



# Elia Group 1H 2020 results

29 July 2020

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# Agenda

- Highlights
- 1H 2020 Results
- Outlook



# #LetsFlattenTheCurve

## Actions Taken

- Electricity regarded as **critical sector** by authorities due to **socio-economic importance**
- A comprehensive set of measures to ensure **safety of our people** and **continuity of supply**
- Teleworking on administrative sites and strict measures for critical jobs
- Review of construction, maintenance and intervention activities
- Elia supports the King Baudouin Foundation's anti-poverty Covid-19 fund

## Impact on Elia Group

- **Cash flows and financial performance** largely **ensured** through the **regulated framework** in which we operate
- **Belgium** | Delay in investment execution as a result of temporary suspension of construction works
- **Germany** | Construction works continued or even accelerated given the less stringent lockdown measures
- **Volume variations** in electricity consumption have **no net profit impact**

*Covid-19 is expected to have **no material impact** on Elia Group's results for 2020*



# Sustainable recovery towards greener economy

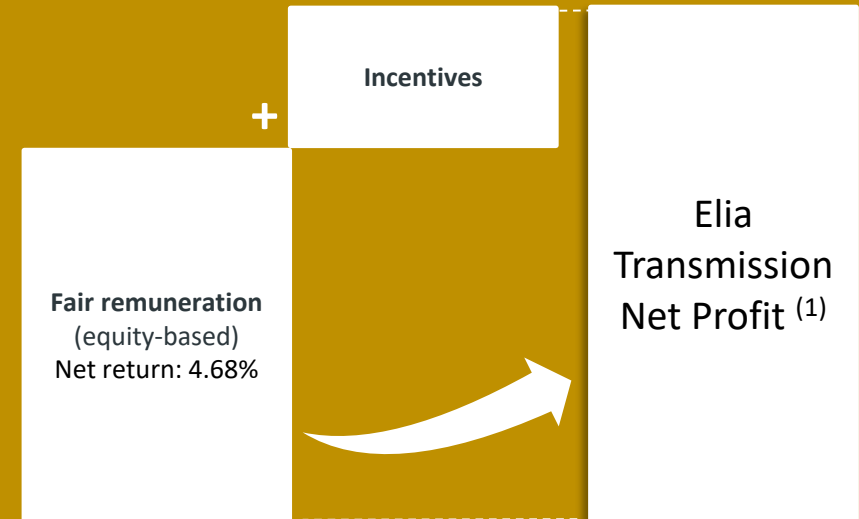
- **EU Green deal** and European Commission's recovery plan will likely be used as a compass
- **Green investments** a key contributor to accelerate the recovery
- **Belgium**
  - Turning point to empower end consumer in a decarbonized and digitalized energy system
  - Short term measures to drive long-term growth
- **Germany**
  - From 60% to 100% renewable energy by 2032
  - Debut green bond



# New regulatory period in Belgium

- **Cost-plus model**
- **Embedded debt principle** for financial charges and no volume risk
- Investment mark-up substituted by **fair remuneration** and additional **incentives**
- Risk free rate determined **ex-ante at 2.40%**
- Regulatory **gearing** changed from 33% to **40%**
- Return on equity of 4.68% on 40% of RAB and 3.1% on excess equity
- Changes to the Regulatory Asset Base (RAB)
  - **Activation of intangible assets** in the RAB (expensed before)
  - **Levies excluded** from the RAB as from 2020

## Regulation 2020 - 2023



**Expected Average Regulated RoE around 6%**

(1) Elia Transmission regulated

# Elia Group 1H2020 Performance

Investments<sup>1</sup>

**€ 326.0 million**

(16.0%) yoy

Grid reliability

**99.999 %**

Adjusted  
Net Profit<sup>2</sup>

**€ 148.8 million**

(3.6%) yoy

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

**€ 120.1 million**

(4.8%) yoy

Investments  
**BELGIUM**  
**€ 134.7 million**

(50.8%) yoy

Investments<sup>1</sup>  
**GERMANY**  
**€ 191.3 million**

+67.8 yoy

(1) Includes 100% of the investments realized 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 the ordinary shareholders

