PRESS RELEASE

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Half-year results: Strengthening and expanding the grid while delivering a solid financial performance

Regulated information

HIGHLIGHTS

- **Grid investments of €274 million in Belgium and €114 million in Germany to ensure reliable supply of electricity and accommodate growing renewable energy flows**
- **Very high system reliability (99.999%), benefitting 30 million end users in Belgium and Germany**
- **Normalised Net profit up 8.2% to €154.4 million as a result of the timely realisation of investments and solid operational performance**
- **Reported Net profit (Elia Group share)[1] down 11.2% to €126.2 million mainly attributable to the release of a legal claim provision in 2018**
- **Elia successfully completes a €434.8 million capital increase**
- **Financial outlook for 2019 reiterated**

1. MILESTONES IN FIRST HALF OF 2019

FOR A SUCCESSFUL ENERGY TRANSITION IN THE INTEREST OF SOCIETY

Elia Group is active in electricity transmission in Belgium (Elia) and the northeast of Germany (50Hertz). We operate 18,990 km of high-voltage connections that secure the power supply of 30 million end users. With a reliability level of 99.999 percent, we provide society with a robust electricity grid.

In line with our strategic transformation plan, we upgraded our infrastructure delivery (on time, on budget and on quality) and initiated projects at sea (e.g Nemo Link). We moved towards a more growth-oriented approach. Our readiness to transform into a leading Group of transmission system operators has been accentuated through the successful completion of an additional acquisition in 50Hertz and the roll out of a new Elia Group organisation. The capital increase realised in the first half of 2019, enables Elia Group to stay at the forefront of the ongoing energy transition towards a decarbonized society. It reinforces the balance sheet of the Elia Group and hereby supporting the implementation of our ambitious investment programme.

[1] Net profit attributable to owners of ordinary shares (post non-controlling interest and after allocation to hybrid securities).

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While our business outlook shows sustained organic growth for the foreseeable future, we are also preparing the company for the demands of a digitalised and further decarbonising world with an ever-more demanding consumer. New technologies offer opportunities for the improvement of our business processes.

TRANSMISSION INFRASTRUCTURE OF THE FUTURE

In Belgium, construction work on the **Modular Offshore Grid** (MOG) has entered its final phase. The switchyard platform was successfully placed on the foundations (jacket) in April 2019, and cable-laying work has now begun. Elia's first 'plug at sea' will bundle the export cables of future offshore wind farms in the North Sea and connect them to the mainland. Operational go-live is scheduled for Q3 2019. This will be Elia's second offshore project this year. **Nemo Link**, the subsea interconnector with the UK, entered into commercial operation on 30 January 2019.

Work on the **ALEGrO** project, the first interconnector with Germany, is also making good progress. The cable route of the underground HVDC (high-voltage direct current) connection is mostly completed on the Belgian side as also the main works at the converter station in Lixhe. This project is being implemented in partnership with the German system operator Amprion and is scheduled for commissioning in 2020, depending on the progress in Germany

For the second phase of the **Brabo** project, Elia is erecting the tallest pylons in the Benelux countries to span the River Scheldt in the Port of Antwerp. Designed to strengthen the high-voltage grid in and around the Port of Antwerp, the **Brabo project** is being implemented in three phases between 2016 and 2023.

In Germany, the Arkona offshore wind farm (E.ON & Equinor) was officially inaugurated in April 2019 in a ceremony attended by German Chancellor Angela Merkel. With its grid project **Ostwind1, 50Hertz is** connecting the Arkona and Wikinger wind farms to its onshore transmission grid. The work in the German part of the Baltic Sea took three years and was completed within the €1.3-billion investment budget. The 90-km subsea cables connect to the high-voltage substation in Lubmin. 50Hertz is using 220-kV three-phase AC cables for the first time (see Illustration 1).

Also in Germany, the construction of the HVDC converter station in Bentwisch as part of the **Combined Grid Solution** project is in its final stage. 50Hertz and the Danish system operator Energinet are delivering the world's first interconnector by interconnecting two offshore wind farms in the Baltic Sea: Baltic 2 in Germany and Kriegers Flak in Denmark (see Illustration 2).

Illustration 1: Ostwind1 project

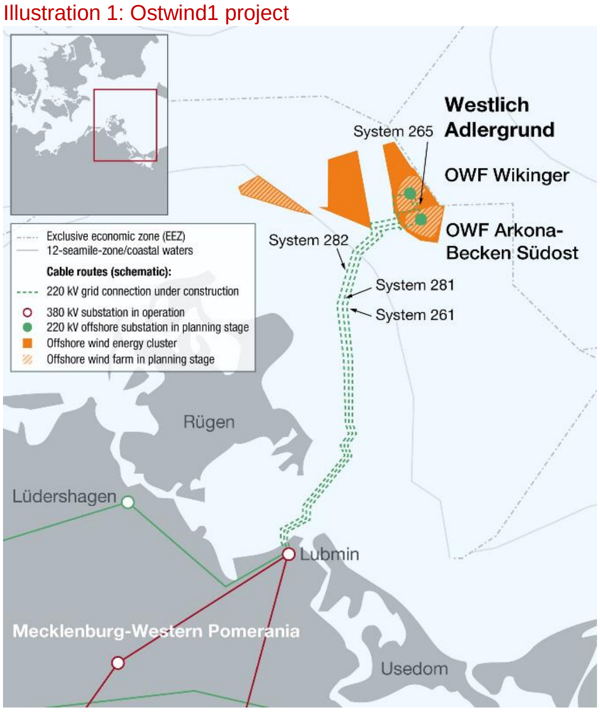
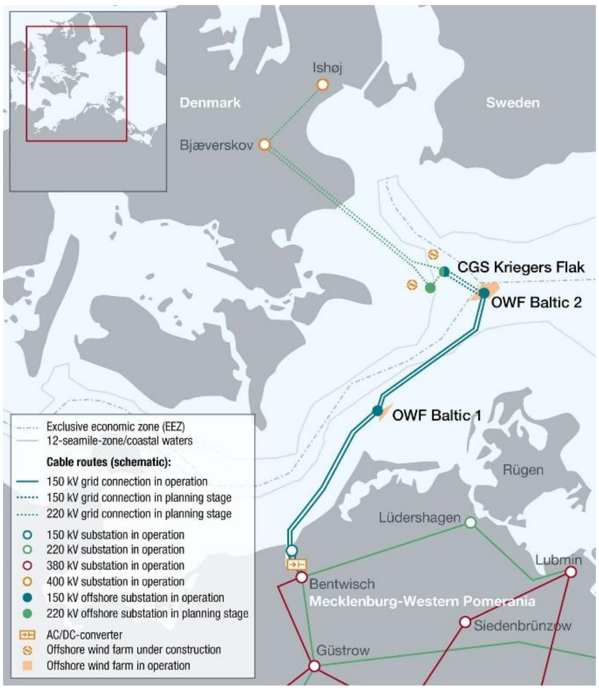


Illustration 2: Combined Grid Solution



FEDERAL GRID DEVELOPMENT: LOOKING AHEAD TO 2030

In April 2019, Belgium's federal government approved the **2020-2030 Federal Development Plan**. Every four years, Elia draws up a plan identifying the investments required over the next 10 years. The latest plan includes the construction of two missing links in the Belgian grid (the **Ventilus** and **Boucle du Hainaut** projects), which will also enable the integration of a second wave of offshore wind (**MOG II** project).

50Hertz and the three other German transmission system operators (TSO) submitted a similar development plan to the German regulatory and licensing authority (Bundesnetzagentur) on 15 April 2019. The **Federal Grid Development Plan 2030 for Germany** is currently out for public consultation.

On 24 May 2019, 50Hertz signed a memorandum of understanding to speed up the development of the German transmission system as part of a joint initiative with the energy ministers of Germany's federal government, the federal states, the regulatory and licensing authority BNetzA and the other three German transmission system operators. It was agreed to monitor permit processes more closely and to work proactively to eliminate any risks of delay.

On 30 April 2019, BNetzA declared that the permit application for the **SuedOstLink** was complete. The statutory public consultation procedure then got under way with a public hearing in late June for the first section running through Saxony and Thuringia. The SuedOstLink will be a 580-km HVDC connection between Saxony-Anhalt and Bavaria. 50Hertz is responsible for the northern part of the project. Works would start in 2022 and last approximately three years.

SAFETY

Safety is our number one priority. We increase our efforts to familiarize both contractors and employees with the principles of our safety programme. From 1st September 2019, we will start with the roll-out of our safety program towards all subcontractors as well. This additional measure helps avoiding misunderstandings and promotes operational dialogue to ensure that our safety instructions are properly applied in order to prevent accidents. We also value the well-being of our employees. Training sessions were organized during the Elia's safety week in May about dealing with stress.

SOCIAL RESPONSABILITY

According to legal obligation, Elia conducted an additional analysis on the adequacy and flexibility needs during the period 2020-2030. These are both crucial pillars of a smoothly operating electricity system.

Elia notes that the need for replacement capacity to cope with the nuclear exit laid down by law is now becoming even greater than before, with the new added factor of neighbouring countries bringing forward their coal exit set to make it harder for Belgium to import electricity when it has shortages.

In specific terms, the replacement capacity Belgium requires to cope with the nuclear exit in 2025 is now up from 3.6 GW (figure given in the Elia study in late 2017) to around 3.9 GW. This accelerated coal exit also means that additional capacity perhaps even exceeding 1 GW will be needed for 2022-2025, requiring further measures to be taken.

Elia is calling on the federal government to continue working on its development of the planned capacity remuneration mechanism (CRM) so that Belgium has a robust safety net in place to maintain its security of supply.

INNOVATION AND DIGITALISATION

The **Internet of Energy** (IO.Energy) project was born of a joint initiative launched by Belgium's system operators, sparked by a shared desire to turn the challenges posed by the energy transition into opportunities. This can only be achieved if a considerable number of businesses and other organisations work together to develop new services that meet consumers' requirements.

Since February 2019, an ecosystem of some 60 organisations that have drawn up proposals has been set up. A panel of experts and academics considered eight projects mature enough to progress to the test phase. All of them are intended to enable end users to become active participants in balancing supply and demand. Using a digital communication platform, consumers will be able to tailor their energy generation and consumption to grid requirements. As such, IO.Energy will help to compensate for the fluctuations in renewable power generation. Projects whose test phases prove successful can then be scaled up into commercial applications.

An ecosystem of some 70 partner companies has also been set up in Germany. The **WindNODE** project is primarily intended to manage the upcoming challenges in a world of ever rising shares of renewable energies. 50Hertz is one of the promoters of this project. WindNODE is supported by the German Federal Ministry for Economic Affairs and Energy (BMWi) as a Smart Energy Showcase (SINTEG) for the period 2017-2020.

The Danish start-up OKTO Acoustics has won the third edition of the **Open Innovation Challenge**, a joint initiative by Elia and 50Hertz. OKTO Acoustics develops software that uses artificial intelligence to break down sounds. Its applications include the detection of anomalies in electrical installations. The winner receives €20,000 to implement the project within the Group.

MARKET OPERATION

The cross-border intraday market (XBID) project can look back on a successful first year, with more than 16 million transactions registered since its launch in June 2018. The increasing quantity of renewable energy generated is driving up interest in the intraday energy market. Adjustments can be made until shortly before the delivery time. The XBID project was a joint initiative by various European power exchanges and system operators from 12 countries, including Belgium and Germany. By the end of the year, the plan is to expand the existing coupling region to seven new countries, mainly in eastern Europe.

