Key figures

(in million EUR)	2018	2017(5)	2016	2015	2014(3, 4)
Consolidated results					
Total revenue and other operating income	1,931.8	867.1	868.1	851.4	836.3
EBITDA (1)	750.5	455.4	425.0	442.8	402.6
Results from operating activities (EBIT) (2)	*502.6*	*324.6*	*295.0*	*336.4*	*289.7*
Net finance costs	(93.2)	(76.5)	(82.9)	(92.8)	(100.6)
Income tax	(102.2)	(39.6)	(32.0)	(32.9)	(21.4)
Normalised net result	280.8	203.4	168.0	175.8	153.4
Reported net result	307.1	208.5	179.9	210.6	167.9
Non-controlling interest	*25.7*	*0.0*	*0.0*	*0.0*	*0.0*
Hybrid securities	*6.2*	*0.0*	*0.0*	*0.0*	*0.0*
Profit attributable to owners of ordinary shares	275.2	208.5	179.9	210.6	167.9

(in million EUR)	31.12.2018	31.12.2017	31.12.2016	31.12.2015	31.12.2014
Consolidated balance					
Total assets	13,754.3	6,582.3	6,241.5	6.435,6	5.697,0
Equity attributable to owners of the company	3,447.5	2,563.3	2,511.4	2.413,6	2.285,1
Equity attributable to ordinary shares	*2,741.3*	*2,563.3*	*2,511.4*	*2.413,6*	*2.285,1*
Hybrid securities	*706.2*	*0.0*	*0.0*	*0.0*	*0.0*
Net financial debt	4,605.6	2,689.1	2,557.3	2.583,4	2.539,2

	31.12.2018	31.12.2017	31.12.2016	31.12.2015	31.12.2014
Other key figures					
Regulatory Asset Base (RAB) (bn EUR) (6)	9.2	7.4	7.1	6.7	6.1
Dividend per share (EUR)	1.66	1.62	1.58	1.55	1.54
Return on Equity (%)	8.16%	8.14%	7.16%	8.73%	7.35%
Return on Equity (adj.) (7)	10.04%	8.14%	7.16%	8.73%	7.35%
Earnings per share (adj.) (EUR) (8)	4.52	3.42	2.95	3.47	2.77
Equity per share (EUR)	44.9	42.1	41.2	39.7	37.6
Number of shares (period-end)	61,015,058	60,901,019	60,753,714	60,750,239	60,738,264

1 EBITDA = EBIT + depreciation/amortisation + changes in provisions
2 EBIT = result from operating activities and share of profit of equity-accounted investees (net of income tax) vermogensmutatiemethode, na winstbelastingen
3 As from 2014, the companies previously consolidated proportionately are now accounted for using the equity method.
4 The figures of 2014 have been restated for the recognition of the reimbursement rights in accordance with IAS19
5 The Group applies IFRS 15 under the full retrospective method under which comparative figures for financial year 2017 have been restated
6 RAB includes 60% of 50Hertz until 2017 and 80% as of 2018
7 EPS (adj.) = Net profit attributable to owners ordinary shares / weighted average number of shares
8 RoE (adj.) = Net profit attributable to owners ordinary shares / equity attributable to owners of ordinary shares

Management discussion and analysis of the 2018 results

Strengthening Elia's position in 50Hertz while progressing well on key investments

- **Grid investments of €636.7 million in Belgium and €491.5 million in Germany to ensure a reliable, sustainable and affordable energy system that meets society's demand for appropriate actions against global warming and climate change.**
- **Acquisition of an additional 20% stake in Eurogrid International in April 2018, resulting in full control of Eurogrid and a change in consolidation method**
- **The normalised net profit of the Elia Group is up 38.0% to € 280.8 million as a result of the acquisition of additional shares of Eurogrid, solid operational performance and release of a legal claim provision in Germany together with the realisation of strategic investments in Belgium.**
- **The net profit (Elia Group Share)[1] is up 32.0% to €275.2 million**
- **A dividend of € 1.66 per share will be proposed at the General Assembly of 21 May 2019**
- **Elia and 50Hertz continue to provide very high system reliability (99.999%), benefitting 30 million end-users in Belgium and Germany**