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# 1H 2020 Elia Group results

## Key figures

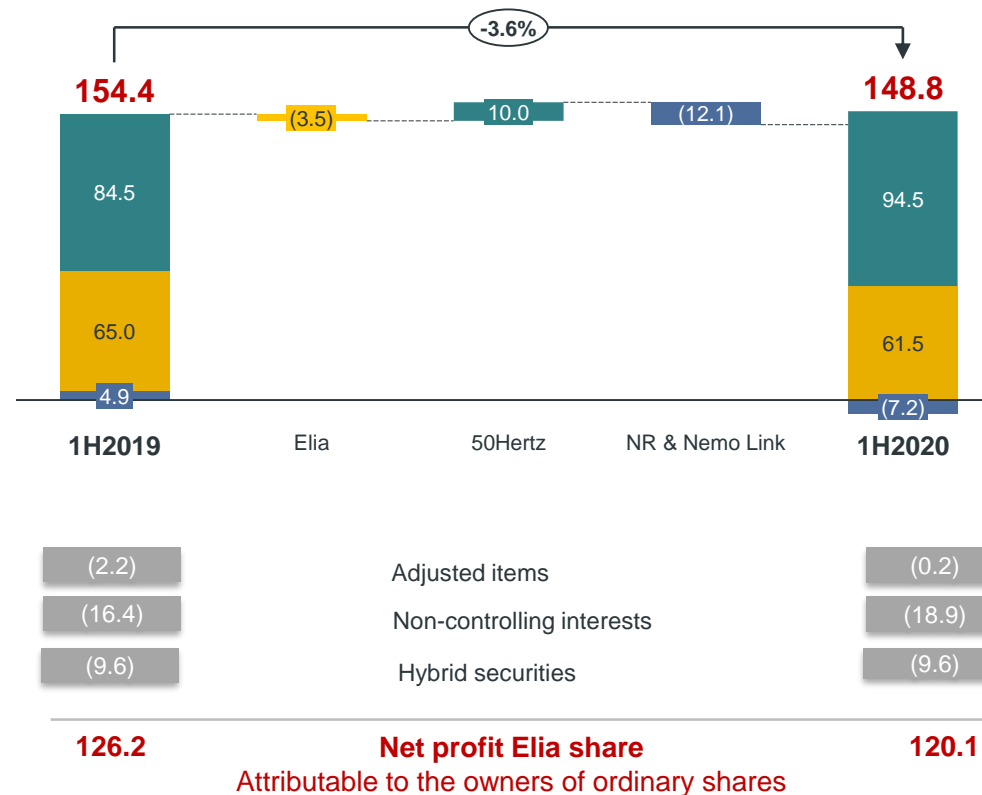
**Revenues**  
**€ 1,176.3 million**  
+1.4% yoy

