social** activities

“A **strong collaboration culture** to strengthen our anchorage in society and increase the impact of our actions”

Concrete projects and highlights

Early and systematic **participatory approach** to engage with civil society and citizens



Reporting will evolve towards a **value-to-society** approach



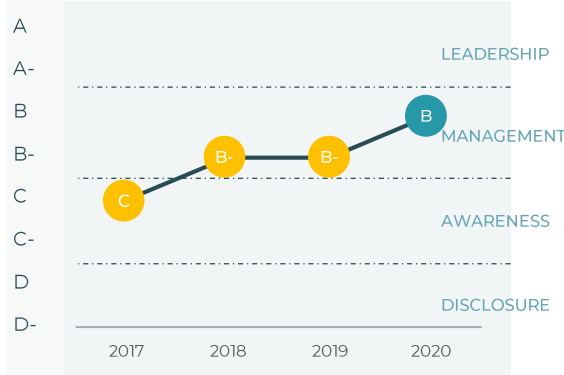
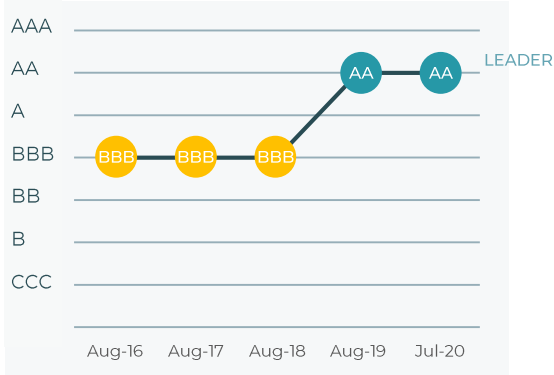
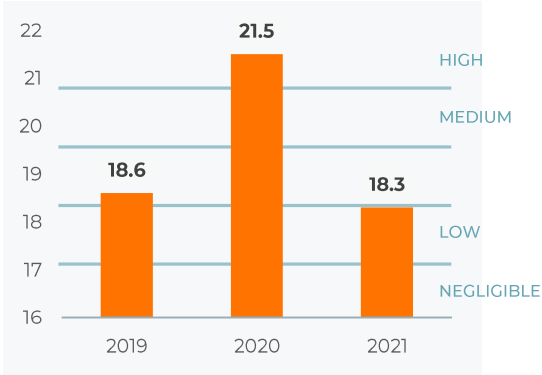
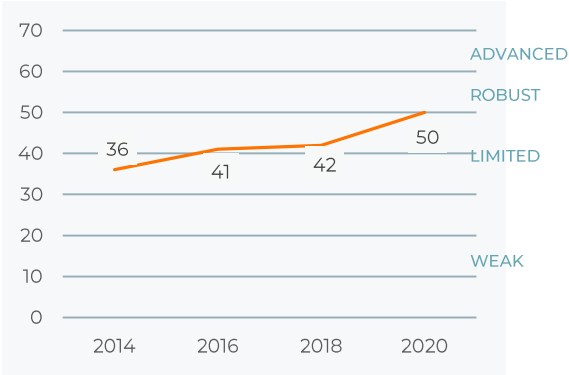
REPORTING

Renewables 
Grid Initiative

Renewables Grid Initiative: developing **common standards** and sharing best practice across EU (11 TSOs, 10 NGOs)