ELIA GROUP (in million EUR)	2017[2]	2018
Total revenues	867.1	1,931.8
EBITDA	455.4	750.5
EBIT	324.6	502.6
Non-recurring items	*0.1*	*28.1*
Normalised EBIT[3]	324.7	474.5
Net financial costs	(76.5)	(93.2)
Normalised net profit	**203.4**	**280.8**
Reported net profit	208.5	307.1
Non-controlling interests	*0.0*	*25.7*
Net profit attributable to the Group	208.5	281.4
Hybrid securities	*0.0*	*6.2*
Net profit attributable to ordinary shareholders	208.5	275.2
Total assets	6,582.3	13,754.3
Total equity attributable to owners of the company	2,563.3	3,447.5
Net financial debt	2,689.1	4,605.6
CAPEX[4]	946.2	1,128.2
Reported earnings per share (EUR) (Elia share)	3.42	4.52
Return on Equity (adj.) (%) (Elia share)	8.14	10.04
Equity attributable to owners of the company per share (EUR)	42.1	44.9

(1) Net profit attributable to owners of ordinary shares (post non-controlling interest and post hybrid coupon)
(2) The Group applies IFRS 15 under the full retrospective method under which comparative figures for financial year 2017 have been restated
(3) The term "normalised" refers to performance measures (EBIT, Net Profit) 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
(4) CAPEX amount include 100% of the investment realised in Germany.

Results

The 2018 financial statements are strongly affected by the acquisition of an additional 20% stake in Eurogrid, which Elia acquired on 26 April 2018. This transaction increased Elia's shareholding in Eurogrid from 60% to 80%, giving Elia full control over Eurogrid. The consolidation of Eurogrid and its affiliates consequently switched from the equity method, which applied for the first four months of the 2018 financial year, to a full consolidation as from acquisition (May 2018). The total acquisition price amounts to €976.5 million for the additional 20% stake, plus €12.2 million in interest.

The acquisition was fully financed by the issuance of a €700 million hybrid bond and a €300 million senior bond, the lending costs of which are regarded as non-regulated and therefore not covered by the tariffs. The hybrid bond has no profit impact as it is equity accounted under IFRS due to its perpetual nature and the issuer's ability to optionally defer the coupons.

The **Elia Group's normalised net profit** increased by 38.0% to €280.8 million. This increase was the result of the aforementioned acquisition (and its consolidation impact) and a higher normalised result for both Elia Transmission and 50Hertz Transmission, partially offset by the higher non-regulated cost for financing the additional stake in Eurogrid.

- **Elia Transmission (Belgium)** achieved strong results, with a normalised net profit of €114.9 million (up 17.2%) driven by the full realisation of the mark-up investments since the start of the tariff period in 2016 (up €11.1 million), the higher average equity and OLO compared to 2017 (up €2.9 million) and lower regulatory settlements from the previous year (up €1.7 million). These impacts were offset to some extent by a lower contribution from incentives (down €1.8 million). Finally, the normalised net profit benefitted from limited damage to electrical installations (up €2.5 million).

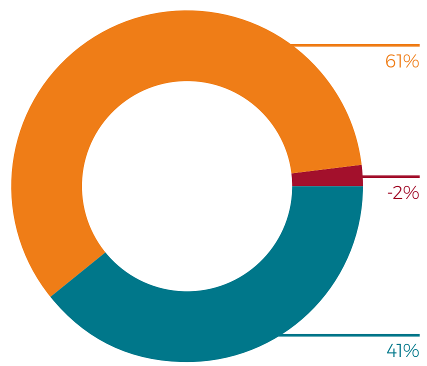
- **50Hertz Transmission (Germany) (on a 100% basis)** achieved a strong increase in normalised net profit (up 18.5%), mainly due to the release of a legal claim provision (up €50.8 million). This provision was established after German unification to cover possible legal claims by landowners in East Germany. Following a reassessment driven by a tax audit, part of the provision was released. A major portion (€48.7 million) was released in April and therefore only 60% was attributable to Elia. The ongoing investment programme at 50Hertz also resulted in higher remuneration on both onshore and offshore CAPEX (up €22.1 million) and the operating costs and other costs further decreased (up €5.5 million) on the back of the efficiency programme launched in 2017. Furthermore, the offshore investment cost coverage fell by €40.4 million, due to the transition towards a cost-plus mechanism in 2019. Indeed, the regulatory allowance for offshore OPEX changed from a 3.4% OPEX lump sum on invested CAPEX, as applied in the past, to a pass-through mechanism for incurred costs. Finally, considering the higher depreciations (down €8.3 million) linked to the ongoing investment programme and lower financial costs (up €6.3 million), the normalised net profit for the German activities amounted to € 216.3 million.