**EBIT**  
**€ 281.1 million**  
(0.2%) yoy

**Adjusted Net Profit**  
**€ 148.8 million**  
(3.6%) yoy

**Net Profit Elia share**  
**€ 120.1 million**  
(4.8%) yoy

## Adjusted net profit (€m)



# 1H 2020 Elia Group: net debt evolution

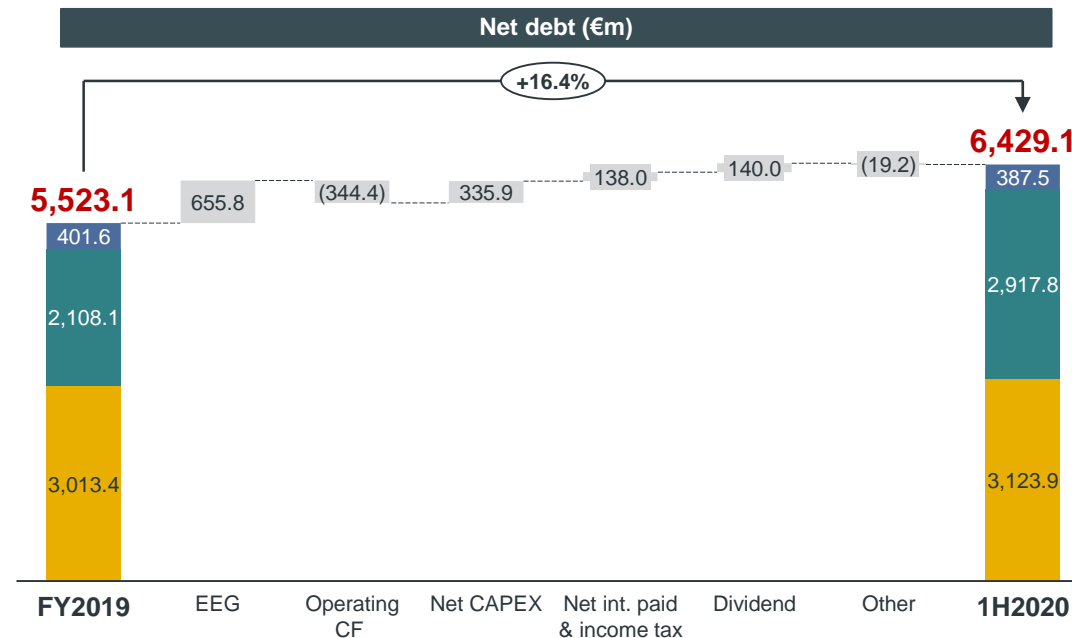
## Key figures

**Net debt**  
**€ 6,429.1 million**  
+16.4% yoy

**Leverage**  
**1.8x**  
Debt / Equity (incl. NCI & hybrid)

**Fixed debt ratio**  
**100.0%**  
Calculated on gross debt

**Avg. Cost of Debt**  
**1.96%**  
(17bps)



*Group's solid and sustainable profile allows it to access the debt markets even in current environment*