SUCCESSFUL COMPLETION OF A €434.8 MILLION RIGHTS ISSUE

Elia System Operator completed a successful capital increase on 14 June 2019. Existing shareholders and new investors fully subscribed to the rights offering. The 7,628,104 new shares, having a value of €434.8 million, have been listed on Euronext Brussels since 18 June. The proceeds from the offering are used to finance the regulated activities in Belgium (and increase the equity portion thereof) in accordance with the new regulatory framework applicable from 2020, as well as for Nemo Link and other general corporate purposes.

STEFAN KAPFERER BECOMES NEW CEO OF 50HERTZ

Elia and the German investment bank KfW announced the appointment of Stefan Kapferer as new CEO of 50Hertz in a joint press release on 27 June 2019. Stefan Kapferer brings a wealth of experience and expertise to his new role. As the current Chairman of the Board of Directors of the German Association of Energy and Water Industries (BDEW), he is very well acquainted with the energy sector. In his previous roles as Deputy Secretary-General of the OECD in Paris and State Secretary at the German Federal Ministry of Economics and Technology, he also gained international experience and established a strong network. Stefan Kapferer will start work at 50Hertz in January 2020 at the latest.

AWARDS

The German-Danish offshore project Combined Grid Solution (CGS), led by 50Hertz and Energinet, has won the **Good Practice of the Year Award**. The prize is awarded annually by the Renewables Grid Initiative (RGI), a collaboration between environmental NGOs and transmission system operators from across Europe.

50Hertz was named an **Innovator of the Year 2019** by German business magazine *Brand Eins*. This annual accolade is awarded to innovative companies from a range of sectors. 50Hertz was recognised in the 'Energy' category and was the only system operator to be selected.

Meanwhile, Elia has been named a **Top Employer** for the second year in a row. The label is awarded to companies that make providing an excellent working environment a top priority. Over the past year, Elia has invested heavily in training and the internationalisation of its activities. The label is an additional asset for attracting new talent in an increasingly competitive market.

Catherine Vandenborre was named **CFO of the Year 2019**. This award is presented annually by the magazine *Trends-Tendances*. Catherine was recognised for the key role she played, with her team, in the double transaction that allowed Elia last year to acquire control over 50Hertz, and to join forces with the German government agency KfW.

OTHER HIGHLIGHTS

Elia System Operator’s licence to operate Belgium's high-voltage grid was renewed for a 20-year period by ministerial decree in April 2019. The renewed licence will take effect from 17 September 2022.

Elia is progressing on an internal restructuring project designed to separate its regulated activities in Belgium from activities regulated outside Belgium or non-regulated activities. This will avert the risk of cross-subsidisation arising from the new tariff methodology for 2020-2023. This internal reorganisation project could be implemented by means of a “push down” of the Belgian regulated activities to a newly incorporated subsidiary. This newly incorporated subsidiary will also be appointed as the new federal and regional transmission system operator. The restructuring will provide an appropriate framework for the further development of Elia's non-regulated activities. On 27 April 2019, the Board of Directors took a decision in principle regarding the proposed articles of association of the future parent company, once it is no longer a transmission system operator.

More information concerning progress on crucial key investments in Belgium and Germany and other significant events during 2019 can be found in chapter 3 Significant events during 1H2019.

2. KEY FIGURES

2.1 Consolidated results and financial position of the Elia Group for the first six months of 2019:

Key figures (in € million)	1H 2019	1H 2018	Difference (%)
Total revenue	1,159.5	632.1	83.4%
Equity accounted investees	4.8	64.7	(92.6%)
EBITDA	458.3	316.3	44.9%
EBIT	281.6	219.2	28.5%
Non-recurring items	*(6.6)*	*(0.1)*	*n/a*
Normalised EBIT	*288.2*	219.3	*31.4%*
Net finance costs	(68.0)	(35.7)	90.6%
Normalised net profit	**154.4**	**142.7**	**8.2%**
Net profit	**152.1**	**147.6**	**3.1%**
Non-controlling interests	*16.4*	5.4	*n/a*
Net profit attributable to the Group	**135.7**	**142.2**	**(4.6%)**
Hybrid securities	*9.6*	*0.0*	*n/a*
Net profit attributable to owners of ordinary shares	***126.2***	***142.2***	***(11.2%)***
Total assets	14,128.3	13,754.3	2.7%
Equity attributable to the owners of the company	3,892.3	3,447.5	12.9%
Net financial debt	4,486.0	4,605.6	(2.6%)
Key figures per share			
Reported earnings per share (EUR) (Elia share)	2.05	2.33	(12.2%)
Normalised earnings per share (Elia share)	1.87	2.26	(17.1%)
Equity attributable to owners of the company per share (EUR)	46.3	42.9	7.9%

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 7 for more information on the non-recurring items.
Equity attributable to the owners of the company: Equity attributable to ordinary shareholders and hybrid securities
Net financial debt = non-current and current loans and borrowings less cash and cash equivalents
Reported EPS = Net profit attributable to owners of ordinary shares / weighted average number of shares
Comparative figures for Total assets, Equity, Net financial debt and Equity per share are 31/12/2018

Pursuant to IFRS 8, the Group reports its financial statements based on the following operating segments:

- **Elia Transmission (Belgium),** which comprises the activities based on the Belgian regulatory framework;
- **50Hertz Transmission (Germany)**, which comprises the activities based on the German regulatory framework;
- **The non-regulated segment (incl. Nemo Link)**, which consists out of the non-regulated activities within Elia, the financing costs linked to the 20% participation in Eurogrid International NV, Elia Grid International (EGI) and Nemo Link.

Considering the revised segment structure implemented in 2018, the comparative 1H 2018 financials have been revised in accordance with this segment reporting.

Analyst & Investor conference call

The Elia Group will host a conference call for institutional investors and analysts on 26 July 2019 at 10:00 a.m. CET. For dial-in details and webcast links please visit our website (http://www.eliagroup.eu).

Financial

Comparison of the 1H 2019 financial statements with the 1H 2018 financial statements is to a large extend still affected by the acquisition of an additional 20% stake in Eurogrid on 26 April 2018. Following this transaction, the consolidation of Eurogrid and its affiliates switched from the equity method, which applied for the first four months of the 2018 financial year, to a full consolidation as from acquisition. Consequently the 1H 2019 financial statements present a full consolidation of Eurogrid and its affiliates while the 1H 2018 comparatives present four months of equity method and two months of full consolidation.

In addition, Nemo Link which has been commissioned in January 2019 and being a joint-venture along with National Grid, is accounted for as an equity accounted investee.

For the first six months of 2019, **reported revenues** totalled €1,159.5 million, representing an 83.4% increase compared to the €632.1 million revenues recorded in the first half of 2018. The increase in revenues was primarily driven by the full consolidation of Eurogrid in 2019 (€664.7 million) while in 2018 Eurogrid only contributed to the Group's revenues for two months (€191.9 million). On a rebased basis[2], revenues increased by €123.7 million (up 10.7%), driven by higher revenues in Belgium (up €65.8 million) and higher revenues in Germany (up €65.2 million). For Belgium, the higher revenue is related to the settlement mechanism which is driven by lower tariff surplus for current year and higher operating surpluses from the previous period to be returned to tariffs. In Germany the increase in revenue is linked to a new cost sharing mechanism for reserve power plants, higher energy revenues from redispatch measures and higher offshore revenues.

First half-year **reported EBIT** increased by 28.5% compared to H1 2018, to €281.6 million. Germany contributed slightly more than half with a reported EBIT of €149.3 million. On a rebased basis, EBIT decreased by 12.6% due to lower EBIT in Germany (down €69.2 million), a slightly higher operating loss of the non-regulated activities and by a strong operational performance in Belgium (up €24.2 million). The EBIT decline in Germany is fully attributable to the release of a legal claim provision in 2018 following a re-assessment from a tax audit (€69.2 million). In the first half of 2019, a further portion has been released amounting to €2.9 million. The impact on EBIT from the lower regulatory return on equity applicable with the start of the new regulatory period in Germany was to a large extent offset by a higher asset base remuneration and higher base year revenues. For the first semester of 2019, Nemo Link contributed for €3.8 million to the EBIT of the Group.

The **Elia Group's normalised net profit** increased by 8.2% to €154.4 million. This increase was the result of the aforementioned acquisition (and its consolidation impact), a higher normalised result at Elia Transmission, the positive contribution from Nemo Link and the lower result in Germany.

- **Elia Transmission (Belgium**) achieved strong results, with a normalised net profit of €65.0 million (up €8.8 million) driven mainly by the full realisation of the mark-up investments since the start of the tariff period in 2016, by the strong progress made on these investments during the first half of 2019 (up €6.5 million) and by good operational performance on incentives (up €0.3 million). These impacts were offset to some extent by the lower average OLO compared to 2018, impacting the equity remuneration (down €2.0 million) and higher IAS 19 and tax provisions (down €2.5 million). Finally, the tariff compensation for the financial costs linked to the capital increase accounted through equity under IFRS contributed positively to the result (up €6.3 million).

- **50Hertz Transmission (Germany**) **(on a 100% basis)** recorded a normalised net profit of €84.5 million. The lower result (down € 50.7 million) is almost fully attributable to the release of the legal claim easement provision that occurred in 2018 (down €46.7 million). Moreover the regulatory return on equity decreased with the start of the new regulatory period (from 9.05% to 6.91% pre-tax) which is partly compensated by asset growth and an updated revenue base for the new regulatory period. Correspondingly, the Base Year revenues increased (up €34.8 million) as completed onshore projects rolled over to the base year and the onshore OPEX cost base was updated. The onshore investment remuneration for investment measures decreased (down €22.9 million) with the start of the new regulatory period. The completed projects have now rolled over to being remunerated via the Base Year mechanism (see previous item). Correspondingly the remuneration for investment measures decreased. The offshore investment remuneration increased (up €7.2 million) following the commissioning of Ostwind 1 in late 2018. Finally, the result was also impacted by higher depreciations (down €18.1 million) linked to the ongoing investment programme and higher financial costs (down €4.9 million).

[2] Rebased financial statements: Purely for comparative purposes the 2018 financial statements have been rebased as if the acquisition and change in consolidation had occurred in 2018 by (1) increasing the participation in Eurogrid from 60% to 80% as from January 1st 2018, (2) applying a Full Consolidation method for Eurogrid as from January 1st, 2018 identical to the change in consolidation method as applied as from acquisition date. The rebased figures are only presented as a support for assessing growth rates on a comparable basis, and not as a measure of our pro forma financial performance.

- The **non-regulated segment (incl. Nemo Link)**, recorded a normalised net profit of €4.9 million driven by the commissioning of Nemo Link (up €3.8 million) and impacted by the low spreads in electricity commodity price between the UK and Belgium. Furthermore, the deductibility of the interest charges linked to the hybrid security resulted in a tax credit (up €3.2 million) partly offset by the interest costs for the senior bond (down €1.8 million) and a loss by Elia Grid International (down 0.4 million).

The **reported Elia Group net profit** saw a less pronounced increase (up 3.1%) to €152.1 million. A non-recurrent cost of €2.2 million was recognised, driven by regulatory settlements linked to the previous regulatory period in Germany (down €2.2 million), regulatory settlements linked to non-regulated activities (up €0.9 million) and higher costs linked to the ongoing reorganisation of the corporate structure (down €0.9 million).

The **net profit of the Elia Group attributable to owners of ordinary shares** (after deducting the €16.4 million in non-controlling interests and €9.6 million attributable to hybrid securities holders) declined by 11.2% to €126.2million. This decrease is mainly related to the lower contribution from Eurogrid due to the bulk of the legal claim easements being released in 2018, and the additional accrued coupon for hybrid securities contracted in the second half of 2018.

The individual segment reporting sections below provide more detail about the financial performance of the two constituent TSOs (Elia Transmission in Belgium and 50Hertz Transmission in Germany) and the Group's non-regulated activities (incl. Nemo Link).