- The **non-regulated segment (incl. NemoLink)**, recorded a normalised net loss of €7.8 million (down €2.9 million). This loss is due to the non-regulated financing costs for the aforementioned acquisition (not covered by the tariffs) and EGI's lower result. As the NemoLink interconnector was not yet operational by year end 2018, its net contribution to the result was limited to €0.7 million.

The **Elia Group net profit** saw a more pronounced increase (up 47.3%) to €307.1 million. This increase is mainly related to non-recurring income linked to the acquisition (€4.3 million), as well as revenue linked to the partial commissioning of the Ostwind 1 offshore connection at 50Hertz Transmission (€23.5 million).

The **net profit of the Elia Group attributable to owners of ordinary shares** (after deducting the €25.7 million in non-controlling interests and €6.2 million attributable to hybrid securities holders) was up 32.0% to €275.2 million. This increase was driven by the acquisition of the additional 20% stake in Eurogrid and the combined result of an increase in net profit in both Belgium and Germany.

NORMALISED NET PROFIT



Elia Trans.
50Hertz Trans.
Non-regulated (incl. NemoLink)

Capital expenditures

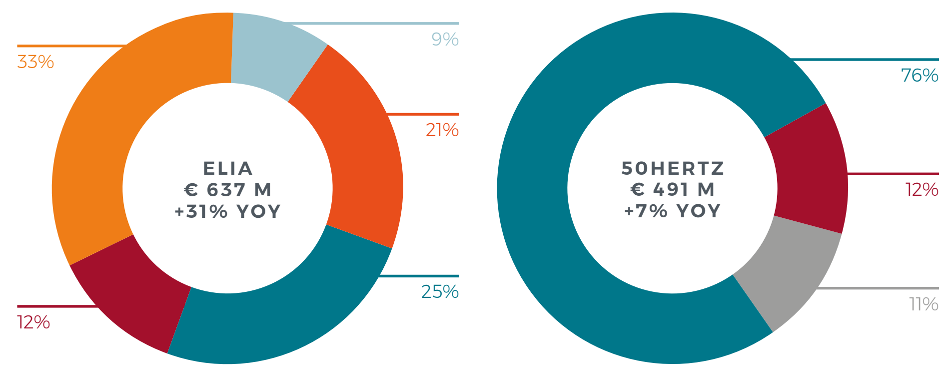
By expanding international connections and integrating ever-increasing amounts of renewable energy generation, Elia Group promotes both the integration of the European energy market and the decarbonisation of our society

Infrastructure work for greater interconnectivity

Major progress was made in Belgium on the construction of two new interconnectors: **NemoLink** (with Great Britain) and **ALEGrO** (with Germany). Greater interconnectivity promotes the increased integration of renewable energy and allows for more affordable prices on the European internal market. Nemo Link is a joint venture with National Grid Ventures (UK) and began commercial operations on January 30th 2019 (transfer capacity of 1,000 MW). The two converter stations on both sides of the Channel (in Bruges and Richborough) convert the high voltage direct current (HVDC) from the 140 km subsea cable into alternating current for transmission onshore (and vice versa). Work on the ALEGrO project began in mid-January 2018 and should take two years to complete. The 90-km-long underground HVDC connection (40 km of which is laid in Belgium) is being built in partnership with the German system operator Amprion.