Evolution of Elia Group ESG ratings

Evolution



Score



50
ROBUST

2019

Scale 1 to 100
ELIA GROUP

42/100



18.3
LOW

2020

Scale 100 to 1
ELIA GROUP

21.5/100



AA
LEADER

2019

Scale AAA to CCC
ELIA GROUP

AA



B
MANAGEMENT

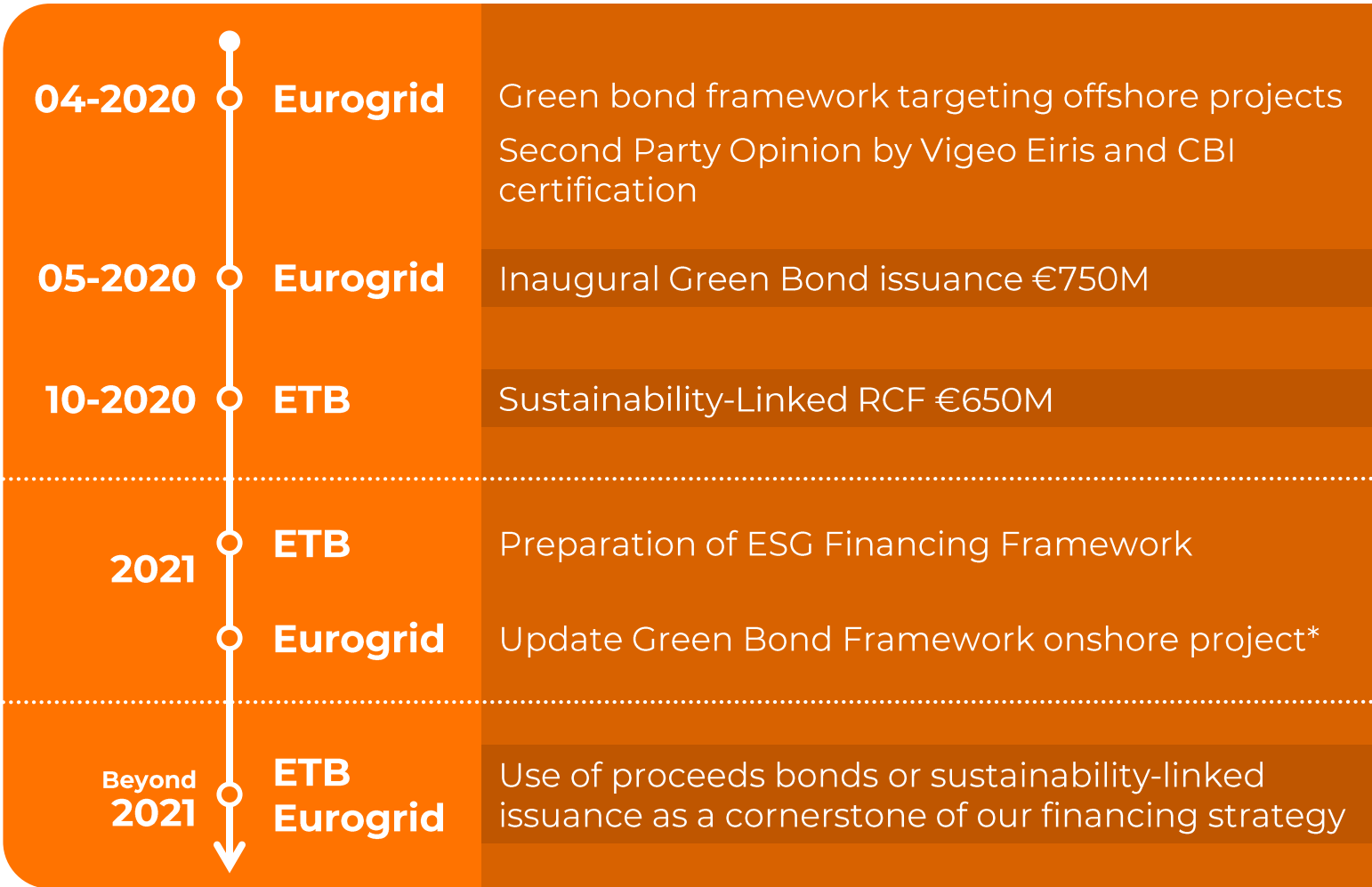
2019

Scale A to D-
ETB

B-

“Our **improving ESG ratings** illustrate our ongoing dedication to placing sustainability at the heart of our business strategy”

Journey towards Sustainable Financing



* Subject to adoption of the Delegation Act on EU level end of May 2021
– Eligible TSO activities

03. Financial Outlook

Catherine Vandenborre

CFO, Elia Group



Marco Nix

CFO, 50Hertz






03.

Regulatory frameworks

03.

Mature and transparent regulations allow sustainable returns

	Regulatory framework	Drivers	Period	Visibility
