

**28.07.2021**

# **Analyst Call**



Analyst  
Call

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# Half-Year Results 2021



# Catherine Vandenborre

CFO, Elia Group



# Chris Peeters

CEO, Elia Group



# Agenda

01. Highlights

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02. Half-year results 2021

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03. Outlook





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# 01. Highlights

# Video off Pepinster substation

























## STATE OF THE EUROPEAN UNION: RAISING CLIMATE AMBITION

#SOTEU  
#EUGreenDeal



#SOTEU  
#EUGreenDeal  
#GreenRecovery



European Commission  
Commission européenne



#SOTEU  
#EUGreenDeal  
#GreenRecovery



#SOTEU  
#EUGreenDeal  
#GreenRecovery



Commission européenne  
European Commission



#SOTEU  
#EUGreenDeal  
#GreenRecovery



#SOTEU  
#EUGreenDeal  
#GreenRecovery

# Our Strategy: be relevant today & tomorrow

Grow beyond current perimeter to deliver societal value

Develop new services creating value for customers in the energy system

elia group  
Elia | 50Hertz | EGI  
Ensure **sustainability** in the way we operate our business

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

Connect strategy with sustainability ambitions

**ACT  
NOW**  
FOR A SUSTAINABLE WORLD



CLIMATE LAW

PROMOTING CLEAN ENERGY

INVESTING IN SMARTER, MORE SUSTAINABLE TRANSPORT

STRIVING FOR GREENER INDUSTRY

ELIMINATING POLLUTION

ENSURING A JUST TRANSITION FOR ALL

FINANCING GREEN PROJECTS

MAKING HOMES ENERGY EFFICIENT

LEADING THE GREEN CHANGE GLOBALLY

FROM FARM TO FORK

PROTECTING NATURE

The European Green Deal

STATE OF THE EUROPEAN UNION: RAISING CLIMATE AMBITION

#SOTEU #EUGreenDeal

European Commission

Commission européenne

European Commission

Commission européenne

elia group

Elia | 50Hertz | E.ON

“Fit for 55”

Time to accelerate towards carbon neutrality

Elia Group (which represents Elia Transmission Belgium and 50Hertz) welcomes the European Commission's initiative to revise key legislation to support the goal of reducing GHG emissions by at least 55% by 2030 (when compared with 1990 levels) and reach carbon neutrality by 2050, in line with the EU Green Deal. The “Fit for 55” package should provide Europe with the right legislative framework to meet its energy and climate goals while supporting its growth strategy, which is based on competitiveness and sustainability. In accordance with this, energy efficiency, accelerating the integration of increasing volumes of renewable generation into the energy system and supporting the further electrification of society are all cost-effective measures for considerably reducing CO<sub>2</sub> emissions in the lead-up to 2030.

Through its two electricity system operators in Belgium and Germany, Elia Group is enabling both its home countries and Europe to realise their climate and industrial ambitions. In line with the best interests of society, we are committed to accelerating the delivery of onshore and offshore electricity transmission infrastructure, sustainably enhancing our operational practices, upgrading the market design and facilitating the digitalisation of the power sector. Each of these activities will facilitate the green and digital transition and a swift economic recovery. When combined with the necessary energy infrastructure and digital tools, the right legislative framework will pave the way for consumers to fully benefit from competitive energy services which are powered by sustainable and reliable electricity.

The “Fit for 55” package is an unmissable opportunity to set the right legislative framework and so support the green investments that are needed to make cost-effective and sizeable gains in CO<sub>2</sub> reduction within the current decade. As an enabler of the energy transition, Elia Group would like to submit the following points for consideration during the ongoing and upcoming policy debates.

For further information, please contact: [csaffairs@eliagroup.eu](mailto:csaffairs@eliagroup.eu)

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## KEY FIGURES

Investments<sup>1</sup>

**€386.5 million**

**+18.6% yoy**

Grid reliability

**99.999%**

Adjusted  
Net Profit<sup>2</sup>

**€150.5 million**

**(1.6%) yoy**

Net Profit  
Elia Share<sup>3</sup>

**€124.9 million**

**+0.6% yoy**

(1) Includes 100% of investments realised by 50Hertz

(2) Refers to the net profit of the Elia Group and amended with adjusted items linked to the corporate reorganisation

(3) Refers to the net profit attributable to owners of ordinary shares



# Our vision on consumer-centricity



## What is preventing us today from delivering consumer-oriented services?

**Today, consumers cannot easily access competitive energy services which are tailored to their needs**

Active consumer participation and competition behind the meter will not develop at a speed fast enough to meet the goal of decarbonisation unless the consumer journey for accessing energy services is made simple and attractive, by leveraging all the possibilities that new digital and clean technologies can offer.

The design of and access rules for the current market model, which is centrally organised, were largely defined using a one-sided approach which focused on the supply side, as large centralised plants traditionally provided the bulk of the operational flexibility required to run the power system. End consumers – except the larger ones, such as big industrials – are typically not considered to

be active participants as they were historically not able to actively respond to prices, given the fact that smart meters, connected appliances and exposure to real-time pricing were not yet widespread.

In practice, stringent access rules translate into various financial constraints and physical balancing requirements. The allocation of energy volumes between market participants relies on a heavily regulated, hardware-based metering approach. These factors are now becoming barriers to maximum participation and the opening up of the market behind the meter to third parties, slowing down the development of innovative and differentiated services.

FIGURE 2: LIMITED CONSUMER EXPERIENCE



## The benefits remain largely inaccessible under the current market organisation

The bottom line is that end consumers cannot easily access the range of innovative services behind the meter unless these services are offered by their main supplier. Access points are duplicated, by installing more than one meter, and smart meter in every household or by complex contractual arrangements. This implementation is not ideal as the impact of the services provided by third parties on the main supplier is often

results in relatively high transaction costs and barriers which prevent end consumers and independent service providers from engaging with new services.

This is all the more damaging as social and technological developments have created an unprecedented window of opportunity for releasing the potential of active demand participation and competition behind the meter.