In Germany, a major achievement in 2018 was the commissioning of **phase-shifting transformers** (PST) in Röhrsdorf and Vierraden for the interconnectors to the Czech Republic and Poland respectively. Both projects highlight the close working relationship between 50Hertz and its neighbouring transmission system operators. The PSTs enable the TSOs to jointly steer the international electricity flows in a more efficient way, thus helping to manage the costs of redispatching, as well as enabling higher trading capacities between EU member states. As part of an innovative project, 50Hertz installed the interconnector between two offshore wind farms, known as the **Combined Grid Solution** project (transfer capacity of 400 MW). This is a joint project with the Danish system operator Energinet. The interconnector runs between the Kriegers Flack (DK) and Baltic 2 (GE) offshore wind farms which are located barely 30 km apart. By the end of the year both offshore cables connecting the Danish and the German platform have been energised. The Combined Grid Solution project is a world first ever combination of an offshore interconnector and an offshore wind park. It will be commissioned over the course of 2019.

INVESTMENTS



Mark-up Investments
Nemo
Regional reliability of supply
Renewables Development
Funct. & tech. conformity and Customers & DSO
European Markets and security of supply

Infrastructure work to integrate offshore wind

In Belgium, the construction of the **Modular Offshore Grid** (MOG) progressed rapidly in 2018. The offshore switchyard is being built 40 km off the coast of Zeebrugge. The MOG will serve as a 'plug' for cables from the new offshore wind farms to bring offshore wind power to the mainland. In 2018, the jacket was successfully installed while the topside was being completed. Cable production is on track and ready for installation in 2019.

In Germany, 50Hertz achieved the cable connections (spanning 190 km in total) for two offshore wind farms in the Baltic Sea: Arkona-Becken Südost and Wikinger, which have a capacity of 385 MW and 350 MW respectively. Works on these offshore grid connections, better known as **Ostwind 1** began in 2015. The Arkona offshore switchyard platform was successfully placed on its foundations in early April. In October 2018 the subsea cable was laid between the Wikinger offshore wind farm (Iberdrola) north of Rügen island and the connection point with the 50Hertz grid in Lubmin. In 2018 Wikinger fed in 885 GWh renewable energy into the 50Hertz grid, an amount equal to the electricity consumption of 220,000 households.

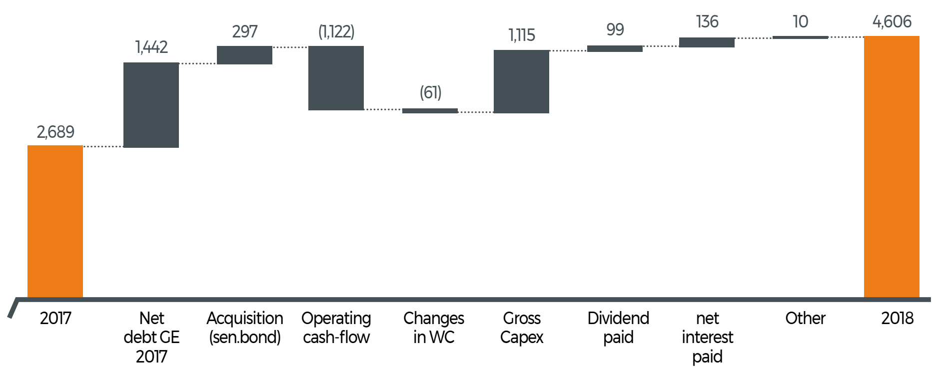
Following an offshore wind tender in late April 2018, Germany's Bundesnetzagentur (Federal Network Agency) allocated 733 MW of connection capacity to the Baltic Sea, specifically to the Arcadis-Ost 1, Baltic Eagle and Wikinger Süd wind farms. After initiating talks with the wind farm operators, 50Hertz awarded the contract to manufacture and install three 220 kV AC cables (alternating current) for the **Ostwind 2** project to the consortium NKT-Boskalis.