# 1H 2020 Elia Transmission: Adjusted net profit evolution

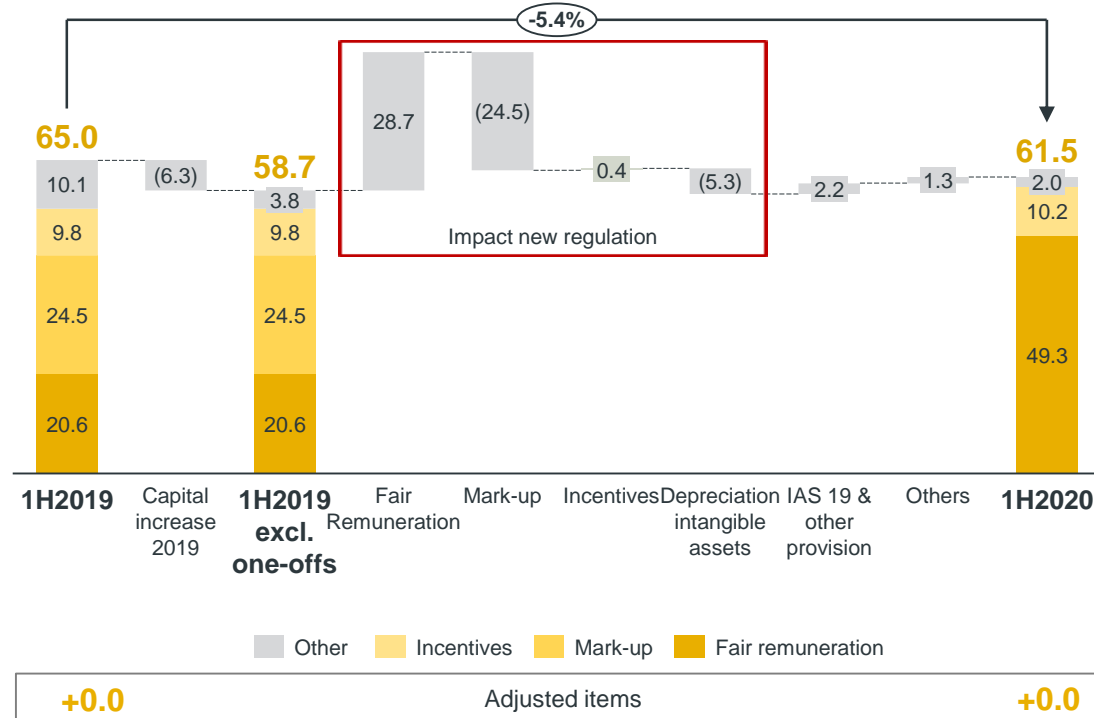
## Key figures

Revenues  
€ 471.1 million  
(5.6%) yoy

Adjusted Net Profit  
€ 61.5 million  
(5.4%) yoy

Net Profit  
€ 61.5 million  
(5.4%) yoy

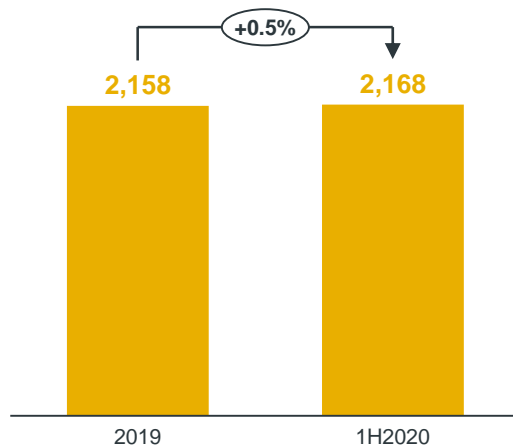
## Adjusted net profit evolution (€m)



*Higher fair remuneration and incentives offset mark-up termination*

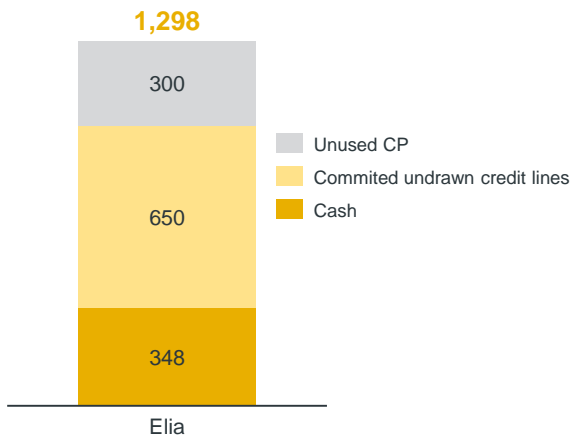
# 1H 2020 Elia Transmission: Financial Position

## EQUITY (€m)



Equity aligned to new tariff methodology (2020)

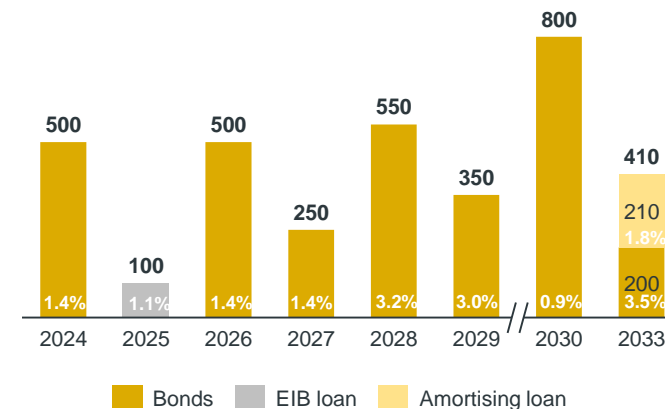
## LIQUIDITY (€m)