Net financial debt decreased by 2.6% to €4,486.0 million. The sizeable CAPEX programme was mainly financed by cash flow from operating activities and the rights issue at the end of June. In January 2019, Elia Transmission, successfully issued a €500 million Eurobond to pre-finance a €500 million bond reaching maturity in May 2019. The €50 million of commercial paper drawn in late 2018 was also reimbursed in 2019. No external debt was issued by Eurogrid in 2019.

Equity attributable to the owners of the company rose 12.9% compared with year-end 2018, from €3,447.5 million to €3,892.3 million. This is mainly due to the net proceeds from the rights issue of €429.0 million (net of issuing costs), the profit from the first half of the year attributable to the owners of the company (€135.7 million), partially offset by the dividend payment for 2018 (€101.3 million) and negative movements within other comprehensive income (€16.1 million).

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

Key results

Elia Transmission key figures (in € million)	1H2019	1H 2018*	Difference (%)
Total revenue	499.0	433.2	15.2%
Equity accounted investees	1.0	0.9	5.5%
EBITDA	209.8	179.7	16.8%
EBIT	133.9	109.7	22.1%
Non-recurring items	0.0	*0.0*	n/a
Normalised EBIT	133.9	*109.7*	22.1%
Net finance costs	(36.7)	(32.7)	12.1%
Income tax expenses	(32.2)	(20.8)	55.0%
Net profit	**65.0**	**56.2**	**15.7%**
Non-recurring items	0.0	*0.0*	n/a
Normalised net profit	**65.0**	***56.2***	***15.7%***
Total assets	6,279.3	5,909.2	6.3%
Total equity	2,098.4	1,757.1	19.4%
Net financial debt	2,701.9	2,825.1	(4.4%)
Free cash flow	(187.3)	(263.3)	(28.9%)

*Due to an amended segment structure as from the second half of financial year 2018, segment comparatives have been revised.
Free cash flow = net cash from operating activities – net cash used in investing activities
Comparative figures for Total assets, Total equity, Net financial debt and Free cash flow are 31/12/2018

Financial

First half **revenue** increased by 15.2% compared to 1H 2018 to €499.0 million. The increase in revenue is a result of the higher financing costs, higher depreciation and higher taxes that are passed through into revenues in accordance with cost plus regulation. These increases were partly offset by slightly lower allowed regulated net profit, linked to lower interest rates (OLO), and lower costs, mainly for ancillary services, which are all passed through into revenues to the benefit of consumers.

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

Detailed revenue (in € million)	1H 2019	1H 2018	Difference (%)
Grid connection	22.2	21.7	2.1%
Management and development of grid infrastructure	240.3	237.5	1.2%
Management of the electrical system	56.7	58.8	(3.6%)
Compensation for imbalances	101.7	95.6	6.4%
Market integration	12.7	13.1	(3.1%)
International revenue	22.5	24.6	(8.5%)
Other income	29.9	29.9	0.0%
Subtotal revenue & other income	**486.0**	**481.2**	**1.0%**
Settlement mechanism: deviations from approved budget	13.0	(47.9)	(127.2%)
Total revenue and other income	**499.0**	**433.2**	**15.2%**

Grid connection revenue increased slightly to €22.2 million (up 2.1%) mainly due to higher revenue from connection studies.

Revenues from **management and development of grid infrastructure** increased slightly to €240.3 million (up 1.2%) mainly due to a tariff increase, while the revenues from **management of the electrical system** decreased to €56.7 million (down 3.6%) due to a tariff decrease and a decrease in the overall net grid offtake.

Services rendered in the context of energy management and individual balancing of balancing groups are paid within the revenues from **compensation for imbalances**. These revenues increased by €6.1 million to €101.7 million, largely due to the tariff increase for the management of power reserves and black-start based on offtake (up €3.8 million), a net grid injection increase for management of power reserves and black-start based on injection due to higher nuclear availability (up €2.9 million) and lower revenues from compensation of imbalances (down €0.6 million).

Finally, the last section of the tariff revenues encompasses the services Elia Transmission provides within the context of **market integration**, which decreased by 3.1% to €12.7 million, mainly driven by a decrease in the overall net grid offtake.

International revenue decreased by €2.1 million (down 8.5%), due to lower congestion income as the result of improved nuclear availability in Belgium and reduced sales on international energy exchanges for emergencies.

Other income remained in line with prior year at €29.9 million and mainly represents client contributions and income from own work capitalised.

The **settlement mechanism** (€13.0 million) encompasses both deviations in the current year from the budget approved by the regulator (+€32.8 million) and the settlement of net surpluses from prior tariff period (-€45.9 million). The operating surplus, in relation to the budget of the costs and revenues authorised by the regulator, must be returned to consumers and therefore does not form part of the revenues. The operational surplus compared to the budget is primarily a result of increased cross-border revenues (€5.6 million) and lower costs for ancillary services (€37.4 million). This was partly offset by lower tariff sales (€2.2 million) and higher taxes compared to the budget (€8.4 million).

EBITDA (up 16.8%) and **EBIT** (up 22.1%) were mainly affected by increased depreciations owing to the growing asset base, higher financing costs and higher current taxes to be passed on in the tariffs, partly offset by the slightly lower regulated net profit. The contribution of equity-accounted investments (HGRT, Ampacimon and Coreso) remained flat at €1.0 million.

Net **finance costs** (up 12.1%) increased by €4.0 million compared to the same period the previous year mainly as a result of interest charges linked to the €100 million EIB loan drawn in the second half of 2018 and the refinancing transaction in early 2019 of a €500 million bond reaching maturity in May 2019. The coupon of this new Eurobond is 1.375%.

The **normalised net profit** increased by 15.7% to €65.0 million, mainly due to the following factors:

1. Decrease in the **fair remuneration** (down €2.0 million):
   The lower average OLO compared to the first half of 2018 (down 0.53%), partially offset by the increase in equity due to the reservation of part of the 2018 result (€80.4 million) and the capital increase allocated to the Belgian regulated activities (€327.6 million), led to a fair remuneration of €20.6 million.
2. Increase in the **incentives** (up €0.3 million):
   The drive for operational efficiency (up €1.9 million) and good performance on the influencable incentive (up €0.2 million), was partially offset by lower performance on the incentive linked to import capacity (down €0.3 million) and welfare (down € 1.0 million). In addition, the higher average tax rate negatively impacted the net contribution from incentives (down € 0.3 million).
3. Higher **mark-up** for strategic investments (up €6.5 million).
4. Higher IAS 19 and tax provisions (down €2.5 million)
5. Tariff compensation for the financial costs linked to the capital increase accounted through equity under IFRS (up €6.3 million)
6. Others (up €0.1 million): represents mainly higher capitalised borrowing costs (€2.1 million) and capitalisation of software cost (€1.8 million) offset by deferred tax effects (€3.7 million).

As no non-recurring items were recognised in the first half of 2019, the reported result came in at €65.0 million.

Total **assets** increased by €370.1 million to €6,279.3 million, mainly as a result of the investment programme and the capital increase in June 2019. The **net financial debt** decreased to €2,701.9 million (down 4.4%), as Elia's capex programme was mainly financed by cash flows generated from operating activities and capital raised following the rights issue. Elia also reimbursed in 2019, the commercial paper drawn at the end of 2018 (€50 million).

The **equity** increased (up €341.3 million) mainly as a result of the reservation of the 2019 profit, the capital increase for €327.6 million (i.e. the portion allocated to the Belgian regulated activities only), minus the effect of the dividend paid over financial year 2018 (i.e. portion allocated to regulated activities only).

Operational

The total load decreased by 3.1% from 44.3 TWh at the end of June 2018 to 42.9 TWh at the end of June 2019. The net offtake from the Elia network decreased by 5.3% from 33.9 TWh at the end of June 2018 to 32.1 TWh at the end of June 2019. The decrease in the Distribution Grid Operators' net offtake can mainly be explained by the higher temperature during winter months in 2019 as compared to the equivalent period in 2018; whereas the decrease in the Direct Customers' net offtake can mainly be explained by a higher local production, combined with a lower gross consumption. These fluctuations in offtake have no financial impact for Elia.

At the end of June 2019, Belgium was again a net importer. Net imports significantly decreased from 7 TWh at the end of June 2018 to 2.0 TWh at the end of June 2019. Total imports decreased by 22% to 7.9 TWh, whereas energy exports increased by 88% to 5.9 TWh mainly due to the use of the new interconnection with Great Britain (Nemo Link) to export energy. Overall electricity flows between Belgium and its neighbouring countries increased by 4% to 13.8 TWh.

Investments

In the first half of 2019, Elia further accelerated its investments to a net amount of €273.6 million[3] in Belgium (including Nemo), mainly intended to incorporate renewable energy in the grid and facilitate the further integration of the European energy market through interconnections.

Most important investments were related to the Modular Offshore Grid (€57.6 million), strategic interconnection projects such as ALEGrO (€34.1 million) and Brabo (€15.2 million) and investments in upgrading the high-voltage Mercator-Horta-Avelin lines (€37.2 million). Lastly, Elia completed its investment in Nemo Link (€27.1 million), which was commissioned in late January 2019.

[3] Excluding Nemo and including capitalisation of software and IAS 23 (Borrowing Costs) and IFRS 15 (Revenue Recognition - Transfer of Assets from Customers), this totals €306.1 million.

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

Key results

50Hertz Transmission key figures (in € million)	1H 2019	1H 2018*	Difference (%)
Total revenue	664.7	599.5	10.9%
EBITDA	249.8	227.9	9.6%
EBIT	149.3	219.2	(31.9%)
Non-recurring	*(3.1)*	*2.2*	*n.r.*
Normalised EBIT	152.4	217.0	(29.8%)
Net finance costs	(30.2)	(23.3)	29.4%
Income tax expenses	(36.8)	(59.2)	(37.8%)
Net profit	**82.3**	**136.7**	**(39.8%)**
Of which attributable to the Elia Group	***65.8***	***88.1***	***(25.3%)***
Non-recurring	*(2.2)*	*1.5*	*n.r.*
Normalised net profit	**84.5**	**135.2**	**(37.5%)**
Total assets	6,678.6	6,752.1	(1.1%)
Total equity	1,454.1	1,491.8	(2.5%)
Net financial debt	1,395.6	1,272.9	9.6%
Free cash flow	34.3	278.7	(87.7%)

*Due to an amended segment structure as from the second half of financial year 2018, segment comparatives have been revised.
Income, expenses, assets and liabilities are reported in the table at 100%
Comparative figures for Total assets, Total equity, Net financial debt and Free cash flow are 31/12/2018

Financial

50Hertz Transmission's total revenues increased by 10.9% compared to the same period last year. Due to changes in the legal framework, the offshore business remuneration changed to a cost-plus mechanism and is remunerated via a separate offshore surcharge as of 2019. Consequently, the presentation of the revenue has been amended to reflect the change in regulation.

Total revenues are detailed in the table below.

Total revenue (in € million)	1H 2019	1H 2018	Difference (%)
Revenues from incentive regulation	382.2	520.6	(26.6%)
Revenues from offshore regulation	165.8	0.0	n.r.
Energy revenues	81.1	49.4	64.2%
Subsidies and other revenues / income	35.6	29.5	20.7%
Total revenues and other income	**664.7**	**599.5**	**10.9%**

Revenues from incentive regulation mainly consist of the grid tariffs. The main driver is the regulatory remuneration of onshore activities (revenue cap). The section also includes the settlement for deviations from approved budgets and the settlement of the old offshore cost sharing mechanism until 2018.

Revenues from incentive regulation reduced by €138.4 million, mainly due to the removal of the offshore costs from the revenue cap to a separate surcharge (down €200.6 million). With the beginning of the new regulatory period, the opex remuneration was updated using the base year 2016 actual costs (up €19.5 million). Furthermore, several pass-through energy costs increased compared to the first half of 2018, such as redispatch (up €26.7 million) and ancillary services (up €13.4 million).