 elia Elia Group	Cost+ model	Investment Incentives	2020-2023	3y
 50hertz Elia Group	Revenue cap (Onshore), Cost+ model (Offshore)	Investment Efficiency	2019-2023	3y
 nemolink	Revenue-based (cap & floor)	UK/BE market price difference x volume	2019-2044	24y

**Average RoE
2020-2023 is ~6%**

Fair remuneration
Net return: 4.68%

+

Incentives: ~1.3%

**Elia
Transmission
Net Profit**

**Process towards
new regulatory period 2024-2027**

Q1 2022

Agreement Elia-CREG
on procedures

Q2-Q3 2022

Draft decision by the CREG on tariff
methodology followed by concertation
with Elia and public consultation

Q3-Q4 2022

Approved
tariff methodology

Q2 2023

Tariff proposal

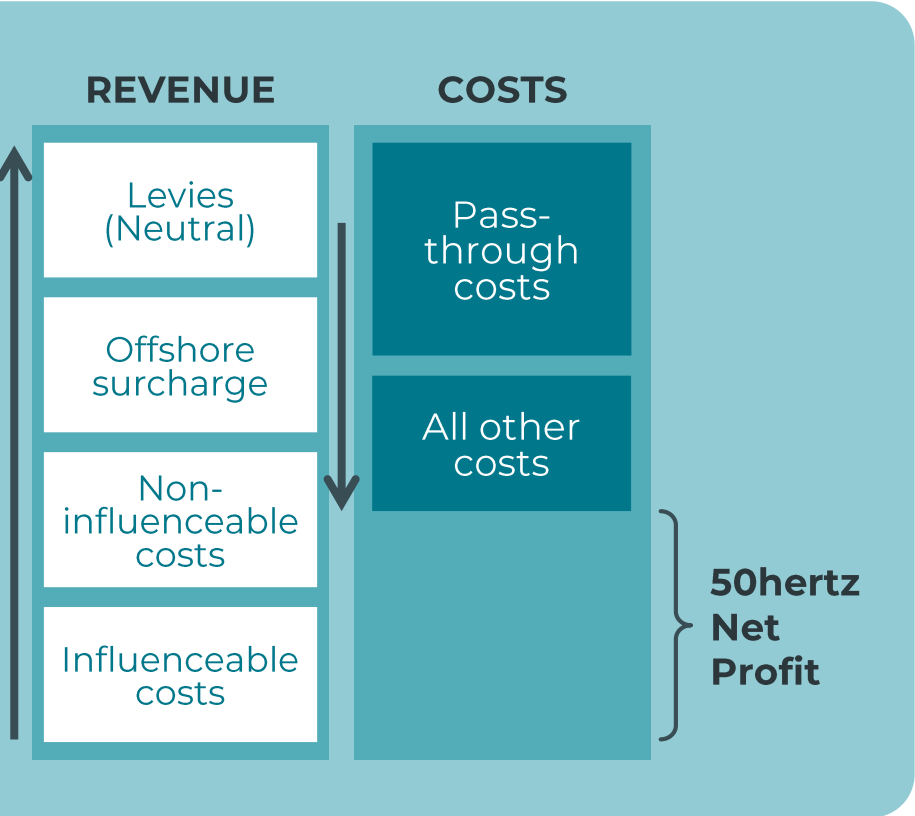
Q4 2023

Tariff approval

Revenue cap (Onshore), Cost+ model (Offshore)