Solid liquidity position

## MATURITY PROFILE (€m)

Weighted debt duration – 6.96 years



No standalone rating but assessed as core to Elia Group by S&P rating: BBB+/ Stable outlook

Average cost of debt 1.95% (2.16% in 2019)

*Solid balance sheet with manageable debt profile*

# 1H 2020 50Hertz Transmission: Adjusted net profit evolution

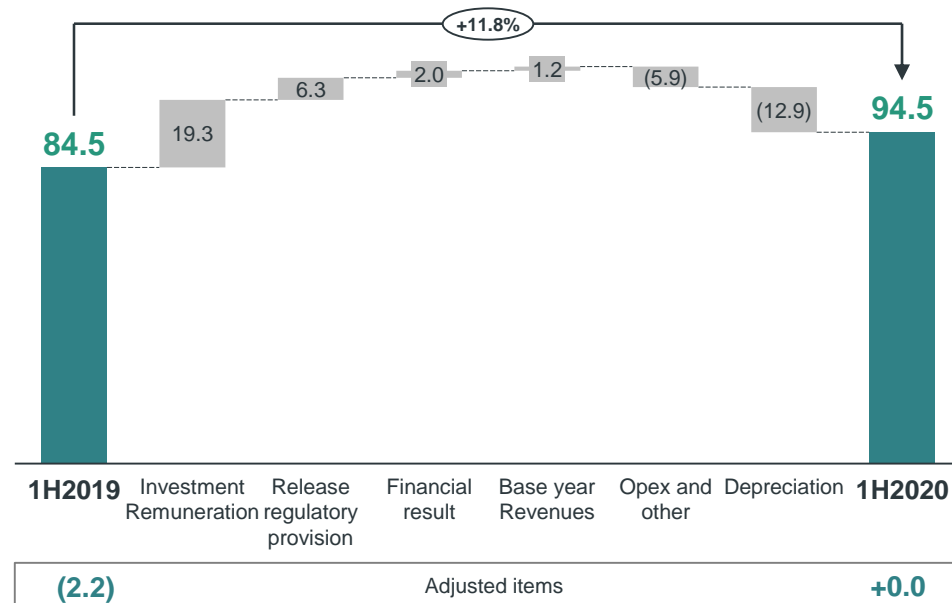
## Key figures

Revenues  
€ 697.2 million  
+4.9% yoy

Adjusted Net Profit  
€ 94.5 million  
+11.8% yoy

Net Profit  
€ 94.5 million  
+14.8% yoy

## Adjusted net profit evolution (€m)



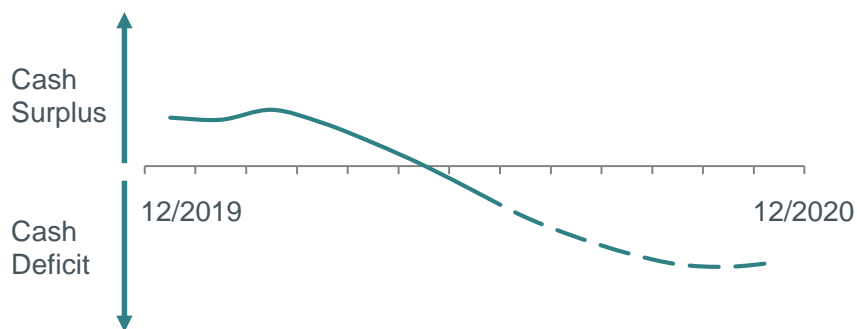
*Asset growth and release of regulatory provision push half year result*



# 1H 2020 50Hertz Transmission: EEG cash evolution

## EEG Mechanism

- **Compensation** for electricity fed into the grid for renewable energy operators
- Paid via **EEG surcharge** fixed for one year
- **TSOs responsible for handling** of surcharge and **trading** of renewable electricity
- All arising **costs passed through** to surcharge and therefore neutral
- **EEG cash balance** mainly influenced by
  - Electricity prices
  - Amount of renewable electricity to be remunerated