Net debt & credit metrics

(in € million)	2017	2018
Net debt	2,689.1	4,605.6
Leverage (D/E) (incl. NCI & hybrid))	1.12x	1.71x
Net debt / EBITDA	5.9	6.1
EBITDA / Gross interest	5.6	6.5
Average cost of debt	2.92%	2.30%
% fixed of gross debt	82.51%	92.16%

Net financial debt increased to €4,605.6 million, €1,272.9 million of which is linked to the full consolidation of Eurogrid. Net debt increased further with the issue of €300 million senior bond to finance the aforementioned acquisition and a €210 million bank loan was taken out to fund NemoLink. With regard to Elia Transmission, the sizeable CAPEX programme was mainly financed by cash flow from operating activities, the use of €50 million of commercial paper and €100 million EIB loan. Within Eurogrid, no external debt was issued in 2018.

2018 NET DEBT EVOLUTION



Elia Transmission in Belgium

(in € million)	2017[5]	2018
Total revenues	851.3	959.4
EBITDA	349.7	369.1
EBIT	218.9	228.9
Non-recurring items	0.0	0.0
Normalised EBIT	218.9	228.9
Net financial costs	(77.1)	(65.4)
Normalised net profit	**98.0**	**114.9**
Net profit	103.0	114.9
Total assets	5,449.0	5,909.2
Total equity	1,687.1	1,757.1
Net financial debt	2,511.9	2,825.1
Free cash flow	(32.8)	(263.3)

Elia Transmission's revenue rose to €959.4 million, a 12.7% increase on the same period the previous year. The increase in revenue is the result of a higher allowed regulated net profit, higher depreciations and higher taxes that are passed through into revenue. These increases were partly offset by lower costs, mainly for ancillary services and financing, which are all passed through into revenue to the benefit of consumers.

The **EBITDA** (up 5.5%) and **EBIT** (up 4.5%) were mainly affected by increased regulated net profit, higher depreciations, lower financing costs and higher current taxes to be passed on in the tariffs, partly offset by the lower result of equity-accounted investments.

Net **finance costs** (down 15.2%) fell by €11.7 million compared to the previous year. Over the course of 2018, interest rate swap contracts which matured at the end of 2017, have been renewed at lower interest rates benefitting from the low interest rate environment. The lower lending costs are entirely to the consumer's benefit, in accordance with the regulatory framework.

This resulted in an increased **normalised net profit** to € 114.9 million (up 17.2%). As no non-recurring items were recognised in 2018, the **reported net profit** increased to a lesser extent, up 11.5%.

Total **assets** increased by €460.2 million to €5,909.2 million, mainly as a result of the investment programme. The **equity** mainly increased as a result of the reservation of the 2018 profit and the capital increase of €5.3 million reserved for personnel, minus the contribution of regulated activities to the 2017 dividend payment.

€ 114.9 mio

NET PROFIT IN 2018 FOR ELIA TRANSMISSION IN BELGIUM

50Hertz Transmission in Germany

(in € million)	2017[5]	2018
Total revenues	1,330.2	1,364.9
EBITDA	472.4	475.0
EBIT	322.6	385.4
Non-recurring items	0.2	30.6
Normalised EBIT	322.4	354.8
Net financial costs	(54.3)	(45.6)
Normalised net profit	**182.6**	**216.3**
Net profit	182.7	237.9
Attributable to the Elia Group	109.6	169.2
Total assets	6,188.1	6,752.1
Total equity	1,354.4	1,491.8
Net financial debt	1,442.3	1,272.9
Free cash flow	283.8	278.7

50Hertz Transmission's revenue increased by 2.6% compared to the same period last year. This was the result of growing revenue following the ongoing CAPEX programme, partially offset by lower pass-through energy costs and a reduced allowance for offshore operational costs.