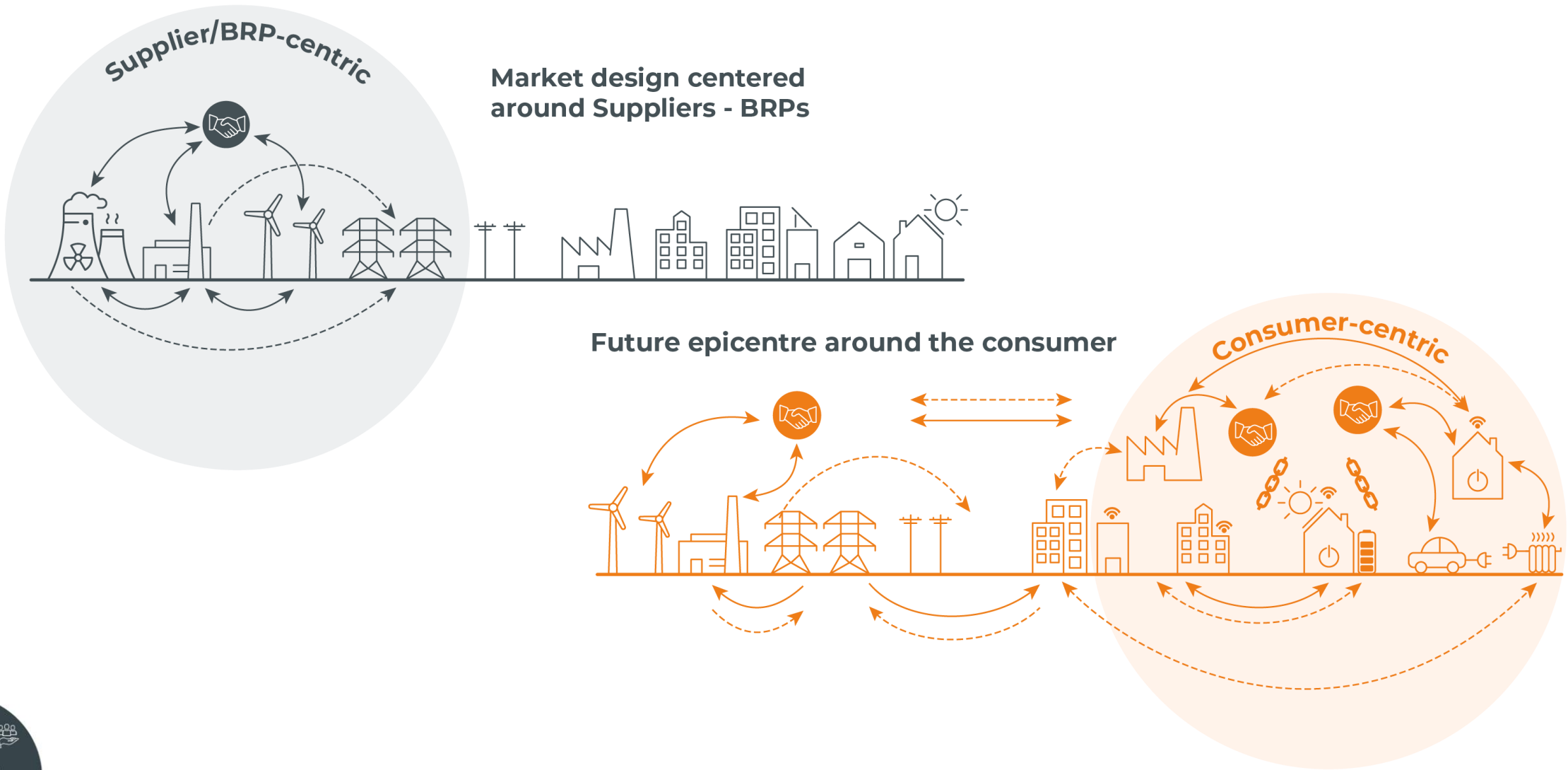
FIGURE 3: CURRENT POWER MARKETS ARE CENTRED AROUND GENERATORS AND SUPPLIERS, RATHER THAN CONSUMERS



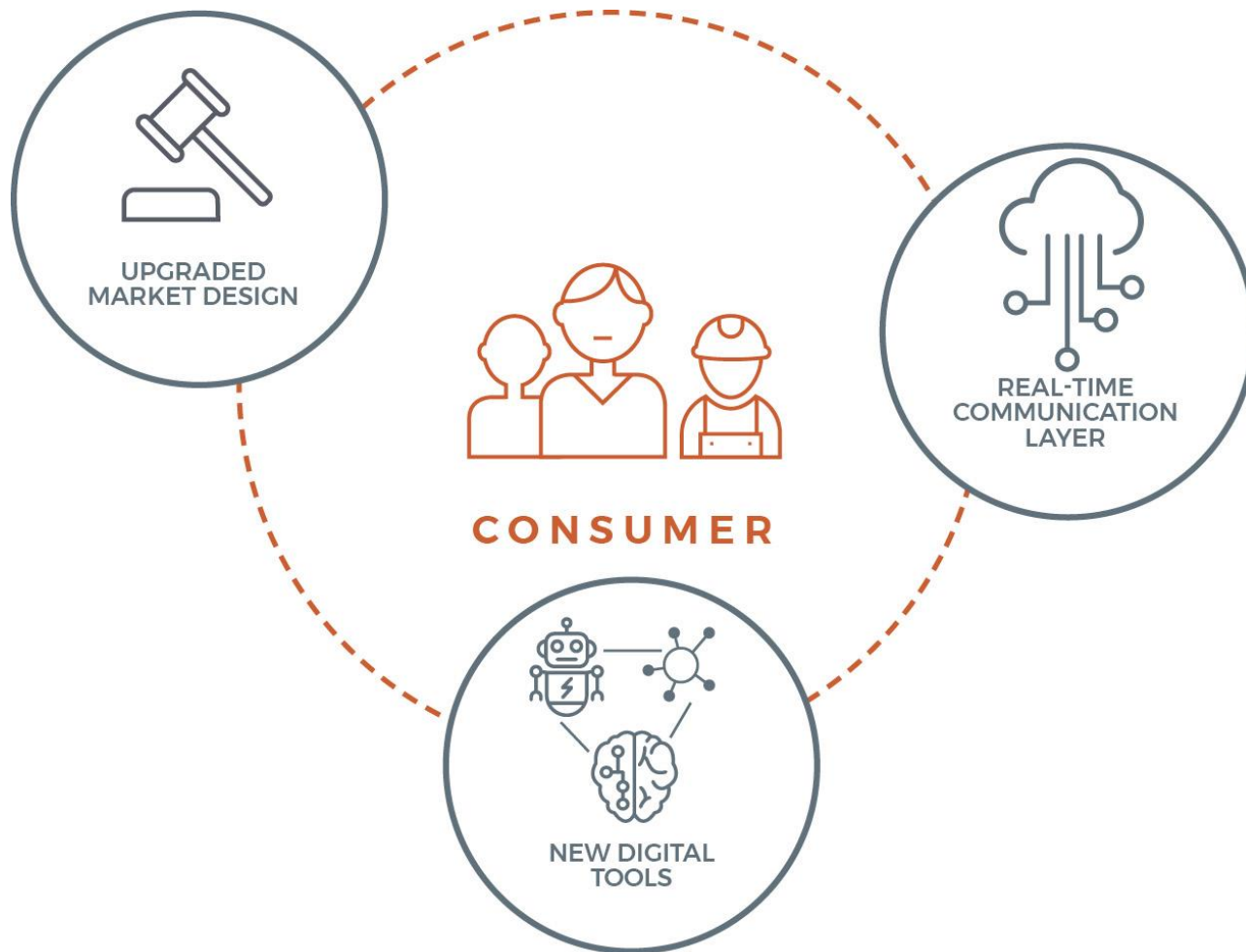
Only by creating a new framework to get around these barriers and increase demand-side response (DSR) can we unlock the full potential of the market. This requires a new framework to be developed, one that is based on the principles of the European Union's 'Fit for 55' package, which aims to accelerate the transition to a sustainable and resilient energy system.