## Status & internal measures

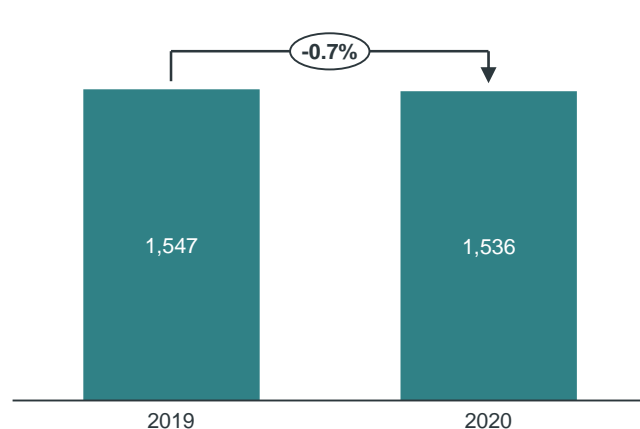
- **High EEG cash deficit** expected for year end
- No facilities drawn in 1H2020
- **New Revolving Facility** contracted for 400 m€
- Deficits and funding costs to be **fully settled** by surcharge mechanism

## Legislation status

- Driven by German “Klimapaket” agreed upon pre-Corona an annual grant funded by mandatory **CO<sub>2</sub> certificate sale will flow into EEG** account from 2021 onwards
- **Covid-19-related measures:**
  - **EEG surcharge** at max 6.50 cent/kWh in 2021 (currently 6.76 cent/kWh)
  - To cover deficits and reach targeted surcharge **new legislation** set in place to provide a grant up to 10.8 b€ in 2021
  - **Timing of grant payment** will be defined in next months. Proposal: 1st payment in January to equalize expected deficit, up to two further payments in May and eventually October

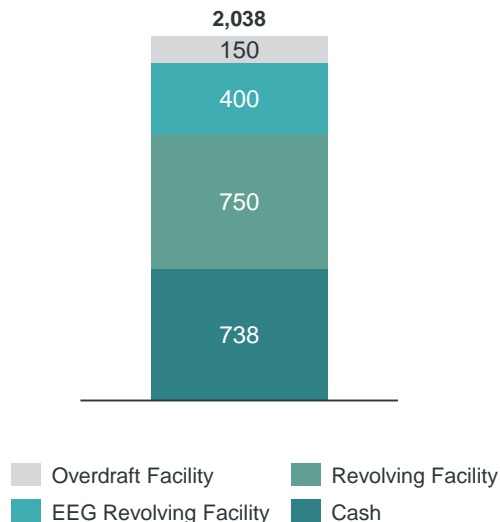
# 1H 2020 50Hertz Transmission: Financial position