**Average RoE
2019-2023 is ~9-11%**

**Process towards
new regulatory period 2024-2028**



03.



Investment programme 2021-2025

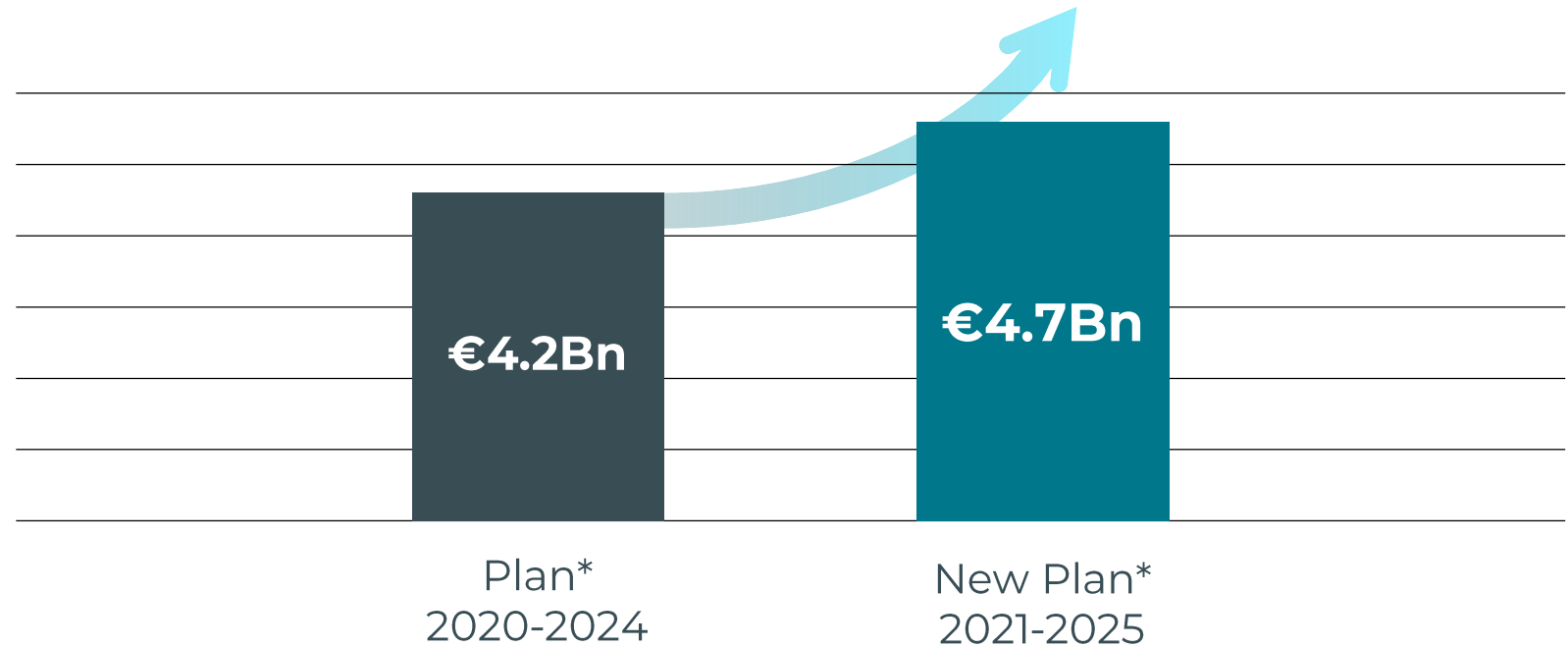
Drivers of the investment programme



Offshore development



Onshore grid reinforcements



Leading to **8% annual RAB growth** over the next 5 years

Germany: Grid expansion within 2025 Horizon