EBITDA increased slightly by €2.6 million to €475.0 million (up 0.5%). Total investment remuneration fell (down €25.9 million), as the higher onshore (up €17.5 million) and offshore (up €14.0 million) remuneration triggered by the ongoing investment programme, was more than offset by the lower regulatory allowance for offshore OPEX (down €57.4 million). The regulatory revenues from the Base Year mechanism decreased (down €3.3 million) from the annual adjustment for inflation and efficiency targets linked to the application of the regulatory framework. OPEX and other costs fell slightly (up €2.4 million). The efficiency programme implemented in 2017, resulted in a further drop in several operational expenses, such as maintenance and insurance, while own work capitalised revenues increased due to a higher allocation of personnel costs to new investments and were only partially offset to a certain extent by higher personnel costs, driven by both an increase in tariff wages and additional staffing to roll out the growing investment programme.

Normalised EBIT (up 10.1%) was further impacted by the release of a provision for legal claim easements (up €72.1 million). Following a reassessment driven by a tax audit, part of the provision was released. This was partly offset by the increased depreciations resulting from the commissioning of the southwest coupling line and the North Ring in the second half of 2017 and the partial commissioning of Ostwind 1 in 2018 (down €11.8 million).

In light of non-recurring revenue linked to the partial commissioning of the Ostwind 1 project (€33.3 million) and a bonus for the efficient management of renewable energies (€0.1 million), partially offset by regulatory settlement of prior years (-€2.8 million), the **reported EBIT** totalled €385.4 million.

Total assets increased by € 564.0 million to €6,752.1 million (up 9.1%), mainly driven by the investments made and a further increase in the cash position.

Finally, 2018 showed a positive **free cash flow** of €278.7 million, thereof €84.3 million generated by the EEG mechanism. The ongoing investment programme has been financed by operating cash flow and working capital. No new long term debt was issued by Eurogrid GmbH in 2018. **Net financial debt** consequently fell to €1,272.9 million compared to the end of 2017. It includes an EEG cash position of €859.4 million.

€ 237.9 mio

NET PROFIT IN 2018 FOR 50Hertz TRANSMISSION IN GERMANY

(5) The Group applies IFRS 15 under the full retrospective method under which comparative figures for financial year 2017 have been restated.

Non-regulated activities of the Group (including NemoLink)

(in € million)	2017	2018
Total revenues	19.8	13.9
EBITDA	(2.6)	(7.9)
EBIT	(3.0)	(8.9)
Non-recurring items	0.0	(3.3)
Normalised EBIT	(3.0)	(5.6)
Net financial costs	0.6	1.3
Normalised net profit	**(4.9)**	**(7.8)**
Net profit	**(4.9)**	**(3.5)**
Attributable to the Elia Group	**(4.1)**	**(2.8)**
Total assets	594.4	1,677.9
Total equity	334.7	1,052.7
Net financial debt	171.4	507.6

The **non-regulated revenue** decreased by 29.9% compared with 2017. This was mainly due to EGI revenue, which fell from €13.2 million to €9.5 million due to the decline in owner engineering services rendered compared to 2017 levels. Furthermore, the 2018 sale of the Training and Research Centre for Power Systems Security (GridLab) to DNV GL resulted in lower revenue (down €1.0 million).

A **normalised operating loss (EBIT)** of €5.6 million was generated due to higher non-regulated costs and the lower contribution from EGI, partially offset by a limited contribution from NemoLink (as not yet in operation in 2018). The **reported operating loss** increased more markedly to €8.9 million as the acquisition of Eurogrid generated non-recurring expenses of €3.3 million related to legal and advisory fees.

The **net finance income** increased to €1.3 million, primarily as a result of the acquisition of an additional stake in Eurogrid, which is considered as non-regulated financing and therefore does not affect tariffs. The remeasurement to fair value of the Group's initial 60% shareholding in Eurogrid resulted in the recognition of a financial non-recurring gain of €9.2 million, partly offset by the financial costs of financing this transaction. First, a bridge loan of €968.1 million was taken out, resulting in financial expenses of €1.8 million. In August, the bridge was successfully refinanced through the issue of a €300 million senior bond (coupon 1.50%) and a €700 million hybrid bond (coupon 2.75%). While the hybrid bond has no profit impact (accrued dividends are directly accounted in equity), €2.6 million of interest costs have been recognised for the senior bond (incl. issuance and hedging costs). In addition, the mid swap rate for both the senior and hybrid bond were fully hedged. The unwinding of the hedge linked to the hybrid bond resulted in a non-recurring financial loss of €3.2 million.