# Video consumer centricity vision

# Paradigm shift

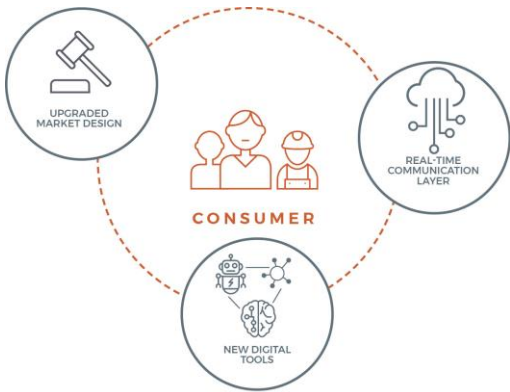


# 3 building blocks for consumer centricity





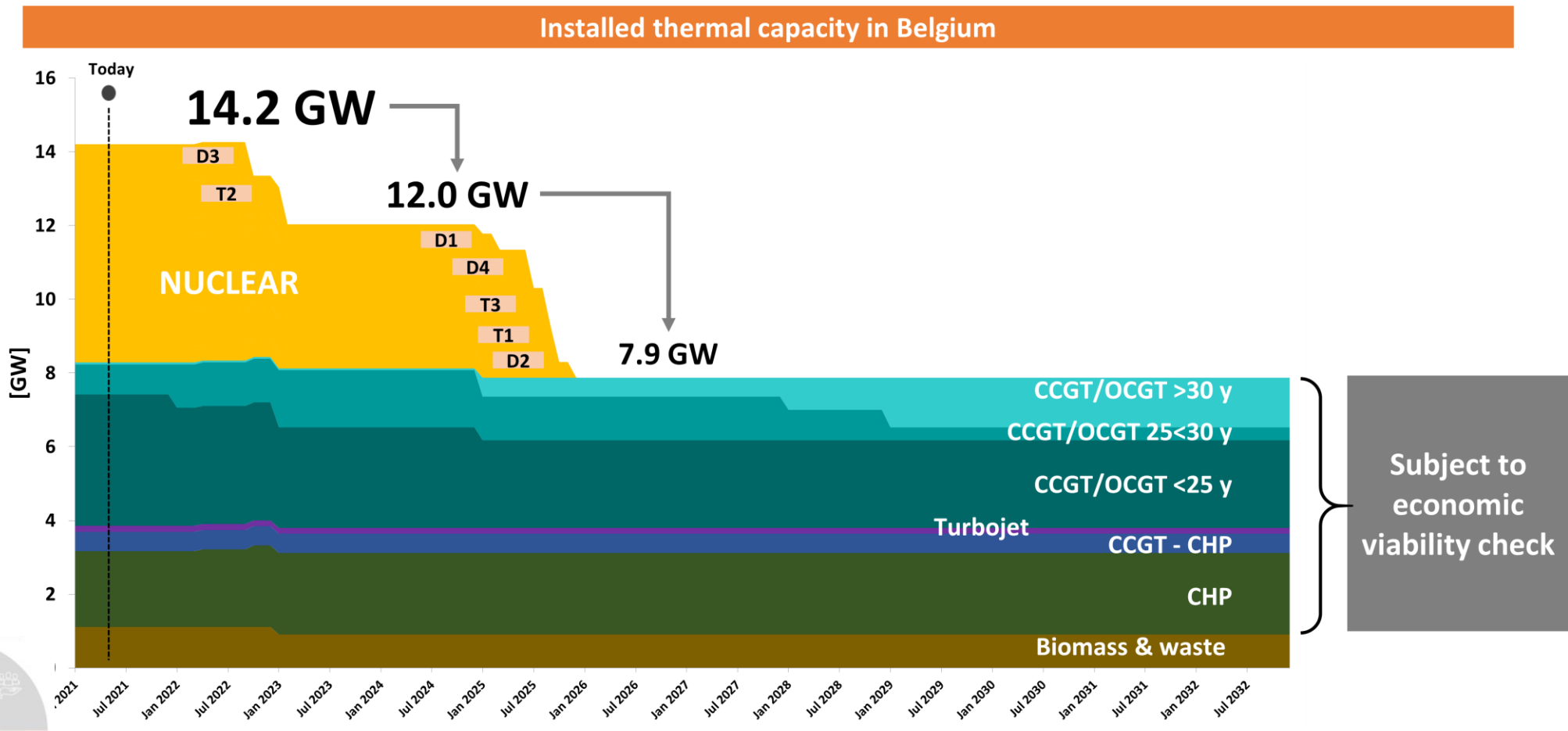
# 3 building blocks for consumer centricity





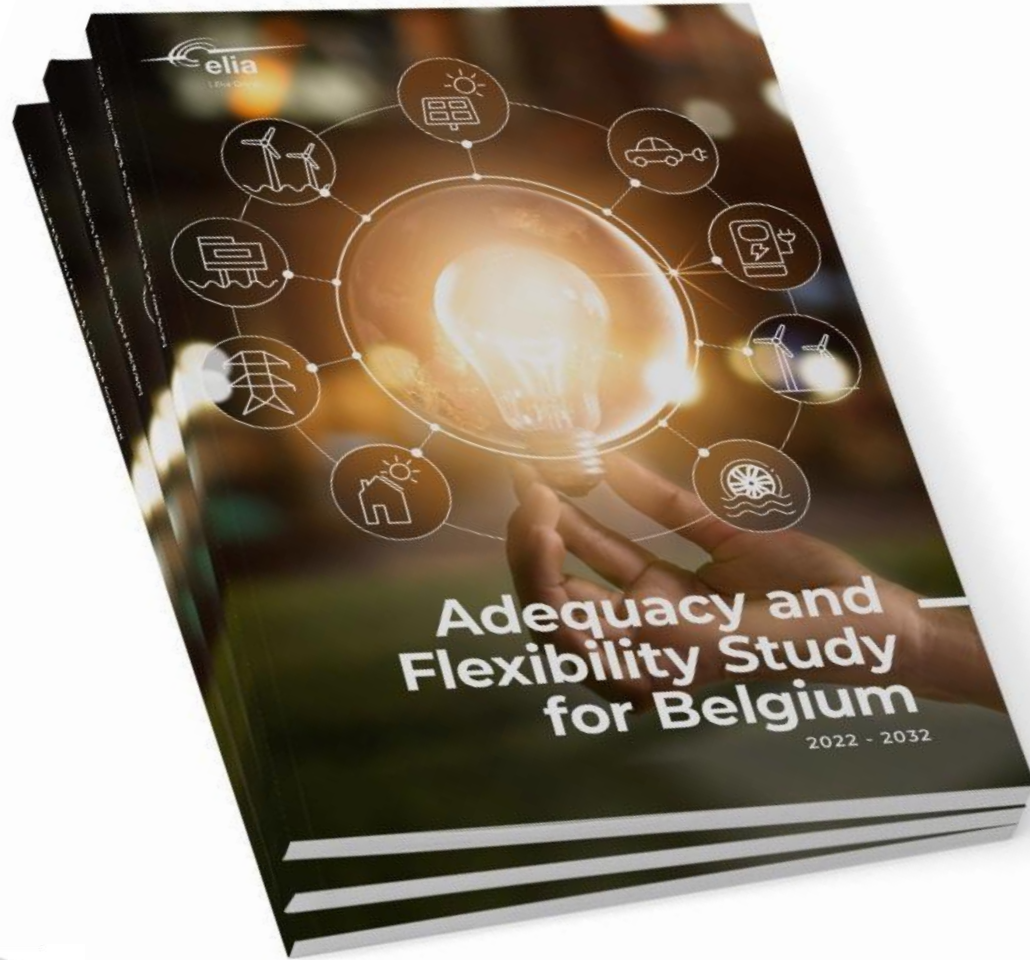
# Adequacy and Flexibility Study for Belgium