Revenues from offshore regulation include all revenues generated from the new offshore grid surcharge. This includes remuneration for 50Hertz's own costs and imputed remuneration related to the connection of offshore wind farms as well as offshore costs charged to 50Hertz from third parties, such as other TSOs.

In the first half of 2019, €165.8 million was generated from the new offshore surcharge, thereof €103.7 million related to 50Hertz's own offshore grid connection costs (up €20.8 million) and €62.1 million was pass-through of third party costs.

Energy revenues consist of all operating revenues that relate to the system operation. They are usually linked to corresponding ancillary service costs charged through to third parties, e.g. redispatch measures, reserve power plants and balancing groups. The section also includes revenues generated from the auctioning of interconnector capacities.

Energy revenues increased by €31.6 million compared to the first half of 2018. Main driver are increased charges to other TSOs for redispatch measures (up €11.4 million) and a new cost sharing mechanism for reserve power plant costs (up €27.2 million), partly offset by lower revenues from balancing groups (down €6.1 million).

Subsidies and other revenues / income consist of all other operating revenues. The major items are revenues from own work capitalised, from the amortisation of customer contributions or EU subsidies and from services or projects performed for third parties.

Subsidies and other revenues / income went up by €6.1 million, due among other things to higher own work capitalised (up €1.8 million), the amortisation of an EU subsidy for the south-west coupling line (up €1.1 million) and compensation payments from damage claims (up €2.8 million).

The **EBITDA** increased by €21.9 million (up 9.6%). The onshore investment remuneration (for investment measures) decreased (down €32.6 million) with the start of the new regulatory period: The completed projects have now rolled over to being remunerated via the Base Year mechanism. Correspondingly, the remuneration for investment measures decreased. Furthermore the regulatory Return on Equity decreased from 9.05% to 6.91%. The regulatory revenues from the Base Year mechanism increased (up €49.5 million) from completed onshore investment projects that rolled over to the Base Year and updated onshore OPEX revenues at the beginning of the new regulatory period. The offshore investment remuneration increased (up €10.2 million) driven by the asset growth and the Ostwind 1 commissioning but partly offset by the lower regulatory Return on Equity applicable from the start of the new regulatory period in 2019. Personnel costs increased compared to the same period last year, following continuous business growth (down €3.5 million) leading as well to higher own work capitalised (up €1.8 million). Finally, EBITDA was also impacted by the treatment of leasing costs with the adoption of IFRS 16 (up €3.7 million) and regulatory settlements from previous years (down €5.3 million).

The **normalised EBIT** decreased by €64.6 million (down 29.8%) due to the release of a large portion of the easement claim provision in 2018 following a re-assessment from a tax audit (down €69.2 million). A further portion was released in the first half of 2019, amounting to €2.9 million. Depreciations increased (down €25.7 million), mainly from the partial commissioning of Ostwind 1 in December 2018 (down €19.9 million) and the depreciation component of leasing according to IFRS 16 (down €3.3 million). Taking into account non-recurring costs of €3.1 million for the regulatory settlements of the previous regulatory period, the **reported EBIT** came in at €149.3 million.

Excluding the impact of the major one-off release of the easement provision in 2018, the **normalised EBIT** would have slightly increased (up 1.2%), attesting to the strong operational performance of 50Hertz despite the drop in regulatory return on equity with the start of the third regulatory period.

The **normalised net profit** decreased to €84.5 million (down 37.5%) as a result of:

1. Lower onshore investment remuneration (down €32.6 million);
2. Higher Base Year revenues (up €49.5 million);
3. Higher offshore investment remuneration (up €10.2 million);
4. Lower release of provisions (down €66.0 million);
5. Increased depreciation (down €25.7 million);
6. Increased net finance costs (down €6.9 million), mainly due to lower capitalisation of borrowing costs after completion of the construction of Ostwind 1 (down €5.3 million) and the adoption of IFRS 16 (down €0.5 million);
7. Decreased income tax expense (up €20.8 million)

Total assets decreased by €73.5 million compared to year-end 2018, mainly driven by a reduction of the EEG cash position, while the investments were financed by working capital and the operating cash flow. The first half of 2019 showed a positive **free cash flow** of €34.3 million, thereof -€54.2 million was from the EEG mechanism. No new debts were issued in the first half of 2019. The **net financial debt** increased (up €122.7 million) mainly linked to the financing of the ongoing investment program and the dividend payment to Eurogrid International NV. The EEG cash position as at June amounted to €805.2 million.

Operational

A net volume of 22.9 TWh was drawn off from the 50Hertz grid, 7.6% lower than during the same period last year (24.8 TWh). In 2019, 50Hertz was again a net exporter of electricity, with net exports of 25.9 TWh (25.8 TWh in first half of 2018). 6.8 TWh of electricity were imported and 32.7 TWh exported (6.6 TWh and 32.4 TWh in first half of 2018). As at June the peak load was 8.7 GW (8.5 GW as at June 2018).

Investments

To meet grid users' requirements, 50Hertz Transmission invested €114.1 million in the first half of 2019, 10% more than in the first half of the previous year (€104.0 million).

A total of €73.2 million was invested for onshore projects, while the offshore investments amounted to €40.9 million. The most significant onshore investments were for the construction of the substation Altdöbern (€9.1 million), the reinforcement of high voltage pylons in order to increase the operational safety (€7.2 million), the modernisation of the telecommunications network (€6.4 million), the DC line South-East link (€6.4 million) and the restructuring & reinforcement of the overhead line from Wolmirstedt to Güstrow (€4.5 million). Offshore investments were made for the offshore grid connection of Ostwind 1 (€19.1 million), Ostwind 2 (€15.0 million) and the offshore interconnector projects Kriegers Flak Combined Grid Solution (€3.2 million) and Hansa Power Bridge (€3.0 million).

2.1.C. Segment reporting for non-regulated activities (Incl. Nemo Link)

Key results

Non-regulated activities (incl. Nemo Link) key figures (in € million)	1H 2019	1H 2018*	Difference (%)
Total revenue	4.2	5.9	(28.8%)
Equity accounted investees	3.8	0.3	n.r.
EBITDA	(1.3)	(5.6)	(76.7%)
EBIT	(1.5)	(6.8)	(78.0%)
Non-recurring	(3.5)	(3.1)	(11.9%)
Normalised EBIT	2.0	(3.7)	(154.2%)
Net finance cost	(1.0)	3.9	(125.4%)
Income tax expenses	7.5	(0.1)	n.r.
Net profit	**4.9**	**(3.0)**	**(263.8%)**
Of which attributable to the Elia Group	**5.0**	**(2.1)**	**(341.5%)**
Non-recurring	0.0	2.7	n.r.
Normalised net profit	**4.9**	**(5.7)**	**(185.8%)**
Total assets	1,739.3	1,677.9	3.7%
Total equity	1,210.4	1,052.7	15.0%
Net financial debt	388.5	507.6	(23.5%)

*Due to an amended segment structure as from the second half of financial year 2018, segment comparatives have been revised.
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 7 for more information on the non-recurring items.
Equity = equity attributable to owners of the company and holders of hybrid securities
Net financial debt = non-current and current loans and borrowings less cash and cash equivalents
Comparative figures for Total assets, Total equity and Net financial debt are 31/12/2018

Financial

The **non-regulated revenue** decreased by 28.8% compared to the same period last year. The revenues generated from EGI increased from €3.4 million to €4.1 million as more engineering services were rendered compared to 2018. This increase was more than offset by lower revenues from other non-regulated activities and the sale of GridLab during the second half of 2018 (down €1.2 million).

The **contribution of Nemo Link** in the first half of 2019 was €3.8 million. The interconnection was commissioned in late January 2019. Since then, 2,742.1 GWh of commercial flows have already been exchanged between Belgium and the UK with an overall availability of 98.5%. Despite its high availability, Nemo Link's performance was impacted by low spreads of the electricity commodity price over the first half of 2019, driven by higher CO2 prices in continental Europe and low gas prices in the UK due to the mild winter. Also higher-than-planned curtailments affected the revenues of Nemo Link for the first half of 2019.

The **normalised EBIT** improved to €2.0 million linked to the positive contribution of Nemo Link (€3.8 million) partly offset by the operating loss of EGI (€0.4 million) and other non-regulated costs (€1.4 million). Considering non-recurrent costs linked to the ongoing reorganisation of the corporate structure (down €1.3 million) and regulatory settlements (down €2.2 million), the reported EBIT amounted to €1.5 million.

The **net finance cost** increased to €1.0 million, primarily as a result of interest charges linked to the €300 million senior bond contracted in the second half of 2018 to finance the acquisition of an additional stake in Eurogrid (€2.3 million) and offset to some extent by interest income on cash advances provided to Nemo Link during the construction phase. Following the rights issue end of June, these cash advances were reimbursed and Nemo Link is financed similar to the current regulatory framework in Belgium (33% equity / 66% debt). The prior year financial result, was strongly affected by non-recurrent hedging costs (€3.9 million) and a non-recurrent financial gain (€9.2 million) linked to the acquisition of an additional stake in Eurogrid.

The **normalised net profit** came in at €4.9 million mainly due to the contribution of Nemo Link (up €3.8 million), a tax credit on the interest charges linked to the hybrid securities (up €3.2 million) and offset by the interest cost linked to the senior bond contracted in the second half of 2018 (down €1.8 million) and the loss of EGI (down €0.4 million).

Total **assets** increased by €61.4 million to €1,739.3 million driven by the capital raise of which €107.8 million was allocated to the non-regulated segment to finance the activities of Nemo Link and offset by the contribution of the non-regulated activities in the 2018 dividend payment. Consequently, the **net financial debt** decreased by €119.1 million to €388.5 million.

2.2 Segment reconciliation

30 June 2019	**2019**	**2019**	**2019**	**2019**	**2019**
Group results per segment (in million EUR)	Elia Transmission	50Hertz Transmission	Non-regulated (incl. Nemo)	Consolidation entries	Elia Group
Total revenue	499.0	664.7	4.2	(8.4)	1,159.5
Equity accounted investees, net of tax	1.0	0.0	3.8	0.0	4.8
EBITDA	**209.8**	**249.8**	**(1.3)**	**0.0**	**458.3**
Depreciation, amortization, impairment and changes in provisions	(75.9)	(100.5)	(0.2)	(0.1)	(176.7)
EBIT	**133.9**	**149.3**	**(1.5)**	**(0.1)**	**281.6**
Net finance costs	(36.7)	(30.2)	(1.0)	(0.1)	(68.0)
Income tax expenses	(32.2)	(36.8)	7.5	0.1	(61.5)
Normalised net profit	**65.0**	**84.5**	**4.9**	**0.0**	**154.4**
Net profit	**65.0**	**82.3**	**4.9**	**0.0**	**152.1**
Non-controlling interest					*16.4*
Hybrid securities					*9.6*
Net profit attributable to owners of ordinary shares					**126.2**
Total assets	6,279.3	6,678.6	1,739.3	(568.9)	14,128.3
Net financial debt	2,701.9	1,395.6	388.5	0.0	4,486.0

3. SIGNIFICANT EVENTS DURING 1H 2019

Significant progress on crucial investments in Belgium and Germany

Nemo Link - Belgium

Nemo Link entered commercial operation on 30 January 2019. The interconnection, which has a capacity of 1,000 MW and is capable of powering up to 500,000 households, is a collaborative initiative by the Belgian and British transmission system operators, Elia and National Grid, which set up a joint venture for this purpose. This project is unprecedented for Elia. It is the first direct electrical connection between Belgium and the UK, and is the first time Elia has built a subsea interconnection. It also represents Elia's first ever use of high-voltage direct current (HVDC) technology.