## EQUITY (€m)



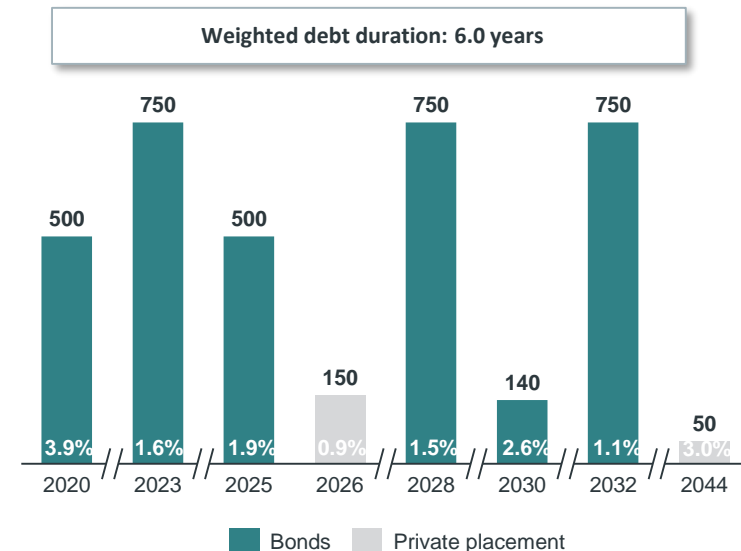
Stable equity

## LIQUIDITY (€m)



Strong liquidity position

## MATURITY PROFILE (€m)



S&P rating: BBB+/ Stable outlook

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

# 1H 2020 Non-regulated & Nemo Link

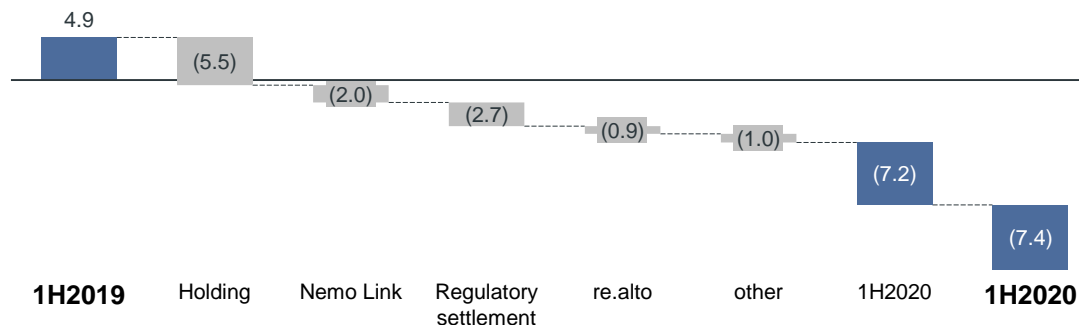
## Key figures

Revenues  
€ 15.4 million  
+266.7 yoy

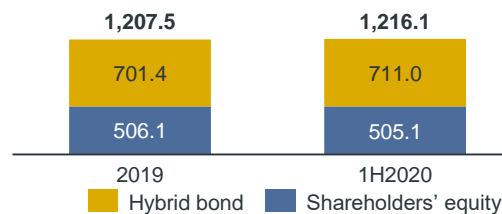
Adjusted Net Loss  
€ (7.2) million

Net Loss  
€ (7.4) million

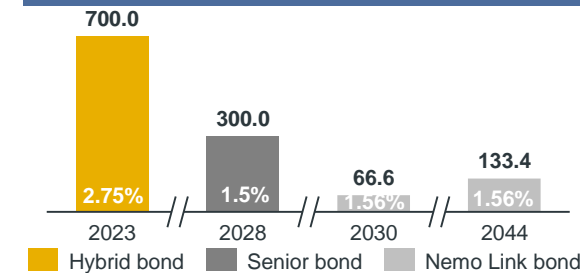
## Adjusted net profit evolution (€m)



## EQUITY (€m)



## MATURITY PROFILE (€m)



*Strong operational performance of the Nemo Link interconnector*  
*One-off preferred dividend to National Grid and operational cost at holding level putting pressure on result*

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# 2020 Outlook



**RoE (adj.)\***  
**6.5%-7.5%**

**RAB 9.7 B€**

- Adjusted return on equity (RoE adj.) of between 6.5% - 7.5%

**CAPEX 285 M€**

**RoE 5%-6%**

- Total investment amount for 2020 of around €285 million
- Return on equity between 5% and 6%

**CAPEX 725 M€**

**RoE upper  
end 9%-11%**

- Total investment amount for 2020 of around €725 million
- Return on equity upper end of 9% - 11%

*Financial outlook for 2020 confirmed*

(\*) RoE (adj.) refers to the ratio between the net profit attributable to owners of ordinary shares and the equity attributable to owners of ordinary shares



# Financial calendar

25 November 2020

05 March 2021

16 April 2021

18 May 2021

Interim statement Q3 2020

Publication of 2020 results

Publication of 2020 annual report

General Meeting of Shareholders



Q&A

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# Glossary

<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

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