# 3.6 GW of capacity required by 2025 to cope with the nuclear phase-out





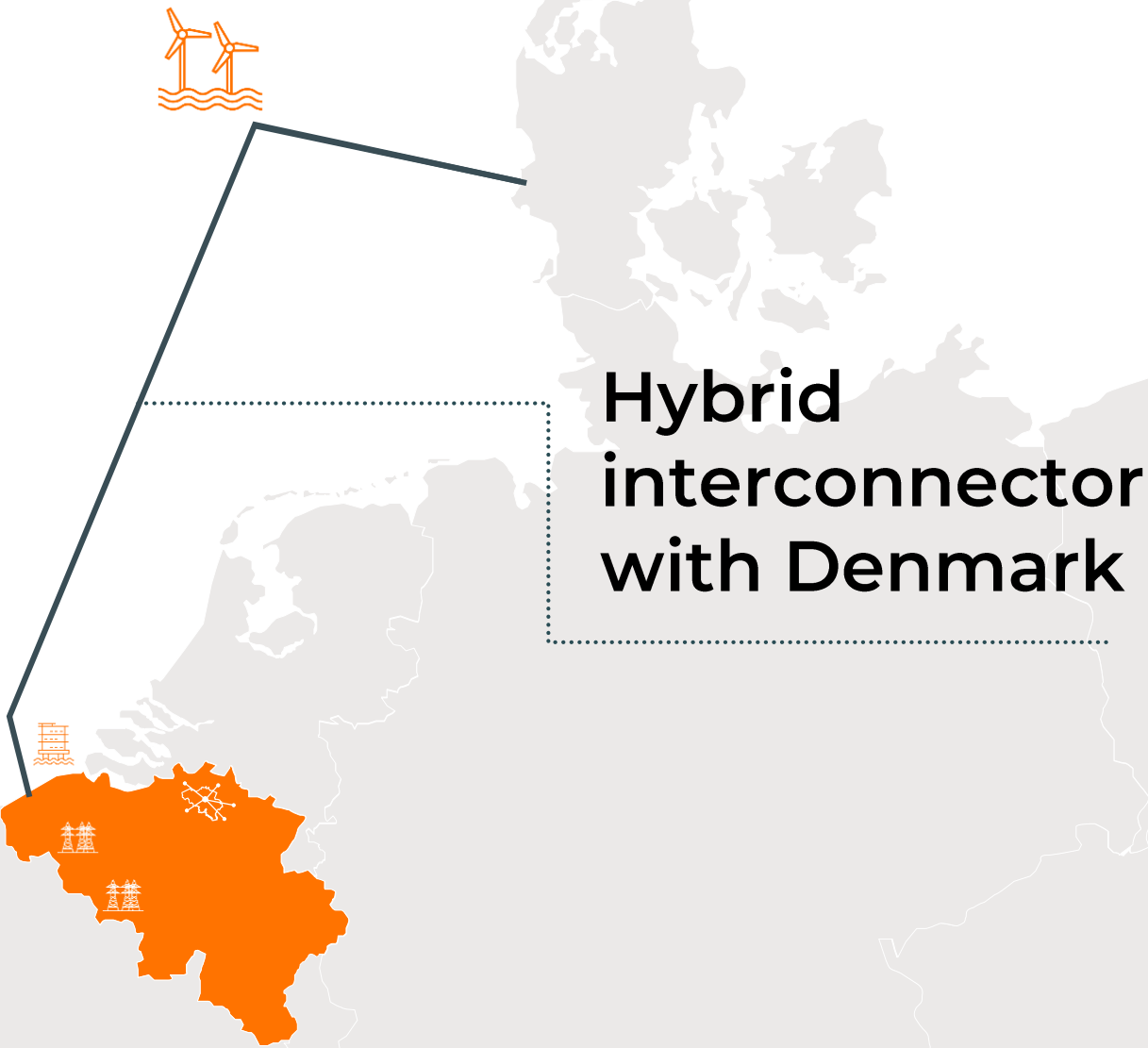
# 3 key messages



1. Urgent need for new capacity
2. Confirmed need for a supporting mechanism
3. Preparing for a net-zero society



# Towards a net zero society



01.

# Capex Delivery on track in 2021

€164.9 million in BE | €221.6 million in GE

## Offshore progress in Germany



Ostwind 2  
progressing well



# Video off - pulling land cable Ostwind 2

01.

# Capex Delivery on track in 2021

€164.9 million in BE | €221.6 million in GE

## Offshore progress in Germany



Ostwind 2  
progressing well

## Cross-border interconnection



Interconnection  
with France for  
security of supply

## Strengthening of the onshore grid



Ensure reliable and sustainable grid

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

<b>7</b> AFFORDABLE AND CLEAN ENERGY 	<b>13</b> CLIMATE ACTION 	<b>1</b> <b>Climate Action</b>	<ul style="list-style-type: none"> <li>• Paper published on Consumer Centric Market Design</li> <li>• Launch of Green Works Project</li> </ul>
<b>15</b> LIFE ON LAND 	<b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION 	<b>2</b> <b>Environment &amp; Circular Economy</b>	<ul style="list-style-type: none"> <li>• Increased number of herbicide-free substations</li> <li>• Forest corridors and bird protection markers programmes well underway</li> </ul>
<b>8</b> DECENT WORK AND ECONOMIC GROWTH 		<b>3</b> <b>Health &amp; Safety</b>	<ul style="list-style-type: none"> <li>• Safety Culture Ladder' now being introduced for work undertaken by all of Elia's contractors</li> <li>• Care4Energy Program</li> </ul>
<b>10</b> REDUCED INEQUALITIES 		<b>4</b> <b>Diversity, Equity &amp; Inclusion</b>	<ul style="list-style-type: none"> <li>• Elia Group Diversity, Equity &amp; Inclusion Charter published</li> <li>• Diversity and inclusion awareness campaign launched</li> </ul>
<b>16</b> PEACE, JUSTICE AND STRONG INSTITUTIONS 		<b>5</b> <b>Governance, Ethics &amp; Compliance</b>	<ul style="list-style-type: none"> <li>• New joint Group Code of Ethics introduced</li> <li>• Resuming in-person dialogue activities to engage in discussions about grid projects.</li> </ul>