Germany: Onshore expansion beyond 2025 horizon

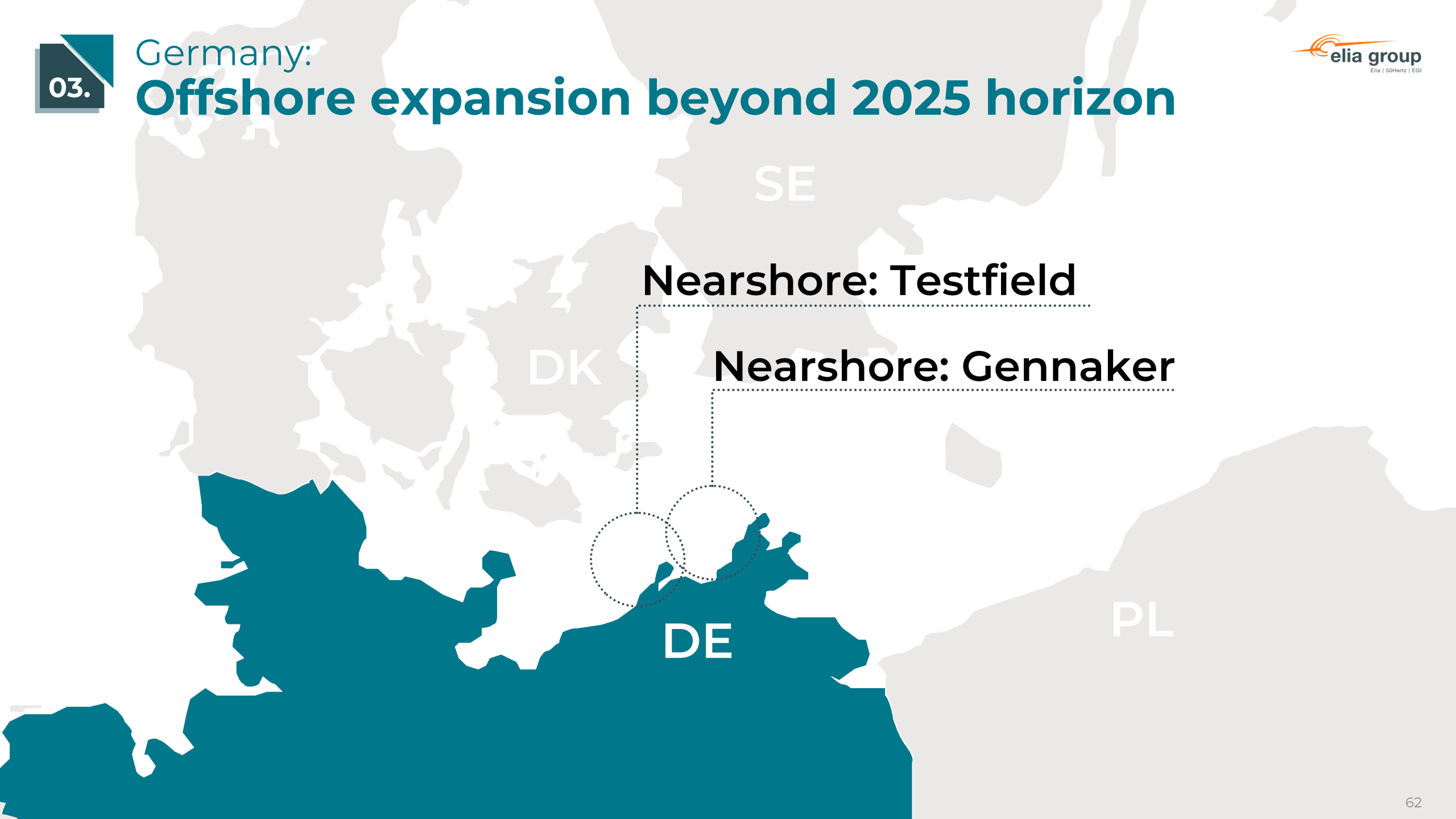


Heide/West
– Klein Rogahn

SuedOstLink
Extension

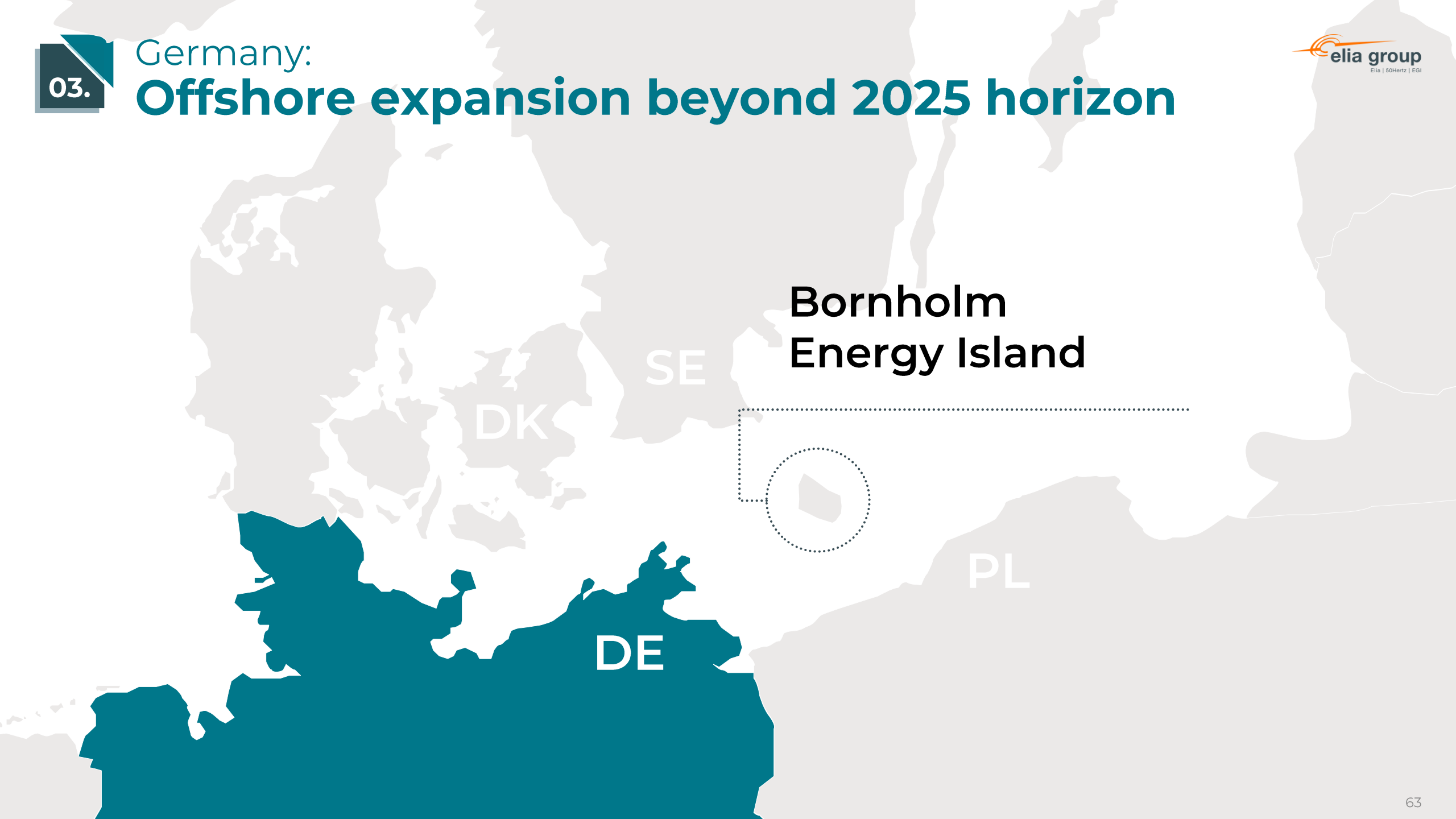
Extra 2 GW on
existing
SuedOstLink

Germany: Offshore expansion beyond 2025 horizon



Offshore expansion beyond 2025 horizon

Bornholm
Energy Island





Investment programme 2021-2025

03.