The commissioning of this interconnector represents an important new step in the integration of the European electricity grid and fosters the transition to a sustainable and affordable energy system. Interconnectors are vital, among other things, for the large-scale integration of renewable energies, where excess generated power can be traded at favourable prices at the European level. It will also give Elia more ways of ensuring security of supply.

At the end of June 2019, 2,742.1 GWh of commercial flows had been exchanged between Belgium and the UK and the availability rate was 98.5%.

Modular Offshore Grid - Belgium

Works on the Modular Offshore Grid (“MOG”) are progressing well. In April, the topside was successfully fitted onto the jacket. The offshore socket will bundle the electricity generated by four wind farms (Rentel, Seastar, Mermaid and Northwester 2) and transmit it to the mainland via subsea cables. In the course of May/June the two offshore cables were pulled onto the beach of Zeebrugge and jointed together with the existing onshore underground cables leading to the Stevin high-voltage substation in Zeebrugge. Further cabling installation and termination works and connection to the platform will continue until the end of August. By transmitting the renewable energy generated by the wind farms safely and efficiently to the mainland, the MOG plays and essential role in the transition towards more renewable energy and contributing to a greater security of supply. The project is planned to become fully operational by the end of September 2019.

ALEGrO project – Belgium

The works on the first electricity interconnector between Belgium and Germany is progressing well. In parallel, three subprojects are currently ongoing, namely: the construction of a 49-km-long underground connection alongside existing infrastructure (the E40 motorway, high-speed rail link, etc.) between the transformer substation at Lixhe and the connection point with Amprion on the German border; the converter station at Lixhe, in the municipality of Visé, which will link the ALEGrO connection to the existing network; and a microtunnel to enable cables to pass under the River Meuse and Albert Canal at the Cheratte viaduct. Elia expects ALEGrO to go into operation in 2020.

Brabo project - Belgium

The Brabo project is part of the effort to upgrade the Belgian electricity grid and is necessary to safeguard the supply to the whole of Belgium in general and the Port of Antwerp area in particular. The second phase of the Brabo project is currently under way. The existing 150-kV high-voltage line is being renewed and upgraded to a 380-kV connection on the right bank in the Antwerp district of Berendrecht-Zandvliet-Lillo and the municipality of Stabroek. The connection with the left bank of Antwerp is realized with the construction of a 192-metre-high pylon at each side of the Scheldt river, ensuring a safe transfer of ships underneath the high voltage line. The pylons will be the second highest in Europe and the highest in the Benelux. The second phase of the Brabo project should be completed in December 2020.

Ventilus - Belgium

The Flemish government and Elia have jointly proposed plans for ‘Ventilus’, a future proof and robust grid solution in West-Flanders. Interlinked with the existing Stevin line, it will provide a reliable access to current and future renewable offshore and onshore wind energy, provide opportunities for further interconnection and support local economy. By connecting additional renewable power generation to the grid through Ventilus, another key step towards a more sustainable energy system is taken. Wind energy is Belgium’s biggest source of renewable generation (8% of the total energy mix) and there are specific plans to expand wind capacity with a second concession area for offshore wind in the Belgian part of the North Sea. Ventilus, a 380-kV high-voltage line with a capacity of 6 GW, will not only ensure that this additional electricity is transmitted from the North Sea to consumers onshore, but will also increase security of supply.

External stakeholders are being involved at a very early stage to determine the most suitable corridor and mitigating measures. Through the organization of numerous consultation meetings both the Flemish government and Elia aim to involve local residents and interest groups as much as possible in the project.

Ostwind 1 - Germany

After three years of construction and a total investment volume of approximately €1.3 billion, renewable energy is now flowing from the two offshore windfarms Wikinger and Arkona to the Lubmin substation. For the first time in the Baltic Sea, a grid connection was implemented as a 220 kV three phase current AC system, enabling a higher power transfer. At the Lubmin substation, the voltage is transformed to 380 kV and fed into the 50Hertz transmission system.

Ostwind 2 - Germany

Parallel to Ostwind 1 and in the future also connected to the onshore Lubmin substation, Ostwind 2 will allow 733 MW of renewable capacity from two offshore wind farms in the Baltic Sea (Arcadis-Ost 1 and Baltic Eagle) to feed 50Hertz high-voltage grid, representing another key step towards the culmination of the German energy transition.

In 2018 the Ostwind 2 preparatory work began in the Baltic Sea continuing in 2019 with works in the shallow waters clearing the route. Pre-installation geotechnical and geophysical investigations in the area of the future cable route, in addition soil surveys will also be carried out in the landing area of the submarine cable in the Greifswalder Bodden near Lubmin. Furthermore cable production for type testing have begun in April.

Kriegers Flak Combined Grid Solution - Germany

Work on the Kriegers Flak Combined Grid Solution project is progressing. This entails constructing the first hybrid interconnector between two national offshore wind farms, with a transfer capacity up to 400 MW. In the first half of 2019, the civil works and the construction of the back-to-back converter station in Bentwisch continued. The trial runs of the Combined Grid Solution are planned to start end of this year.

Significant progress on innovative technologies enabling the energy transition

Launch of IO.Energy, a cross-sectoral ecosystem aimed at optimising end users' comfort and energy bills

On 21 February 2019, the system operators Elia, Fluvius, ORES, Sibelga and Resa have launched Internet of Energy ("IO.Energy"), a unique and innovative Belgian project that will help to develop new services by exchanging data between all energy market players. IO.Energy is being undertaken in collaboration with business, research institutes and public services. The focus is on end users, who will be able to tailor their generation and consumption to their current needs using a digital communication platform. It will provide more flexible capacity, thereby offering additional responses to the issues thrown up by the increasingly intermittent nature of generation sources given the rise in renewable energy sources. After assessing various use cases, eight use case have been assessed as sufficiently developed and will be tested extensively over the next months during the sandboxing phase in order to demonstrate their relevance and their added value for consumers.

Successful capital market transactions by Elia System Operator NV/SA

On 7 January 2019, Elia successfully launched a €500 million Eurobond under its €5 billion EMTN programme. The senior bond will mature in 2026 and has an annual coupon of 1.375%. The proceeds from the new bond have been used to refinance a €500 million Eurobond that matured in May 2019. Through this transaction, Elia took advantage of supportive market conditions to proactively manage its liquidity position and reduce its average cost of debt to the benefit of consumers.

On 18 June 2019, Elia successfully concluded a capital increase following a public offering of 7,628,104 new shares, raising a total amount of €434.8 million. The operation marks the largest rights issue over the last three years on Euronext Brussels. The subscription price for this one-for-eight right issue was set at €57.00, which implied a discount to TERP of 8.03% Whilst this low-discount transaction was launched against the backdrop of volatile markets, the take-up of existing shareholders during the subscription period stood at an overwhelming 92%. Subsequently, the unsubscribed shares were offered successfully to institutional investors in a rump placement. The proceeds from the Offering will be partially used for the Nemo Link project, which was entirely financed with debt during the construction phase and which operations have started in January 2019. €108 million of the proceeds will be used to replace with equity the portion of the Nemo Link project which was funded internally. The remaining portion of the proceeds from the Offering will be used to finance the regulated activities in Belgium (and increase the equity portion thereof) in accordance with the new regulatory framework and for general corporate purposes.

KfW direct shareholder in Eurogrid GmbH

On 18 June 2019, Eurogrid International CVBA/SCRL transferred 20 per cent of its shares in Eurogrid GmbH to KfW. On the same date, Elia System Operator NV/SA acquired 20 per cent of the shares in Eurogrid International CVBA/SCRL, which was converted into an NV/SA. As a result of these transactions, Elia System Operator NV/SA currently owns 100% of the shares in Eurogrid International NV/SA, while the ownership of Eurogrid GmbH is now split between Eurogrid International NV/SA (80%) and KfW (20%). The transactions do not change the power balance between KfW and Elia System Operator NV/SA as the ultimate, indirect shareholders of 50Hertz Transmission GmbH.

Status of ring-fencing between regulated activities in Belgium and activities regulated outside of Belgium or non-regulated

Elia is progressing on the implementation of an internal reorganization project aiming at isolating and ring-fencing the Belgian regulated activities of Elia from its activities regulated outside of Belgium or non-regulated, to avoid the risk of cross-subsidy between regulated activities in Belgium and regulated activities outside of Belgium or non-regulated activities, which emanates from the new tariff methodology for 2020-2023. The CREG confirmed that such reorganisation is suitable for such purposes. This reorganisation will therefore provide a suitable framework for the further development of non-regulated activities by Elia. The envisaged structure could imply a push down of the Belgian regulated activities to a newly incorporated subsidiary.

4. OUTLOOK AND OTHER INFORMATION[4]

Elia Group remains confident to realise an Adjusted Return on Equity (ROE adj.[5]) between 7% and 8% in 2019.

- In **Belgium**, we remain positive on our ability to achieve a regulated return between 5% and 6% despite the decrease in Belgian 10-year OLO. Having invested €273.6 million in the first semester, with good progress on the strategic interconnection projects like Brabo, ALEGrO and with the Modular Offshore Grid on track to be commissioned in the second half of 2019, we are on track to realise investments of around €700 million.

- Results forecasts for **Germany** remain positive and we remain confident about our ability to deliver a return on equity of between 8% and 10%. With capital expenditures of €114.1 million in the first six months of the year and the good progress of the Ostwind 2 project, we remain on track to achieve the announced investment programme of €420 million for the full year of 2019.

5. JOINT AUDITORS' REVIEW REPORT

The condensed consolidated interim financial statements for the six-month period ending on 30 June 2019 attached to this press release were reviewed by the Joint Auditors.

6. FINANCIAL CALENDAR

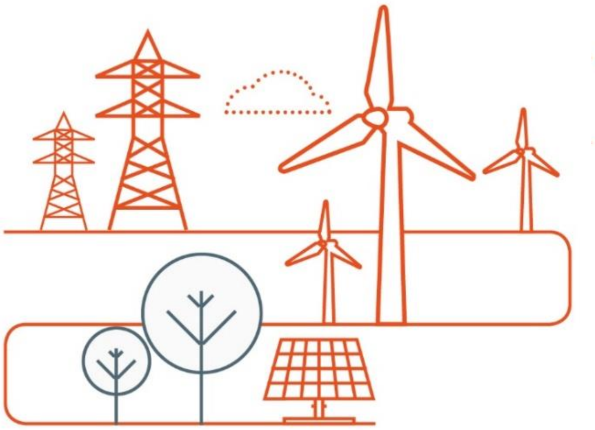
Interim statement Q3 2019	29 November 2019
Publication of 2019 results	Early March 2020
Publication of 2019 Annual Report	Early April 2020
General Meeting of Shareholders	19 May 2020

[4] The following statements are forward looking and actual results may differ materially
[5] Determined as the result attributable to ordinary shareholders / Equity attributable to ordinary shareholders

7. Non-recurring items – Reconciliation table

(in million EUR) - Period ended 30 June 2019	Elia Transmission	50Hertz Transmission (100%)	Non-regulated (incl. Nemo) (100%)	Consolidation entries	Elia Group
EBIT – Non-recurring items					
Regulatory settlements	0.0	(3.1)	(2.2)	0.0	(5.3)
Corporate reorganisation costs	0.0	0.0	(1.3)	0.0	(1.3)
Total EBIT non-recurring items	**0.0**	**(3.1)**	**(3.5)**	**0.0**	**(6.6)**
Non-recurring financial cost	0.0	0.0	0.0	0.0	0.0
Total Before tax non-recurring items	**0.0**	**(3.1)**	**(3.5)**	**0.0**	**(6.6)**
Tax impact	0.0	0.9	3.5	0.0	4.4
Net profit – non recurring items	**0.0**	**(2.2)**	**0.0**	**0.0**	**(2.2)**

(in million EUR) - Period ended 30 June 2018	Elia Transmission	50Hertz Transmission (100%)	Non-regulated (incl. Nemo) (100%)	Consolidation entries	Elia Group
EBIT – Non-recurring items					
Regulatory settlements prior year	0.0	2.2	0.0	1.4	3.6
Equity consolidation 50Hertz	0.0	0.0	0.0	(0.6)	(0.6)
Eurogrid acquisition costs	0.0	0.0	(3.1)	0.0	(3.1)
Total EBIT non-recurring items	**0.0**	**2.2**	**(3.1)**	**0.8**	**(0.1)**
Non-recurring financial cost	0.0	0.0	(4.4)	0.0	(4.4)
Revaluation participation Eurogrid	0.0	0.0	9.2	0.0	9.2
Total Before tax non-recurring items	**0.0**	**2.2**	**1.7**	**0.8**	**4.7**
Tax impact	0.0	(0.7)	1.1	(0.2)	0.1
Net profit – non recurring items	**0.0**	**1.5**	**2.7**	**0.6**	**4.8**



About the Elia Group

ONE OF EUROPE'S TOP FIVE PLAYERS

The Elia Group is active in electricity transmission. We ensure that production and consumption are balanced around the clock, supplying 30 million end users with electricity. With subsidiaries in Belgium (Elia) and northeast Germany (50Hertz), we operate 18,990 km of high-voltage connections. As such, our group is one of Europe's top five. With a reliability level of 99.999%, we give society a robust power grid, which is important for socioeconomic prosperity. We also aspire to be a catalyst for a successful energy transition towards a reliable, sustainable and affordable energy system.