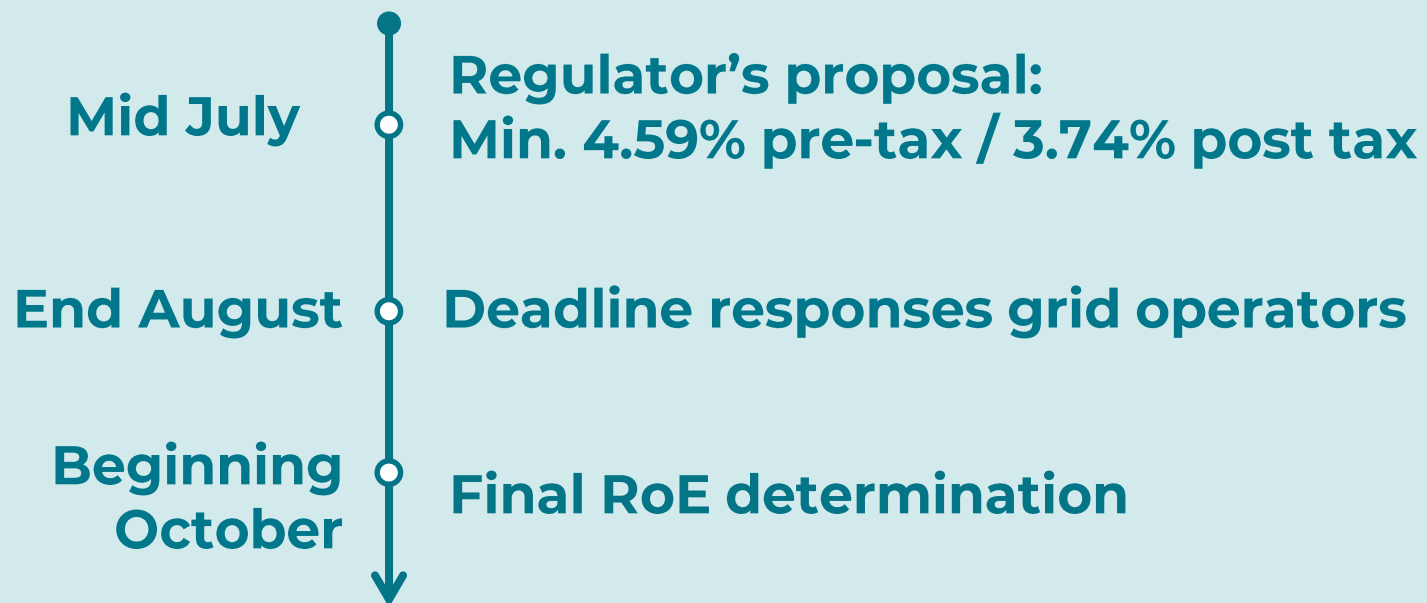


# Update 50Hertz regulation

Process towards  
new regulatory  
period 2024-2028



Consultation for RoE started



02.

# Half-year results 2021

# 1H 2021 Elia Group results

## Key figures

Revenues

**€ 1,311.9 million**  
+11.5% yoy

EBIT

**€ 265.3 million**  
(7.0%) yoy

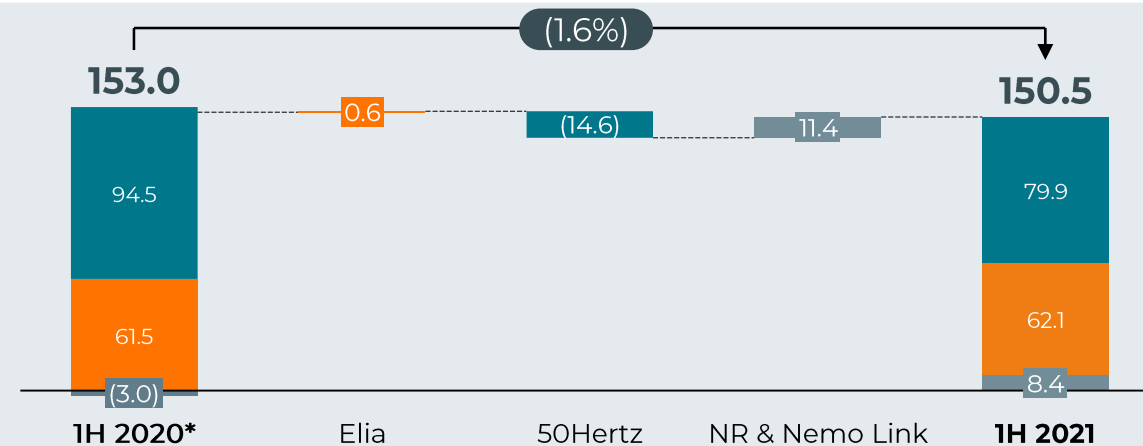
Adjusted Net Profit

**€ 150.5 million**  
(1.6%) yoy

Net Profit Elia share

**€ 124.9 million**  
0.6% yoy

## Adjusted net profit (€m)



(0.3)

Adjusted items

(0.0)

(18.9)

Non-controlling interests

(16.0)

(9.6)

Hybrid securities

(9.6)

124.2

**Net profit Elia share**

124.9

Attributable to the owners of ordinary shares

\* Compared to the first half of 2020, the preferential dividend paid to National Grid (€9.1 million, 100%) was requalified as a liability to be released over the lifetime of the asset

# 1H 2021 Elia Group

Net debt evolution

## Key figures

Net debt

**€ 5,826.0 million**

(22.0%) yoy

Leverage

**1.9 x**

Debt / Equity (incl. NCI & hybrid)

Fixed debt ratio

**100%**

Calculated on gross debt

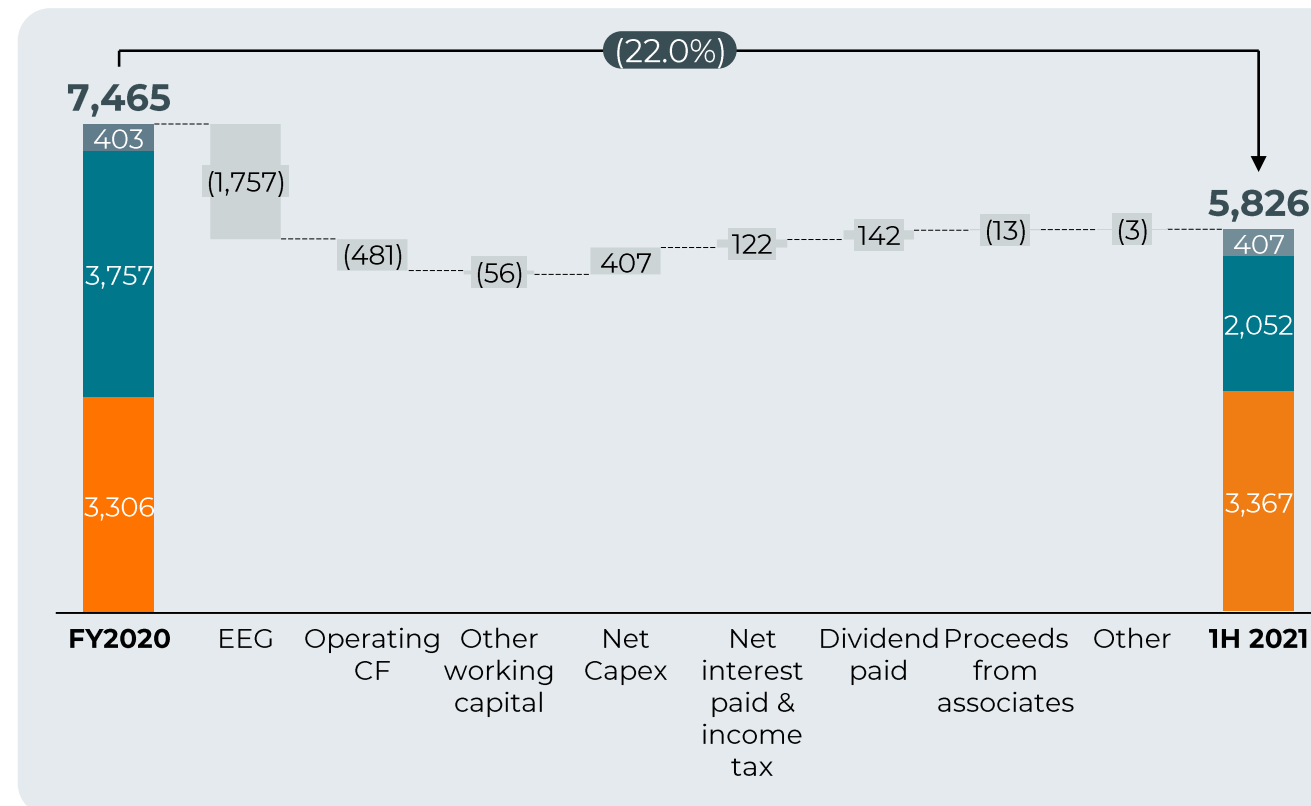
Avg. Cost of Debt

**1.62%**

(27bps)