Investment programme 2021-2025

Drivers of the investment programme



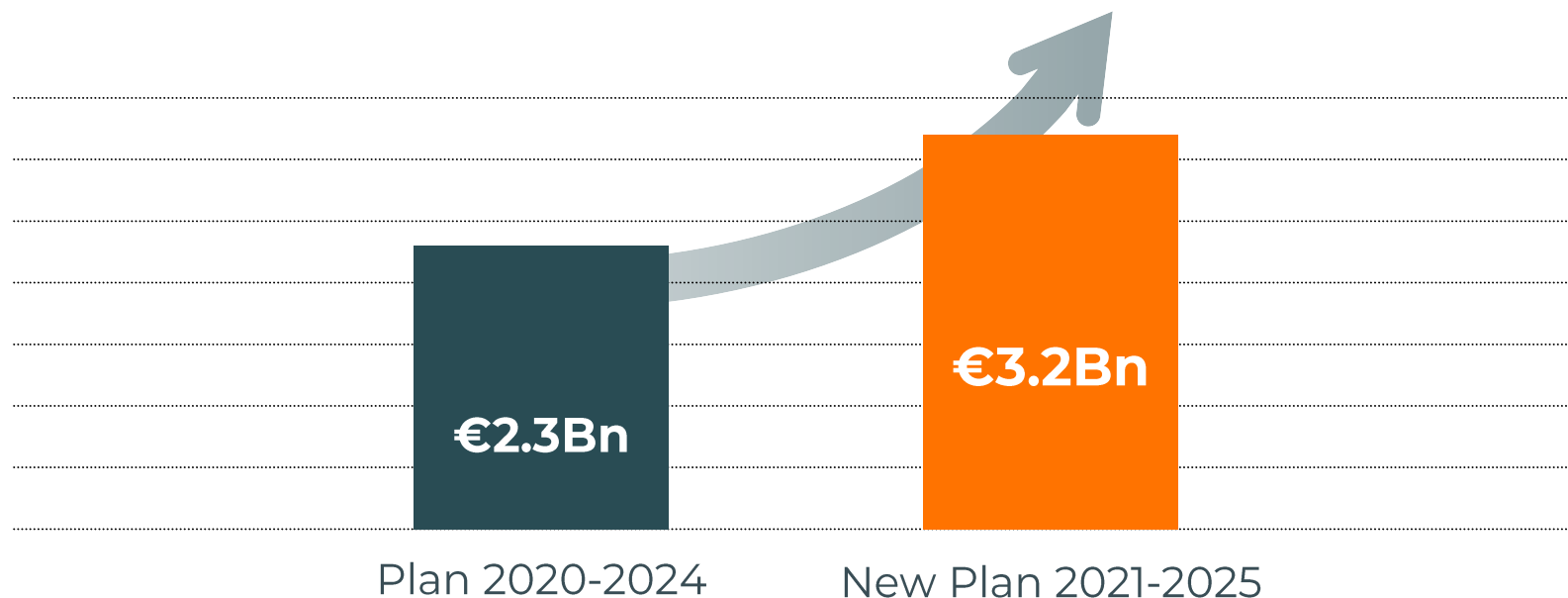
Facilitating offshore energy



Cross-border interconnection



Grid reinforcements



Leading to **8-9% annual RAB growth** over the next 5 years

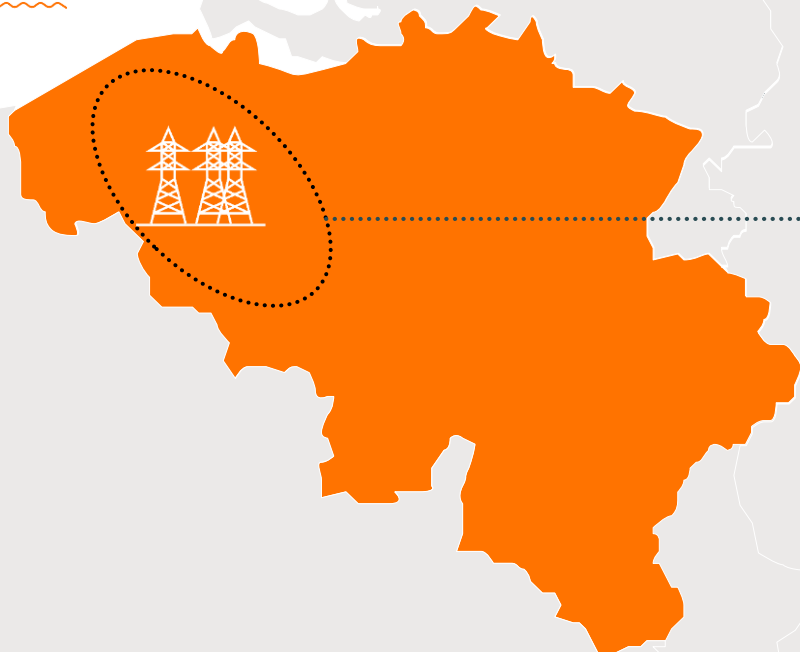
03.

Grid expansion within 2025 horizon



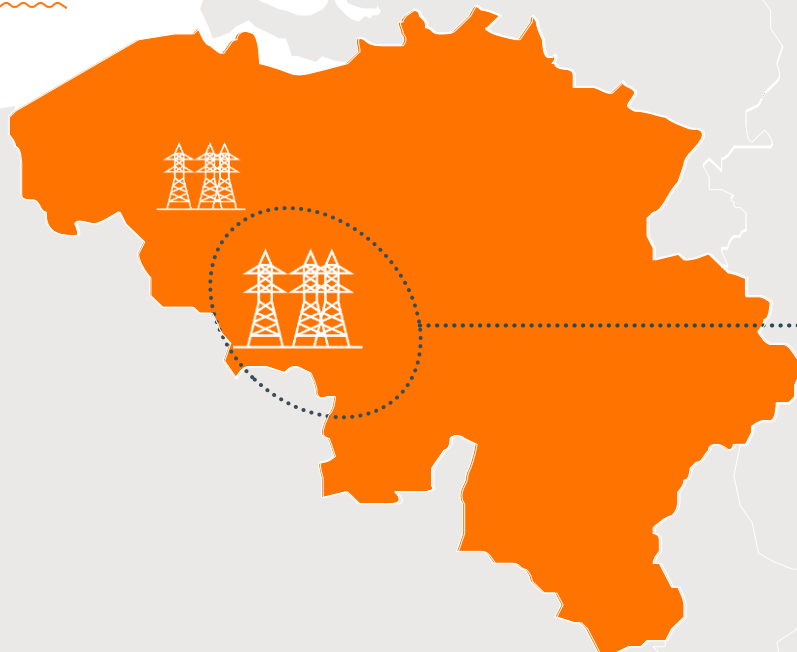
**Modular Offshore
Grid (MOG II) /
Energy island**