The **normalised net loss** increased to €7.8 million and is mainly related to the financing cost for the acquisition of Eurogrid (down €3.5 million), lower result from EGI (down €0.5 million) and higher non-regulated costs. As NemoLink was not yet in operation in 2018, the net contribution from NemoLink was limited to €0.7 million. Taking into account non-recurrent items, the **reported net loss** decreased to €3.5 million, as the remeasurement to fair value of the Group's initial participation in Eurogrid (up €9.2 million) was partially offset by acquisition-related expenses and non-recurrent financing and hedging costs (down €4.9 million).

Total **assets** increased by €1,083.5 million to €1,677.9 million driven by the increased participation in Eurogrid on which a goodwill of €703.3 million was recognised. Consequently, the **net financial debt** increased to €507.6 million and mainly reflects the senior bond contracted to finance the additional 20% stake in Eurogrid.

Non-recurring items - reconciliation table

PERIOD ENDED 31 DEC. 2018 (in € million)	ELIA TRANSMISSION	50HERTZ TRANSMISSION 100%	NON-REGULATED (INCL. NEMOLINK) (100%)	CONSOLIDATION ENTRIES	ELIA GROUP
EBIT - Non-recurring items					
Regulatory settlements prior year	0.0	(2.8)	0.0	1.4	(1.4)
Equity consolidation 50Hertz (60% net profit)	0.0	0.0	0.0	(0.6)	(0.6)
Offshore commissioning	0.0	33.3	0.0	0.0	33.3
Energy bonuses	0.0	0.1	0.0	0.0	0.1
Eurogrid acquisition costs	0.0	0.0	(3.3)	0.0	(3.3)
Total EBIT non-recurring items	**0.0**	**30.6**	**(3.3)**	**0.8**	**28.1**
Non-recurring financial cost	0.0	0.0	(3.8)	0.0	(3.8)
Revaluation participation Eurogrid	0.0	0.0	9.2	0.0	9.2
Total Before tax non-recurring items	**0.0**	**30.6**	**2.1**	**0.8**	**33.5**
Impact tax reform on deferred tax	0.0	0.0	0.0	0.0	0.0
Tax impact	0.0	(9.0)	2.2	(0.4)	(7.3)
Net profit non-recurring items	**0.0**	**21.6**	**4.3**	**0.4**	**26.3**

PERIOD ENDED 31 DEC. 2017 (in € million)	ELIA TRANSMISSION	50HERTZ TRANSMISSION 100%	NON-REGULATED (INCL. NEMOLINK) (100%)	CONSOLIDATION ENTRIES	ELIA GROUP
EBIT - Non-recurring items					
Regulatory settlements prior year	0.0	(4.6)	0.0	4.6	0.0
Equity consolidation 50Hertz (60% net profit)	0.0	0.0	0.0	0.1	0.1
Energy bonuses	0.0	4.8	0.0	(4.8)	0.0
Total EBIT non-recurring items	**0.0**	**0.2**	**0.0**	**(0.1)**	**0.1**
Impact tax reform on deferred tax	5.0	0.0	0.0	0.0	5.0
Tax impact	0.0	(0.1)	0.0	0.1	0.0
Net profit non-recurring items	**5.0**	**0.1**	**0.0**	**(0.1)**	**5.1**

Following the acquisition of the additional 20% stake in Eurogrid International, the non-regulated segment (incl. NemoLink) recognised a non-recurrent profit of €4.3 million, as the remeasurement to fair value of the Group's initial participation in Eurogrid (€9.2 million) was partially offset by acquisition-related expenses and non-recurrent financing and hedging costs (-€4.9 million).

At 50Hertz Transmission these items are mainly linked to the partial commissioning of the Ostwind 1 project (€33.3 million) and a bonus for the efficient management of renewable energies (€0.1 million), partially offset by regulatory settlement of prior years (-€2.8 million).