Elia Group is rated BBB+/ Stable outlook by S&P

## Net debt (€m)



Net debt decrease fully attributable to EEG deficit settlement



# 1H 2021 Elia Transmission

Adjusted net profit evolution

## Key figures

Revenues

**€ 534.8 million**

+13.5% yoy

Adjusted Net Profit

**€ 62.1 million**

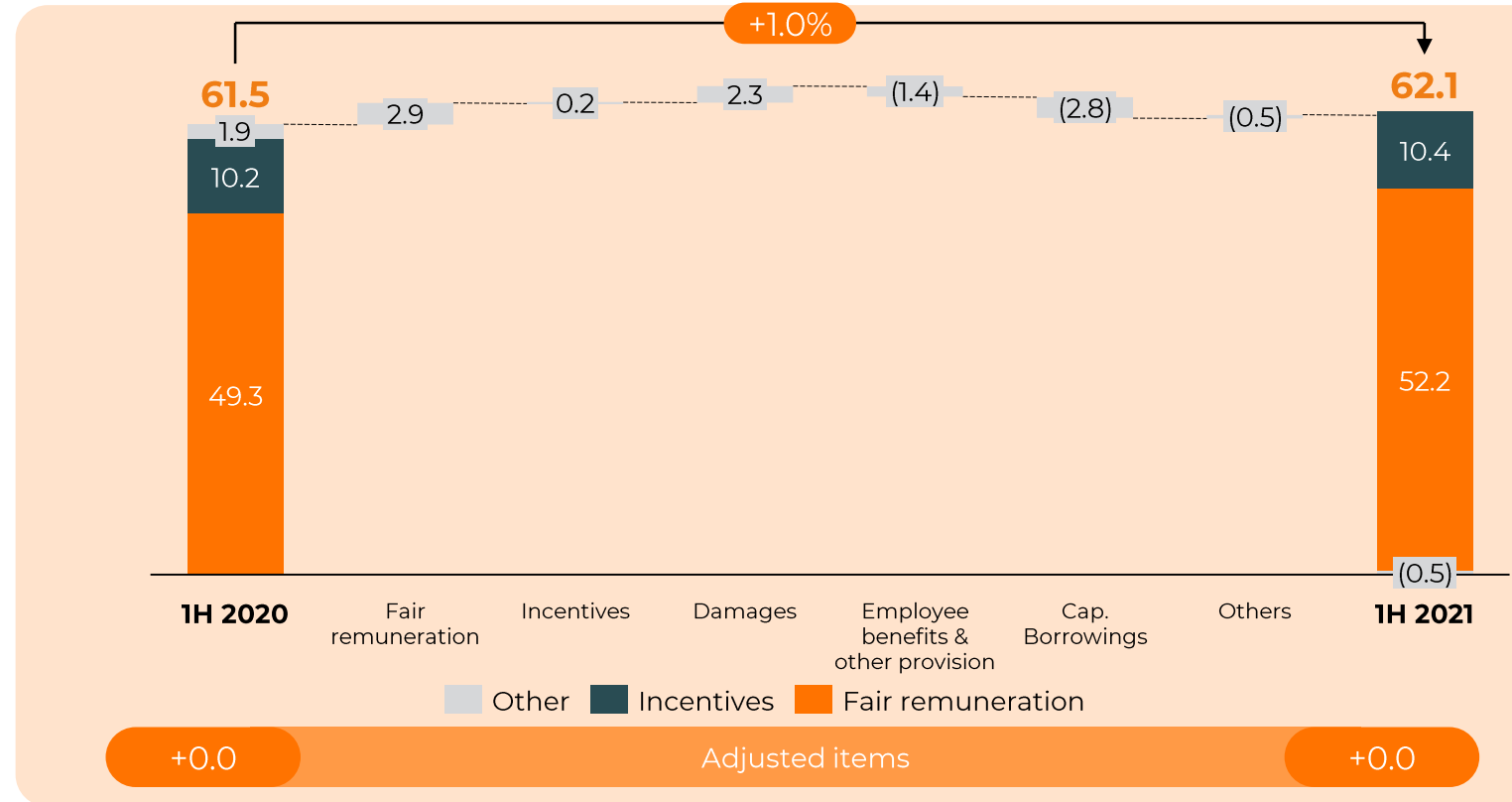
+1.0% yoy

Net Profit

**€ 62.1 million**

+1.0% yoy

## Adjusted net profit evolution (€m)

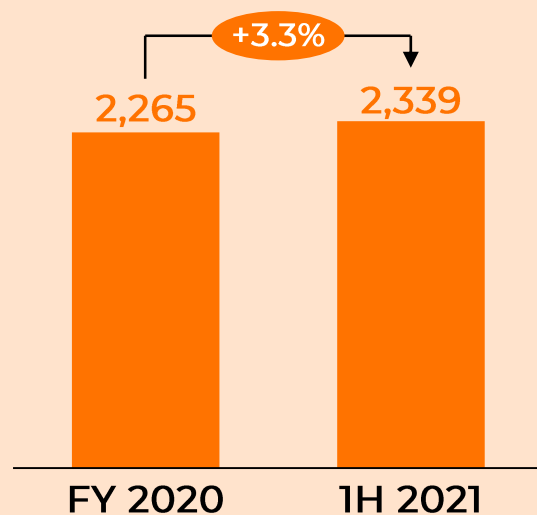


Higher fair remuneration leading to solid operational results

# 1H 2021 Elia Transmission

## Financial Position

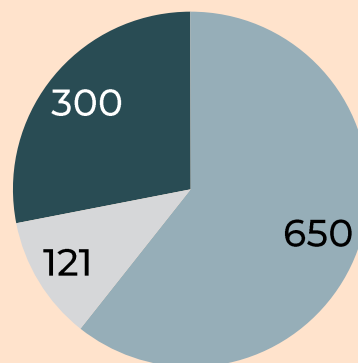
### Equity (€m)



Equity aligned to tariff methodology

### Liquidity

€1,071 million

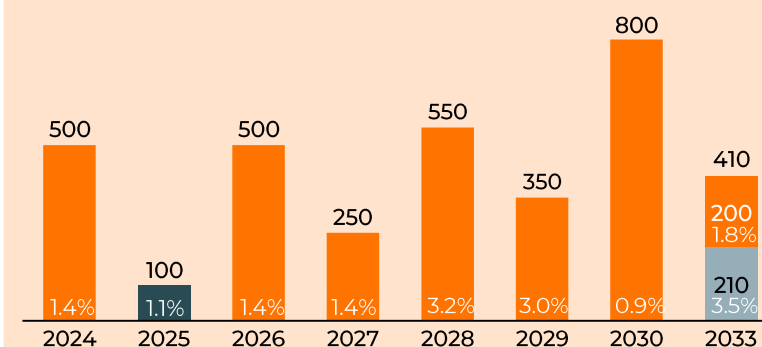


Unused CP Committed undrawn credit lines Cash

Solid liquidity position

### Maturity Profile (€m)

Weighted debt duration – 6.9 years



Bonds EIB Loan Amortising Loan

Average cost of debt 1.91% (1.93% in 2020)