Grid expansion within 2025 horizon



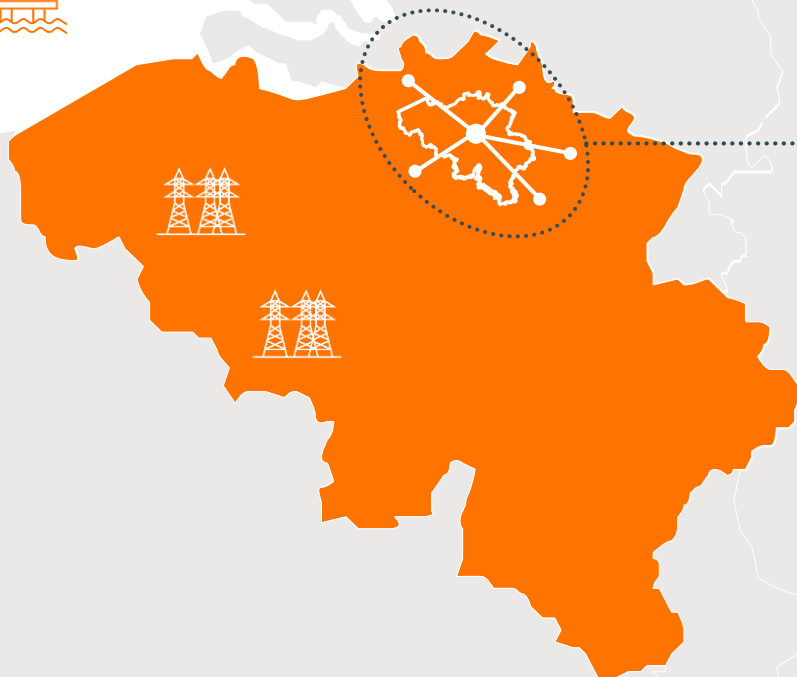
Ventilus

Grid expansion within 2025 horizon



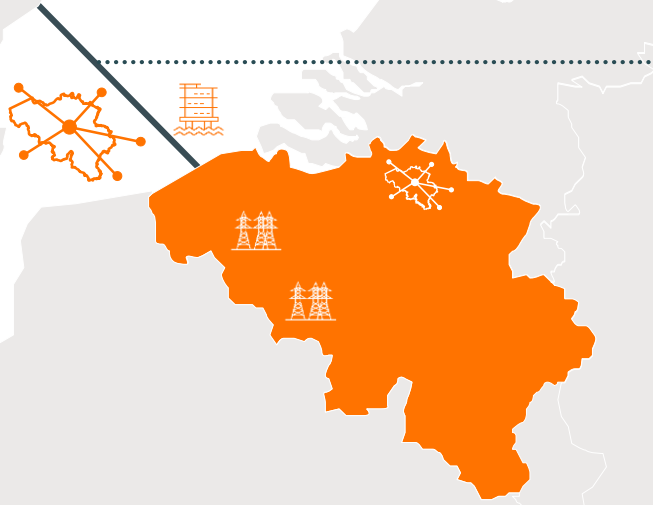
**Boucle
du Hainaut**

Grid expansion within 2025 horizon



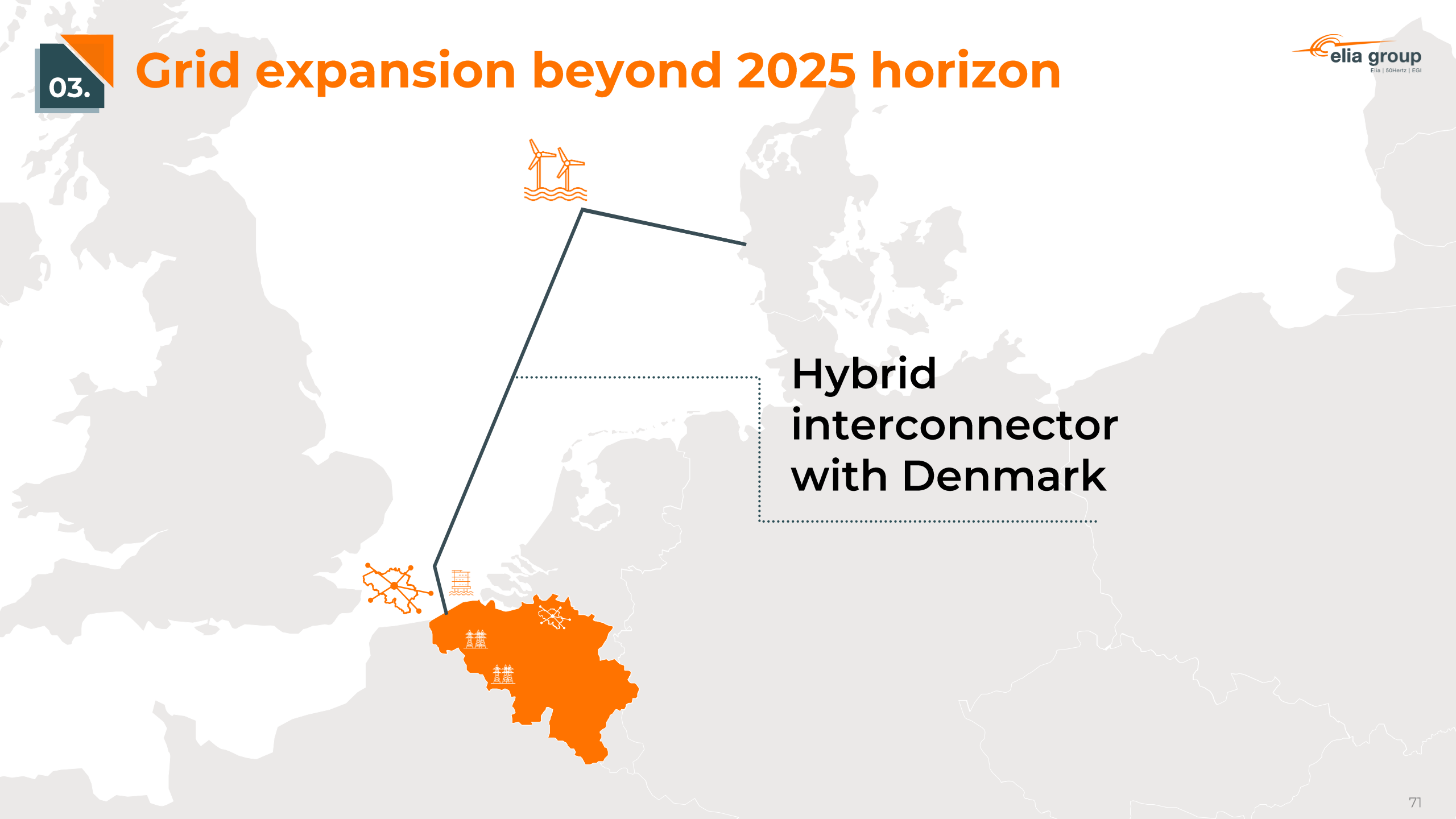
Brabo

Grid expansion beyond 2025 horizon



**Nautilus: 2nd
interconnector
between UK-BE**

Grid expansion beyond 2025 horizon



Hybrid
interconnector
with Denmark

03.