WE MAKE THE ENERGY TRANSITION HAPPEN

By expanding international high-voltage connections and integrating ever-increasing amounts of renewable energy production, the Elia Group promotes both the integration of the European energy market and the decarbonisation of our society. The Elia Group is also innovating its operational systems and developing market products so that new technologies and market parties can access our grid, thus making the energy transition happen.

Headquarters

Elia System Operator
Boulevard de l'Empereur 20
1000 Brussels – Belgium

50Hertz GmbH
Heidestraße 2
D-10557 Berlin – Germany

IN THE INTEREST OF SOCIETY

As a key player in the energy system, the Elia Group is committed to working in the interest of society. We respond to the rapidly changing energy mix, i.e. the increase in renewable energy, and constantly adapt our transmission grid. We also ensure that investments are made on time and within budget, with a maximum focus on safety. When we carry out our projects, we manage stakeholders proactively by establishing two-way communication with all affected parties very early on in the development process. We also offer our expertise to our sector and relevant authorities to build the energy system of the future.

INTERNATIONAL FOCUS

In addition to its activities as a transmission system operator, the Elia Group provides various consulting services to international customers through its subsidiary Elia Grid International (EGI). Elia is also part of the Nemo Link consortium that is operating the first subsea electrical interconnector between Belgium and the UK.

The Group operates under the legal entity Elia System Operator, a listed company whose core shareholder is the municipal holding company Publi-T.

www.elia.be/www.eliagroup.eu

ANNEXES:

1. STATEMENT ON THE TRUE AND FAIR VIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND THE FAIR OVERVIEW OF THE INTERIM MANAGEMENT REPORT

The undersigned Chairman of the Management Committee and Chief Executive Officer Chris Peeters and Chief Financial Officer Catherine Vandenborre declare that to the best of their knowledge:

a) the condensed consolidated interim financial statements, which have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union, give 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, 25 July 2019

Catherine Vandenborre	Chris Peeters
Chief Financial Officer	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 2019, reported in section 3 of the press release
- The report of the joint statutory auditors on their review of the condensed consolidated interim financial information

3. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Condensed consolidated statement of financial position

(in € million)	Notes	30 June 2019	31 December 2018
ASSETS			
NON-CURRENT ASSETS		**11,708.1**	**11,362.8**
Property, plant and equipment	(8)	8,768.9	8,456.2
Intangible assets and goodwill		2,501.6	2,502.3
Trade and other receivables		3.6	177.0
Equity-accounted investees	(4)	340.8	135.4
Other financial assets (including derivatives)		86.9	86.9
Deferred tax assets	(11)	6.3	5.0
CURRENT ASSETS		**2,420.2**	**2,391.5**
Inventories		19.5	19.2
Trade and other receivables		457.3	558.9
Current tax assets		3.6	3.6
Cash and cash equivalents		1,922.2	1,789.3
Deferred charges and accrued revenues		17.6	20.5
Total assets		**14,128.3**	**13,754.3**
EQUITY AND LIABILITIES			
EQUITY		**4,183.5**	**3,748.9**
Equity attributable to owners of the Company		3,176.5	2,741.3
Share capital		1,705.7	1,521.5
Share premium		259.1	14.3
Reserves		173.0	173.0
Hedging reserve		(8.3)	(6.2)
Retained earnings	(6)	1,047.0	1,038.7
Hybrid securities		715.8	706.2
Non-controlling interest		291.2	301.4
NON-CURRENT LIABILITIES		**6,883.2**	**6,289.0**
Loans and borrowings	(9)	6,351.4	5,773.8
Employee benefits		122.6	104.0
Derivatives		6.0	2.9
Provisions		91.4	96.9
Deferred tax liabilities	(11)	95.5	95.2
Other liabilities		216.3	216.2
CURRENT LIABILITIES		**3,061.6**	**3,716.4**
Loans and borrowings	(9)	56.8	621.1
Provisions		16.7	16.5
Trade and other payables		1,918.6	1,989.1
Current tax liabilities		44.0	93.1
Accruals and deferred income		1,025.5	996.6
Total equity and liabilities		**14,128.3**	**13,754.3**

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

Condensed consolidated statement of profit or loss

(in € million) - Period ended 30 June	Notes	2019	2018
Continuing operations			
Revenue		1,096.4	594.4
Raw materials, consumables and goods for resale		(36.4)	(11.6)
Other income		63.1	37.7
Services and other goods		(513.3)	(257.9)
Personnel expenses		(137.8)	(93.5)
Depreciations, amortisations and impairments		(180.7)	(96.3)
Changes in provisions		4.2	(0.9)
Other expenses		(18.7)	(17.4)
Results from operating activities		**276.8**	**154.5**
Share of profit of equity-accounted investees (net of tax)		4.8	64.7
Earnings before interest and tax (EBIT)		**281.6**	**219.2**
Net finance costs		**(68.0)**	**(35.7)**
Finance income		4.2	12.5
Finance costs		(72.2)	(48.2)
Profit before income tax		**213.6**	**183.5**
Income tax expense	(12)	(61.5)	(36.0)
Profit from continuing operations		**152.1**	**147.6**
Profit for the period		**152.1**	**147.6**
Profit attributable to:			
Equity holders of ordinary shares		126.2	142.2
Hybrid securities		9.6	0.0
Non-controlling interest		16.4	5.4
Profit for the period		**152.1**	**147.6**
Earnings per share (EUR)			
Basic earnings per share		2.05	2.33
Diluted earnings per share		2.05	2.33

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)	Notes	30 June 2019	30 June 2018
Profit for the period		**152.1**	**147.6**
Other comprehensive income (OCI)			
Items that are or may be reclassified subsequently to profit or loss:			
Effective portion of changes in fair value of cash flow hedges		(2.8)	(6.5)
Related tax		0.7	1.6
Items that will not be reclassified to profit or loss:			
Remeasurements of post-employment benefit obligations		(18.4)	9.5
Related tax		4.6	(2.4)
Other comprehensive income for the period, net of tax		**(16.0)**	**2.2**
Total comprehensive income for the period		**136.1**	**149.8**
Total comprehensive income attributable to:			
Equity holders of ordinary shares		110.1	144.4
Hybrid securities		9.6	0.0
Non-controlling interest		16.4	5.4
Total comprehensive income for the period		**136.1**	**149.8**

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

Condensed consolidated statement of changes in equity

(in € million)	Share capital	Share premium	Hedging reserve	Foreign currency translation	Reserves	Retained earnings	Equity attributable to the ordinary shares	Hybrid securities	Equity attributable to the owners of the	Non-controlling interests	Total Equity
Balance at 31 December 2017, as originally presented	1,517.6	11.9	0.0	0.0	173.0	938.2	2,640.7		2,640.7	1.1	2,641.8
Change in accounting policy (IFRS 15)						(77.4)	(77.4)		(77.4)	0.0	(77.4)
Restated balance at 31 December 2017	1,517.6	11.9	0.0	0.0	173.0	860.8	2,563.3		2,563.3	1.1	2,564.4
Change in accounting policy (IFRS 9)						2.9	2.9		2.9	0.0	2.9
Restated balance at 1 January 2018	1,517.6	11.9	0.0	0.0	173.0	863.7	2,566.2		2,566.2	1.1	2,567.3
Profit for the period						142.4	142.4		142.4	5.4	147.7
Other comprehensive income			(4.8)	0.0		7.0	2.2		2.2		2.2
Total comprehensive income for the period	0.0	0.0	**(4.8)**	0.0	0.0	**149.4**	**144.6**		**144.6**	**5.4**	**149.9**
Transactions with owners, recorded directly in equity											
Contributions by and distributions to Owners											
Dividends						(98.6)	(98.6)		(98.6)		(98.6)
Total contributions and distributions	0.0	0.0	0.0	0.0	0.0	(98.6)	(98.6)		(98.6)	0.0	(98.6)
Changes in ownership interests											
Non-controlling interests adjustment on EGI, due to acquisition						0.5	0.5		0.5	(0.5)	0.0
Acquisitions				0.0		0.0	0.0		0.0	294.6	294.6
Total transactions with Owners	0.0	0.0	0.0	0.0	0.0	0.5	0.5		0.5	294.1	294.6
Total transactions with Owners	0.0	0.0	0.0	0.0	0.0	(98.1)	(98.1)		(98.1)	294.1	196.0
Balance at 30 June 2018	1,517.6	11.9	(4.8)	0.0	173.0	915.0	2,612.8		2,612.8	300.6	2,913.4
Balance at 1 January 2019	**1,521.4**	**14.4**	**(6.2)**	**0.0**	**173.0**	**1,038.7**	**2,741.3**	**706.2**	**3,447.5**	**301.4**	**3,748.9**
Profit for the period						135.8	135.8		135.8	16.4	152.1
Other comprehensive income			(2.1)			(13.8)	(16.0)		(16.0)	0.0	(16.0)
Total comprehensive income for the period			**(2.1)**	0.0	0.0	**122.0**	**119.8**		**119.8**	**16.4**	**136.1**
Transactions with owners, recorded directly in equity											
Contributions by and distributions to Owners											
Shares issued	190.6	244.8					435.4		435.3		435.3
Issuance costs	(6.4)						(6.4)		(6.4)		(6.4)
Share-based payment expenses	0.1						0.1		0.1		0.1
Hybrid: dividend accrual						(9.6)	(9.6)	9.6	0.0		0.0
Hybrid: tax effect on dividend accrual						(2.8)	(2.8)		(2.8)		(2.8)
Dividends to non-controlling interests							0.0		0.0	(26.5)	(26.5)
Dividends						(101.3)	(101.3)		(101.3)		(101.3)
Total contributions and distributions	184.3	244.8	0.0			(113.7)	315.3	9.6	324.9	(26.5)	298.4
Total transactions with Owners	184.3	244.8	0.0	0.0		(113.7)	315.3	9.6	324.9	(26.5)	298.4
Balance at 30 June 2019	**1,705.7**	**259.2**	**(8.3)**	**0.0**	**173.0**	**1,047.0**	**3,176.6**	**715.8**	**3,892.3**	**291.2**	**4,183.5**