ETB is rated BBB+/ Stable outlook by S&P

Solid financial position to finance the energy transition

# 1H 2021 50Hertz Transmission

Adjusted net profit evolution

## Key figures

Revenues

**€ 784.9 million**

+12.6% yoy

Adjusted Net Profit

**€ 79.9 million**

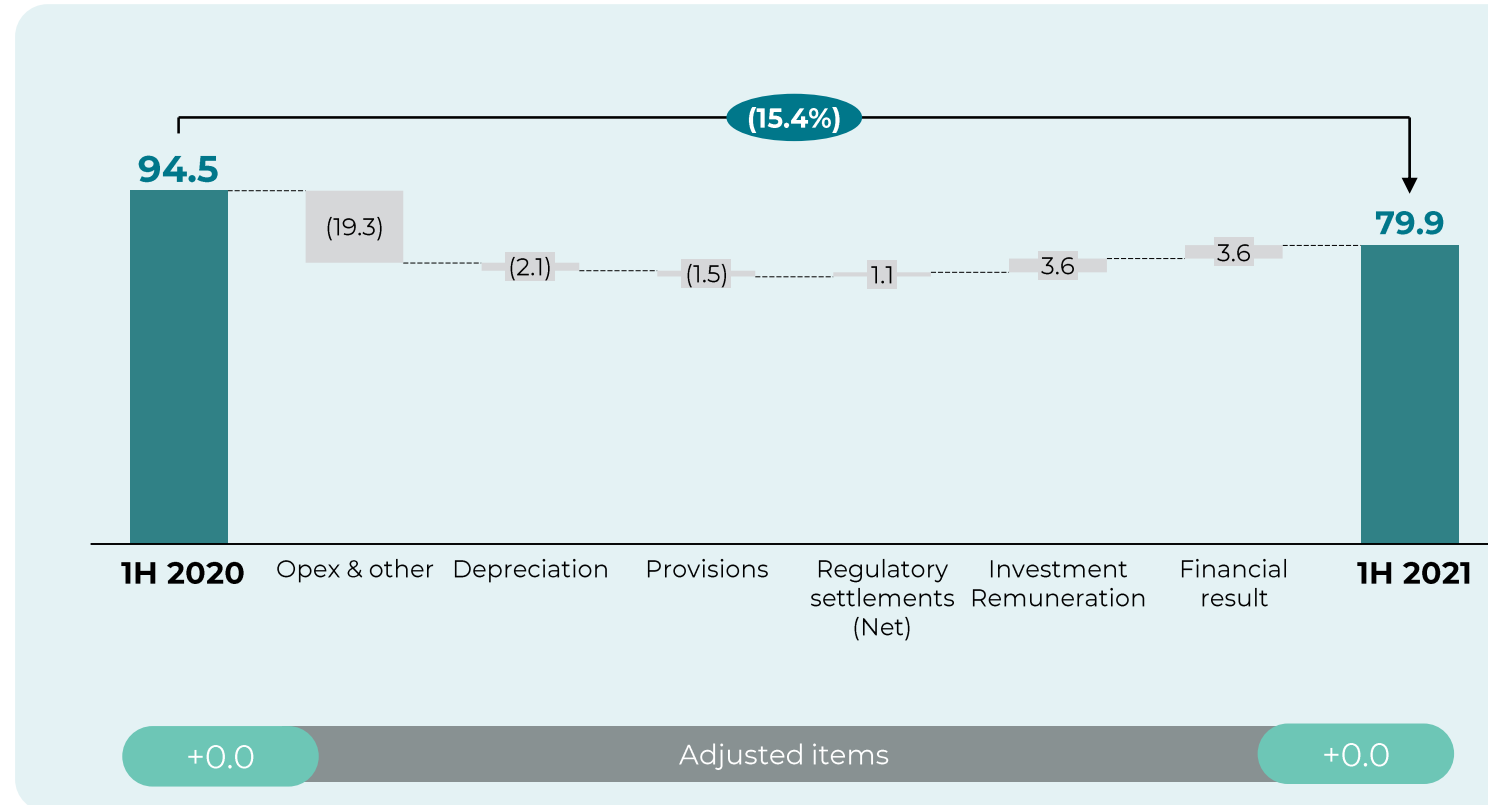
(15.4%) yoy

Net Profit

**€ 79.9 million**

(15.4%) yoy

## Adjusted net profit evolution (€m)

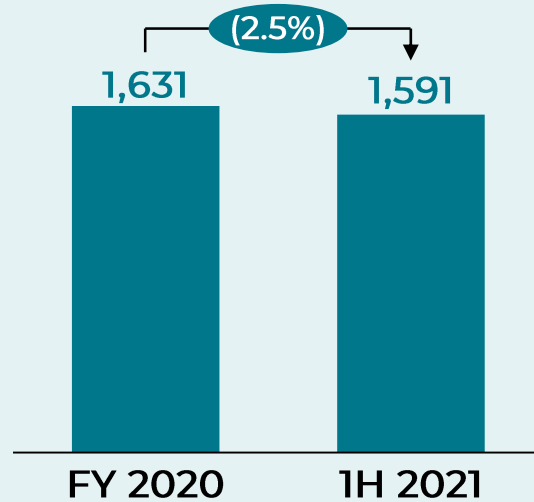


Lower operational efficiency due to peak in maintenance, rise in personnel & IT costs

# 1H 2021 50Hertz Transmission

## Financial Position

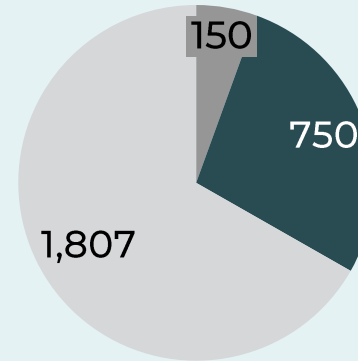
### Equity (€m)



Decrease in equity due to dividend payment

### Liquidity

€2,707 million

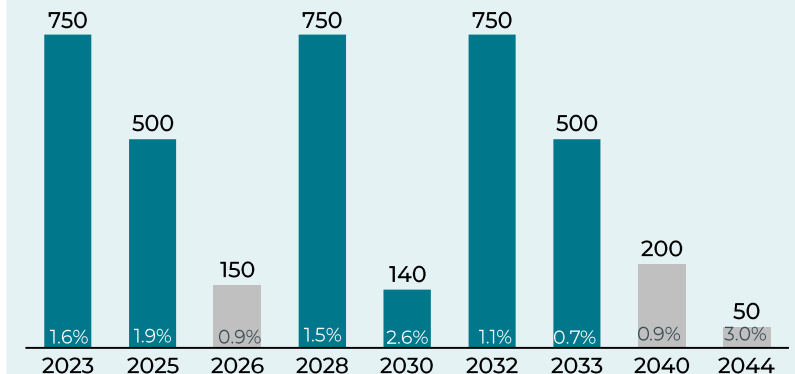


Overdraft Facility   Revolving Facility   Cash

Comfortable liquidity position

### Maturity Profile (€m)

Weighted debt duration: 6.9 years



Bonds   Private placement

S&P rating: BBB+/ Stable outlook

Average cost of debt 1.34% (1.88% in 2020)