Operational and financial targets

Elia Group operational targets

	2021	2025	
CAPEX	€1.2Bn	€7.9Bn**	**Cumulated 2021-2025
RAB Belgium*	€5.4Bn	€7.6Bn	
RAB Germany*	€5.0Bn	€6.8Bn	Includes 80% of 50hertz
RAB*	€10.4Bn	€14.4Bn	Includes 80% of 50hertz; does not include Nemolink

CAGR ~8.5%

*RAB Belgium, RAB Germany and RAB for 2025 are based on current composition of the RAB and depreciation profile.

	2021	2022-2023
ROE* (adjusted)	5.5% - 6.5%	6.5% - 7.5% (average for the period)
RATING TARGET (Elia Group and Eurogrid)**	BBB+	BBB+
DIVIDEND	Growth intended not to be lower than the increase of the CPI Index in Belgium	

*ROE (adjusted): Ratio between the net profit attributable to owners ordinary shares and the equity attributable to owners of ordinary shares.

**The notes at ETB are rated BBB+, in line with the Elia Group’s rating. This is driven by the core status of ETB as defined by Standard & Poor’s.

Q&A

Closing

Bernard Gustin

Chairman,
Elia Group



Christian Funke

Secretary General,
KfW Bank Group



Chris Peeters

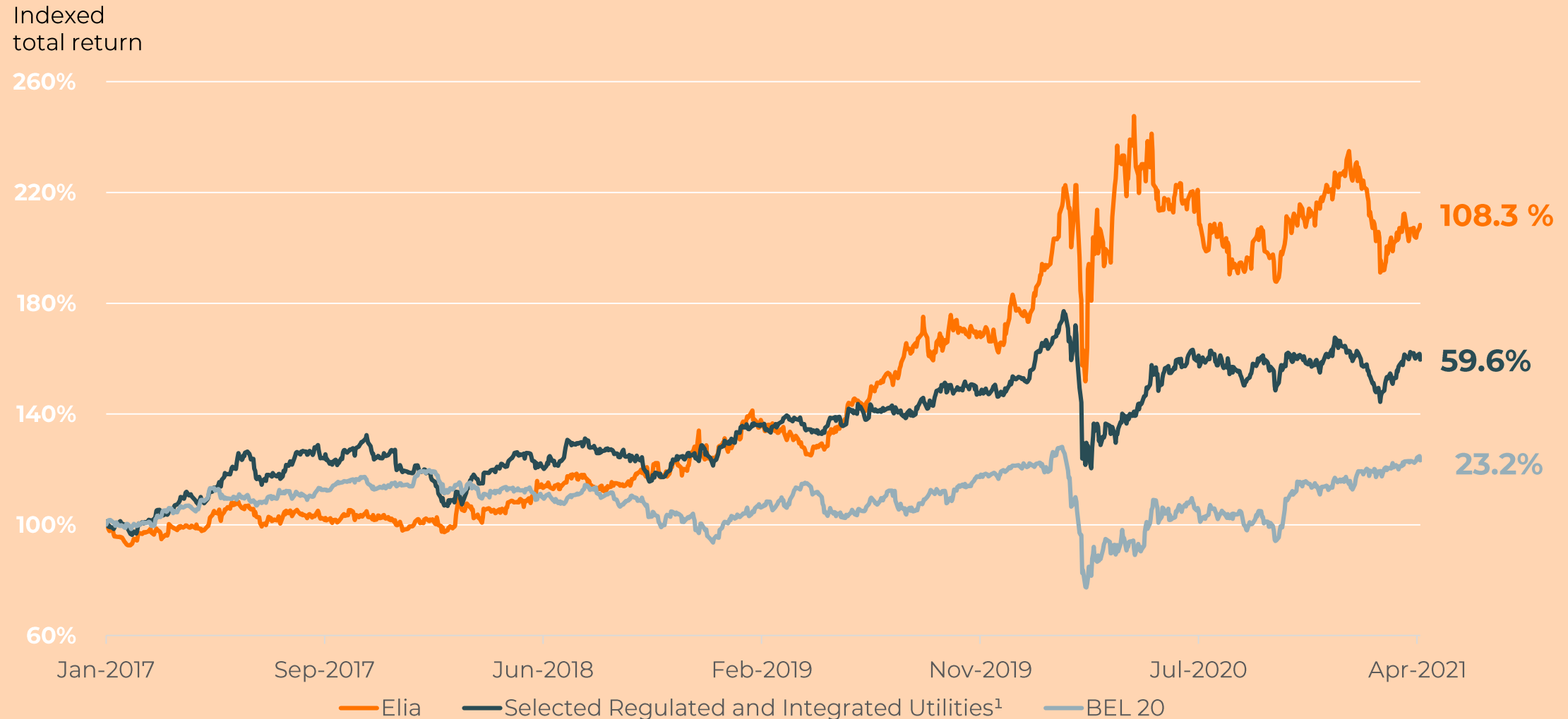
CEO,
Elia Group





Total return versus peers

Total return vs electric and integrated utilities (combined)



Source: Bloomberg, Datastream, market data as of 20-Apr-2021. Note: Total Return Defined as Share Price Performance + Return from Dividends.

¹ Selected Regulated and Integrated Utilities includes: Terna, Red Electrica, National Grid, REN, Engie, E.ON and RWE.

Capital Markets Day'21

27.04.2021

Accelerating towards
a net-zero society



Thank You!