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

Condensed consolidated statement of cash flows

(in € million) - Period ended 30 June	Notes	2019	2018
Cash flows from operating activities			
Profit for the period		**152.1**	**147.6**
Adjustments for:			
Net finance costs		68.0	35.7
Other non-cash items		0.3	0.1
Current income tax expense		60.1	17.5
Profit or loss of equity-accounted investees, net of tax		(4.8)	(64.7)
Depreciation of property, plant and equipment and amortisation of intangible assets		180.8	95.7
Loss on sale of property, plant and equipment and intangible assets		4.6	1.8
Impairment losses of current assets		1.9	0.8
Change in provisions		(6.7)	(3.4)
Change in fair value of derivatives		0.7	0.1
Change in deferred taxes		1.4	18.5
Cash flow from operating activities		**458.3**	**249.7**
Change in inventories		(0.7)	(0.9)
Change in trade and other receivables		99.1	118.3
Change in other current assets		4.8	(6.2)
Change in trade and other payables		(99,4)	(128.4)
Change in other current liabilities		23.6	65.9
Changes in working capital		**27.5**	**48.8**
Interest paid		(102.3)	(86.8)
Interest received		4.1	0.2
Income tax paid		(111.9)	(43.7)
Net cash from operating activities		**275.5**	**168.1**
Cash flows from investing activities			
Acquisition of intangible assets	(8)	(10.0)	(8.1)
Acquisition of property, plant and equipment	(8)	(377.1)	(281.4)
Acquisition of equity accounted investees		(201.5)	(8.7)
Acquisition of subsidiary		0.0	(968.7)
Acquired cash from acquisition of subsidiary		0.0	1,902.9
Proceeds from sale of property, plant and equipment		0.0	2.7
Proceeds from capital decrease from equity accounted investees		0.0	0.0
Dividend received from equity-accounted investees		0.9	1.0
Loans and long term receivables to joint ventures	(4)	174.4	(13.0)
Net cash used in investing activities		**(413.4)**	**626.6**
Cash flow from financing activities			
Proceeds from the issue of share capital	(6)	435.3	0.0
Expenses related to the issue of share capital	(6)	(6.3)	0.0
Dividends paid (-)	(7)	(101.3)	(98.7)
Dividends to non-controlling interests		(2.5)	0.0
Repayment of borrowings (-)		(753.1)	0.0
Proceeds from withdrawal of borrowings (+)	(9)	699.3	1,018.7
Other cash flows from financing activities		(0.8)	(1.1)
Net cash flow from (used in) financing activities		**270.6**	**918.9**
Net increase (decrease) in cash and cash equivalents		**132.9**	**1,713.6**
Cash & cash equivalents at 1 January		1,789.3	195.2
Cash & cash equivalents at 30 June		1,922.2	1,908.8
Net variations in cash & cash equivalents		**132.9**	**1,713.6**

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 as at and for the six months ended 30 June 2019 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 25 July 2019.

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 for the year ended 31 December 2018. 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 for the year ended 31 December 2018, except for the adoption of IFRS 16. More details are to be found in note 14 in this respect.

Other new standards, interpretations and amendments, effective as from 1 January 2019, can be summarised as follows:

- Amendments to IFRS 9 – Prepayment Features with Negative Compensation;
- IFRIC 23 – Uncertainty over Income Tax Treatments;
- Amendments to IAS 19 – Plan Amendment, Curtailment or settlement;
- Amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures;
- Annual Improvements to IFRS 2015-2017 Cycle - Amendment to IFRS 3, IFRS 11, IAS 12 and IAS 23.

These new, revised or amended standards did not have a material impact on the consolidated financial statements of the Group.

c. Standards issued but not yet effective

The forthcoming requirements lists the recent changes to IFRS that are required to be applied for an annual period beginning after 1 January 2019, but are available for early adoption in annual periods beginning on 1 January 2019. The changes in the below standards, amendments and interpretations are not expected to have a material impact for the Elia Group and are therefore not set out in detail:

- Amendments to References to Conceptual Framework to IFRS Standards (effective as from 1 January 2020);

- Definition of a Business (Amendments to IFRS 3) (effective as from 1 January 2020);
- Definition of Material (Amendment to IAS 1 and IAS 8) (effective as from 1 January 2020);
- IFRS 17: Insurance Contracts (effective as from 1 January 2021);
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment to IFRS 10 and IAS 28) (available for optional adoption / effective date deferred indefinitely).

3. Use of estimates and judgements

The condensed consolidated interim financial statements for the first half of 2019 were prepared using estimates and judgements as indicated in note 2.4 accompanying the Group's annual consolidated financial statements as of and for the year ended 31 December 2018.

4. Subsidiaries, joint ventures and associates

a. Group structure

For detailed accounting policies in respect to 'Business combinations and Goodwill', we refer to note 3.1 in the Group's last annual consolidated financial statements as at and for the year ended 31 December 2018.

The below table provides an overview of subsidiaries, joint ventures, associated companies and other shareholdings held across the group.

Name	Country of establishment	Headquarters	Shareholding (%)	
			2019	2018
Elia Asset SA	Belgium	Bd de l'Empereur 20, 1000 Brussels	99.99	99.99
Elia Engineering SA	Belgium	Bd de l'Empereur 20, 1000 Brussels	100.00	100.00
Elia Re SA	Luxembourg	Rue de Merl 65, 2146 Luxembourg	100.00	100.00
Elia Grid International SA	Belgium	Bd de l'Empereur 20, 1000 Brussels	90.00	90.00
Elia Grid International GmbH	Germany	Heidestraße 2a, 10557 Berlin	90.00	90.00
Elia Grid International LLC	Qatar	Office 905, 9th Floor, Al Fardan Office Tower, Westbay - Doha	90.00	90.00
Elia Grid International PTE. LTD.	Singapore	20 Collyer Quay #09-01 Singapore 049319	90.00	-
Eurogrid International SA	Belgium	Bd de l'Empereur 20, 1000 Brussels	100.00	80.00
Eurogrid GmbH	Germany	Heidestraße 2a, 10557 Berlin	80.00	80.00
50Hertz Transmission GmbH	Germany	Heidestraße 2a, 10557 Berlin	80.00	80.00
50Hertz Offshore GmbH	Germany	Heidestraße 2a, 10557 Berlin	80.00	80.00
E-Offshore A LLC	U.S.	874, Walker Road, Suite C, 19904 Dover, Delaware	-	80.00
Atlantic Grid Investment A Inc	U.S.	1209 Orange Street, 19801 Wilmington, Delaware	-	80.00
Joint ventures				
Nemo Link Ltd	United Kingdom	Strand 1-3, London, WC2N 5EH - UK	50.00	50.00
Associated companies accounted for using the equity method				
H.G.R.T S.A.S.	France	1 Terrasse Bellini, 92919 La Défense Cedex	17.00	17.00
Coreso NV/SA	Belgium	Avenue de Cortenbergh 71, 1000 Brussels	22.16	22.16
Ampacimon SA	Belgium	Rue de Wallonie 11, 4460 Grâce-Hollogne	20.54	20.54
Enervalis NV	Belgium	Centrum-Zuid 1111, 3530 Houthalen-Helchteren	12.47	12.47

Other shareholdings				
JAO SA	Luxembourg	2, Rue de Bitbourg, 1273 Luxembourg	8.28	8.28
Atlantic Grid A LLC	USA	4445, Willard Av, Suite 1050, 20815 Chevy Chase, Maryland	-	7.46
European Energy Exchange (EEX)	Germany	Augustusplatz 9, 04109 Leipzig	4.16	4.16
TSCNET Services GmbH	Germany	Dingolfinger Strasse 3, 81673 Munich	6.16	6.16

Elia Grid International PTE. LTD, based in Singapore, has been founded in order to grow and stimulate Elia's contracting business in the Asian region.

b. Liquidation of E-Offshore A LLC, Atlantic Grid Investment A Inc and Atlantic Grid A LLC

As from 2011, the group held a participation in E-Offshore A LLC through which Elia became an equity partner in the offshore Atlantic Wind Connection project off the East Coast of the United States. As the underlying project invested into was sold, the holding entity has been liquidated in the current year. No gain or loss was incurred through this liquidation.

c. Additional financial interest in Eurogrid International SA

In June 2019, KfW stepped out of the shareholdership of Eurogrid International SA. Those shares were acquired by Elia System Operator SA. In return, KfW acquired 20% of the shares of Eurogrid GmbH from Eurogrid International SA. Eurogrid GmbH is the direct subsidiary of Eurogrid International SA and the direct holding entity of 50 Hertz Transmission GmbH.

Other than a € 2.5 million payment made to KfW to compensate for any assets held at the Belgian holding entity only, the transaction was treated for as a transaction between shareholders and is neutral on the group's financial performance.

d. Acquisitions in joint ventures and associates

On 10 June 2019, Nemo Link Limited decided to convert outstanding debt into equity. The debt conversion resulted in the issue of additional shares in return for the release of outstanding debt which resulted from the Loan Notes issued to National Grid Interconnector Holdings Limited (NGIH) and Elia System Operator SA.

As at the Effective Date, both NGIH and Elia had subscribed for €181.7 million of Loan Notes and had accrued €14.9 million of interests on those Loan Notes. As consequence, Nemo Link Limited's equity has strengthened by €393.2 million.

Both NGIH and ESO retain a 50% ownership after the transaction.

5. Segment reporting

In addition to the information presented below, we also refer to section 2.1, within part I of the press release, for more detailed information on segment performance.

5.1. Elia Transmission (Belgium)

Results Elia Transmission (in € million) - Period ended 30 June	2019	2018*	Difference (%)
Total revenues and other income	499.0	433.2	15.2%
Depreciation, amortisation, impairment and changes in provisions	(75.9)	(70.0)	8.4%
Results from operating activities	132.9	108.8	22.2%
Share of profit of equity-accounted investees (net of income tax)	1.0	0.9	11.1%
Earnings before interest and tax (EBIT)	133.9	109.7	22.1%
Earnings before depreciations, amortisations, interest and tax (EBITDA)	209.8	179.7	16.8%
Finance income	0.5	0.2	150.0%
Finance costs	(37.2)	(33.0)	12.7%
Income tax expenses	(32.2)	(20.8)	55.0%
Profit attributable to the Owners of the Company	**65.0**	**56.2**	**15.7%**

Consolidated statement of financial position (in € million)	30 June 2019	31 December 2018	Difference (%)
Total assets	6,279.3	5,909.2	6.3%
Capital expenditures	308.6	600.7	(48.6%)
Net financial debt	2,701.9	2,825.1	(4.4%)

*Due to an amended segment structure as from the second half of financial year 2018, segment comparatives have been revised.

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) 100% - Period ended 30 June	2019	2018*	Difference (%)
Total revenues and other income	664.7	599.5	10.9%
Depreciation, amortisation, impairment and changes in provisions	(100.5)	(8.7)	1,055.2%
Results from operating activities	149.3	219.2	(31.9%)
Share of profit of equity-accounted investees (net of income tax)	0.0	0.0	n.r.
Earnings before interest and tax (EBIT)	149.3	219.2	(31.9%)
Earnings before depreciations, amortisations, interest and tax (EBITDA)	249.8	227.9	9.6%
Finance income	0.4	0.4	0.0%
Finance costs	(30.7)	(23.8)	29.0%
Income tax expenses	(36.8)	(59.2)	(37.8%)
Profit attributable to the Owners of the Company	**65.8**	**88.1**	**(25.3%)**

Consolidated statement of financial position (in € million)	30 June 2019	31 December 2018	Difference (%)
Total assets	6,678.6	6,752.1	(1.1%)
Capital expenditures	127.5	511.0	(75.0%)
Net financial debt	1,395.6	1,272.9	9.6%

*Due to an amended segment structure as from the second half of financial year 2018, segment comparatives have been revised.