50Hertz' solid and sustainable profile allowed it to raise financing at attractive levels



# 1H 2021 Non-regulated & Nemo Link

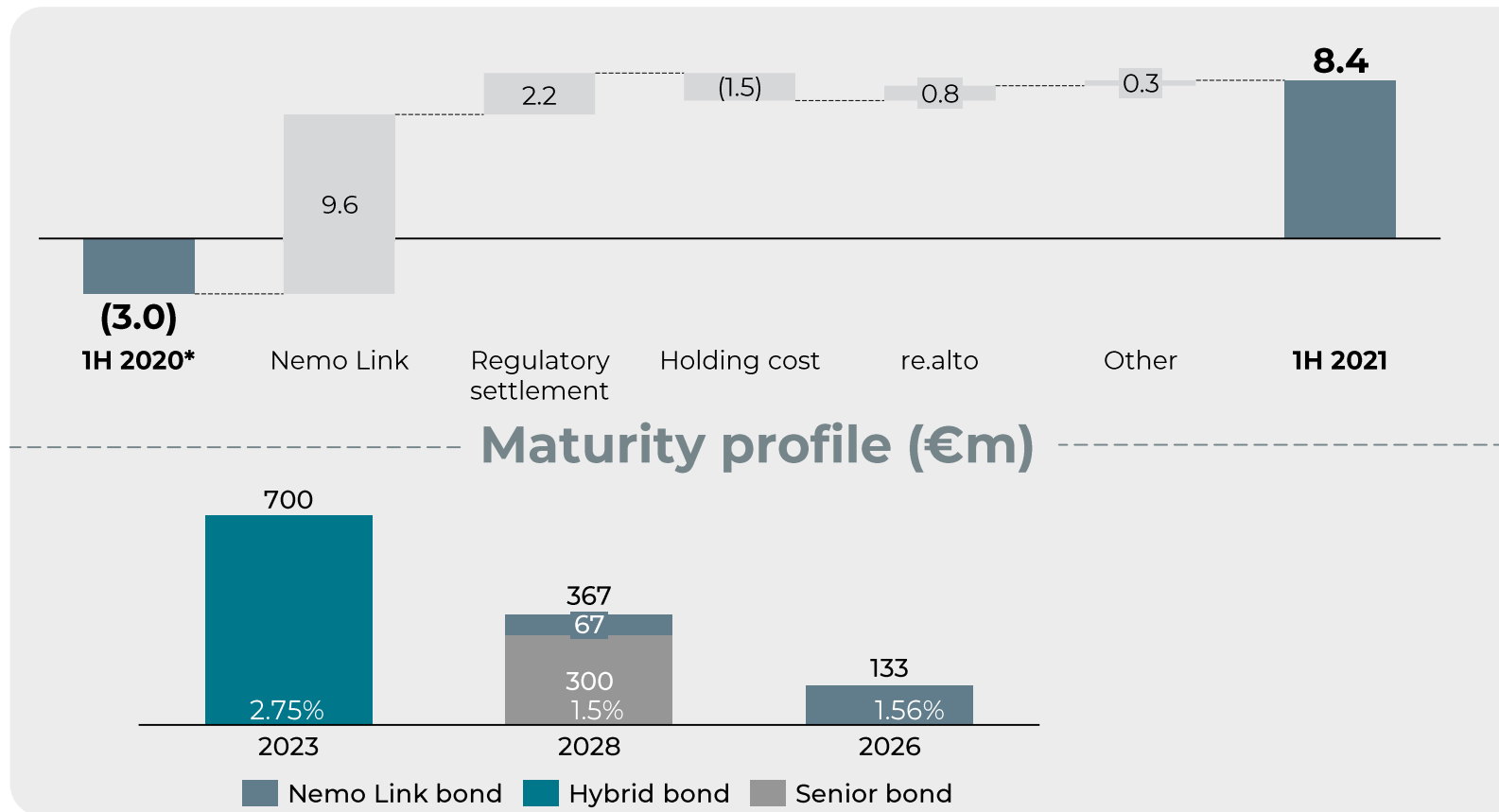
## Key figures

Revenues  
**€ 14.2 million**  
(7.8%) yoy

Adjusted Net profit  
**€ 8.4 million**

Net profit  
**€ 8.4 million**

## Adjusted net profit evolution (€m)



Very strong operational & financial performance of the Nemo Link interconnector

\* Compared to the first half of 2020, the preferential dividend paid to National Grid (€9.1 million, 100%) was requalified as a liability to be released over the lifetime of the asset

# 03. Outlook

## Elia Group

ROE (Adj.)\*  
**Upper range**  
**5.5% - 6.5%**

RAB\*\*  
**€10.4 billion**

## Belgium

ROE  
**5% - 6%**

CAPEX  
**€390 million**

## Germany

ROE  
**8% - 10%**

CAPEX  
**€860 million**

## Non-regulated & Nemo Link

**Positive contribution**  
**subject to the**  
**performance of**  
**Nemo Link**

Upper range ROE target due to strong performance of Nemo Link

\* Ratio between the net profit attributable to owners' ordinary shares and the equity attributable to owners of ordinary shares

\*\* 80% RAB 50Hertz

# Q&A

<b>Leverage</b>	Ratio between financial debt and total equity (including Hybrid and Non-controlling interest)
<b>Net debt</b>	Difference between Elia Group debt (long and short term) and cash & cash equivalents Hybrid is not included in the net debt as accounted under equity according to IFRS requirements
<b>Net profit Elia share</b>	Net profit attributable to the ordinary shareholders Hence this is post deduction of NCI and coupon attributable to hybrid securities holders
<b>Adjusted items</b>	<p>Adjusted items are those items that are considered by management not to relate to items in the ordinary course of activities of the Group. They are presented separately as they are important for the understanding of users of the consolidated financial statements of the performance of the Group and this compared to the returns defined in the regulatory frame-works applicable to the Group and its subsidiaries.</p> <p>Adjusted items relate to:</p> <ul style="list-style-type: none"> <li>• Income and expenses resulting from a single material transaction not linked to current business activities (e.g. change in control in a subsidiary)</li> <li>• changes to the measurement of contingent considerations in the context of business combinations</li> <li>• Restructuring costs linked to the corporate reorganisation of the Group (i.e. reorganisation project to isolate and ring-fence the regulated activities of Elia in Belgium from the non-regulated activities and regulated activities outside Belgium)</li> </ul>
<b>Adjusted net profit</b>	Adjusted net profit is defined as net profit excluding the adjusted items
<b>RAB Elia Group</b>	Includes both the RAB of Elia Transmission and 50Hertz Transmission. RAB Germany presented at 80%
<b>RoE (adj.)</b>	Ratio between Net profit attributable to ordinary shareholders and equity attributable to ordinary shareholders. The return on equity is adjusted to exclude the accounting impact of hybrid securities in IFRS (i.e. exclude the hybrid security from equity and consider the interest costs as part of comprehensive income). The RoE provides an indication of the ability of the Group to generate profits relative to its invested equity



# Thank You!

## Investor Relations

Yannick Dekoninck  
yannick.dekoninck@elia.be  
T +3225467076

Stéphanie Luyten  
stephanie.luyten@elia.be  
T +3225467429