5.3. Non-regulated activities (incl. Nemo Link)

Results Others (in € million) - Period ended 30 June	2019	2018*	Difference (%)
Total revenues and other income	4.2	5.9	(28.8%)
Depreciation, amortisation, impairment and changes in provisions	(0.2)	(1.2)	(83.3%)
Results from operating activities	(5.3)	(7.1)	(25.4%)
Share of profit of equity-accounted investees (net of income tax)	3.8	0.3	n.r.
Earnings before interest and tax (EBIT)	(1.5)	(6.8)	(78.0%)
Earnings before depreciations, amortisations, interest and tax (EBITDA)	(1.3)	(5.6)	(76.7%)
Finance income	3.3	12.2	(73.0%)
Finance costs	(4.4)	(8.2)	(46.3%)
Income tax expenses	7.5	(0.1)	n.r.
Profit attributable to the Owners of the Company	**5.0**	**(2.1)**	**n.r.**
Consolidated statement of financial position (in € million)	30 June 2019	31 December 2018	Difference (%)
Total assets	1,739.3	1,677.9	3.7%
Capital expenditures	0.7	0.0	n.r.
Net financial debt	388.5	507.6	(23.5%)

*Due to an amended segment structure as from the second half of financial year 2018, segment comparatives have been revised.

5.4. Segment reporting reconciliation

Consolidated results (in € million) - Period ended 30 June	2019 Elia Transmission (Belgium) (a)	2019 50Hertz Transmission (Germany) (b)	2019 Non-regulated activities (incl. Nemo Link) (c)	2019 Consolidation entries & intersegment transactions (d)	2019 Elia Group (a)+(b)+(c)+(d)
Total revenues and other income	499.0	664.7	4.2	(8.4)	1,159.5
Depreciation, amortisation, impairment and changes in provisions	(75.9)	(100.5)	(0.2)	0.0	(176.6)
Results from operating activities	132.9	149.3	(5.3)	0.0	276.9
Share of profit of equity-accounted investees, net of tax	1.0	0.0	3.8	0.0	4.8
Earnings before interest and tax (EBIT)	133.9	149.3	(1.5)	0.0	281.7
Earnings before depreciations, amortisations, interest and tax (EBITDA)	209.8	249.8	(1.3)	0.0	458.3
Finance income	0.5	0.4	3.3	0.0	4.2
Finance costs	(37.2)	(30.7)	(4.4)	0.0	(72.3)
Income tax expenses	(32.2)	(36.8)	7.5	0.0	(61.5)
Profit attributable to the Owners of the Company	**65.0**	**65.8**	**5.0**	**0.0**	**135.8**
Consolidated statement of financial position (in € million)	30.06.2019	30.06.2019	30.06.2019	30.06.2019	30.06.2019
Total assets	6,279.3	6,678.6	1,739.3	(568.9)	14,128.3
Capital expenditures	308.6	127.5	0.7	0.0	436.8
Net financial debt	2,701.9	1,395.6	388.5	0.0	4,486.0

Consolidated results (in € million) - Period ended 30 June	2018 Elia Transmission (Belgium) (a)	2018 50Hertz Transmission (Germany) (b)	2018 Non-regulated activities (incl. Nemo Link) (c)	2018 Consolidation entries & intersegment transactions (d)	2018 Elia Group (a) + (b) + (c) + (d)
Total revenues and other income	433.2	599.5	5.9	(406.5)	632.1
Depreciation, amortisation, impairment and changes in provisions	(70.0)	(8.7)	(1.2)	(17.2)	(97.1)
Results from operating activities	108.8	219.2	(7.1)	(166.3)	154.5
Share of profit of equity-accounted investees, net of tax	0.9	0.0	0.3	63.5	64.7
Earnings before interest and tax (EBIT)	109.7	219.2	(6.8)	(102.9)	219.2
Earnings before depreciations, amortisations, interest and tax (EBITDA)	179.7	227.9	(5.6)	(85.7)	316.3
Finance income	0.2	0.4	12.2	(0.3)	12.5
Finance costs	(33.0)	(23.8)	(8.2)	16.8	(48.2)
Income tax expenses	(20.8)	(59.2)	(0.1)	44.1	(36.0)
Profit attributable to the Owners of the Company	**56.2**	**88.1**	**(2.1)**	**0.0**	**142.2**
Consolidated statement of financial position (in € million)	31.12.2018	31.12.2018	31.12.2018	31.12.2018	31.12.2018
Total assets	5,909.2	6,752.1	1,677.9	(584.9)	13,754.3
Capital expenditures	600.7	511.0	0.0	(20.8)	1,090.9
Net financial debt	2,825.1	1,272.9	507.6	0.0	4,605.6

All revenues are earned from external customers except for the intersegment revenues disclosed in note 15.

6. Share capital

On 14 June 2019, Elia System Operator SA successfully completed a public offering of new shares to existing shareholders and holders of preferential rights. Through this offering, the capital of Elia System Operator SA has increased by an amount of €190.4 million along with an increase in share premium of €243.9 million for which 7.628.104 new shares have been issued at a subscription price of €57 per share. €6.3 million of costs were incurred in relation to the capital increase.

In addition to this, the second tranche of the 2018 capital increase for Elia employees has been completed in March 2019. This transaction involved €0.5 million of funds raised, consisting of a €0.2 million capital increase and a €0.3 million increase in share premium. Through this transaction, 9,776 new shares have been issued.

7. Dividends

On 21 May 2019, the shareholders approved payment of a gross dividend of €1.66 per share (i.e. a net dividend of €1.162 per share), corresponding to a total gross dividend of €101.3 million.

8. Acquisitions and disposals of PPE

A net sum of €436.8 million was invested in the entire Elia Group, of which €308.6 million in the Belgian segment, €127.5 million in the German segment and €0.7 million in the non-regulated activities (incl. Nemo Link) in the first half of 2019. See section 2a of part I of the press release for more details.

9. Loans and borrowings

In January 2019, the Company has successfully emitted a €500 million Eurobond under its €5 billion EMTN programme. The €500 million senior bond will mature in 2026 and has an annual coupon of 1.375%.

The proceeds from the new bond issue has been used to refinance an existing €500 million Eurobond which matured in May 2019.

Loans and borrowings as at 30 June 2019 comprise the following:

(in € million)	Maturity	Amount	Interest rate before hedging	Interest rate after hedging	Current proportion - fixed	Current proportion - variable
Eurobond issues 2013/15 years	2028	547.7	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	347.0	3.00%	3.00%	100.00%	0.00%
Eurobond issues 2015/8.5 years	2024	498.8	1.38%	1.38%	100.00%	0.00%
Eurobond issues 2017/10 years	2027	247.8	1.38%	1.38%	100.00%	0.00%
Eurobond issues 2019/7 years	2026	498.7	1.38%	1.38%	100.00%	0.00%
Senior bond 2018/10 years	2028	297.5	1.50%	1.50%	100.00%	0.00%
Shareholders' loan	2022	42.1	Euribor 6M + 1.15%	1.14%	60.51%	39.49%
Other loans	2022	453.7	Euribor 6M + 1.15%	1.14%	60.51%	39.49%
Amortized term loan	2033	209.7	1.80%	1.80%	100.00%	0.00%
European Investment Bank	2025	100.0	1.08%	1.08%	100.00%	0.00%
Bond as part of Euro Medium Term Note program 2010 /	2020	499.4	3.88%	3.88%	100.00%	0.00%
Bond as part of Debt Issuance Programme 2015 / 10	2025	497.7	1.88%	1.88%	100.00%	0.00%
Bond as part of Debt Issuance Programme 2015 / 8 years	2023	748.6	1.63%	1.63%	100.00%	0.00%
Bond as part of Debt Issuance Programme 2015 / 15	2030	139.1	2.63%	2.63%	100.00%	0.00%
Bond as part of Debt Issuance Programme 2016 / 12	2028	746.9	1.50%	1.50%	100.00%	0.00%
Registered bond 2014 / 30 years	2044	50.0	3.00%	3.00%	100.00%	0.00%
Unsecured bank loan	2026	150.0	0.90%	0.90%	100.00%	0.00%
Total		**6,274.0**			**96.88%**	**3.12%**

The above €6,274.0 million is to be increased with €134.2 million of interest accruals and finance lease liabilities to reconstitute the overall debt of €6,408.2 million.

(in € million) – as at 31 December 2018	Maturity	Amount	Interest rate before hedging	Interest rate after hedging	Current proportion - fixed	Current proportion - variable
Eurobond issues 2004/15 years	2019	499.9	5.25%	5.25%	100.00%	0.00%
Eurobond issues 2013/15 years	2028	547.6	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	346.8	3.00%	3.00%	100.00%	0.00%
Eurobond issues 2015/8.5 years	2024	498.7	1.38%	1.38%	100.00%	0.00%
Eurobond issues 2017/10 years	2027	247.7	1.38%	1.38%	100.00%	0.00%
Senior bond 2018/10 years	2028	297.3	1.50%	1.50%	100.00%	0.00%
Shareholders' loan	2022	42.1	Euribor 6M + 1.15%	1.22%	60.51%	39.49%
Other loans	2022	453.7	Euribor 6M + 1.15%	1.22%	60.51%	39.49%
Amortized term loan	2033	209.7	1.80%	1.80%	100.00%	0.00%
European Investment Bank	2025	100.0	1.08%	1.08%	100.00%	0.00%
Dematerialised treasury notes	2019	50.0	(0.23%)	(0.23%)	100.00%	0.00%
Bond as part of Euro Medium Term Note program 2010	2020	499.1	3.88%	3.88%	100.00%	0.00%
Bond as part of Debt Issuance Programme 2015	2025	497.5	1.88%	1.88%	100.00%	0.00%
Bond as part of Debt Issuance Programme 2015	2023	748.4	1.62%	1.63%	100.00%	0.00%
Bond as part of Debt Issuance Programme 2015	2030	139.1	2.63%	2.63%	100.00%	0.00%
Bond as part of Debt Issuance Programme 2016	2028	746.7	1.50%	1.50%	100.00%	0.00%
Registered bond 2014	2044	50.0	3.00%	3.00%	100.00%	0.00%
Unsecured bank loan	2026	150.0	0.90%	0.90%	100.00%	0.00%
Total		**6,323.8**			**92.16%**	**7.84%**

10. Financial instruments

The table below shows a comparison of the carrying amount and fair value of financial instruments as at 30 June 2019 and the fair value hierarchy:

(in € million)	Carrying amount					Fair value			
	Fair Value through P&L	Fair Value through OCI	Amortised Cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
30 June 2019									
Other financial assets	7.0	27.5			34.5	7.0		27.5	34.5
Trade and other receivables			460.9		460.9				
Cash and cash			1,922.2		1,922.2				
Interest rate swaps used for hedging		(6.0)			(6.0)		(6.0)		(6.0)
Unsecured financial bank loans and other loans				(1,000.7)	(1,000.7)		(1,000.7)		(1,000.7)
Unsecured bond issues				(5,318.5)	(5, 318.5)		(5,796.2)		(5,796.2)
Trade and other payables				(1,918.6)	(1,918.6)				
Total	**7.0**	**21.5**	**2,383.0**	**(8,237.9)**	**(5,826.2)**	**n.r.**	**n.r.**	**n.r.**	**n.r.**
31 December 2018									
Other financial assets	7.0	27.7			34.7	7.0		27.7	34.7
Trade and other receivables			736.0		736.0				
Cash and cash equivalents			1,789.3		1,789.3				
Foreign-currency rate swaps used for hedging		2.9			2.9		2.9		2.9
Unsecured financial bank loans and other loans				(1,076.9)	(1,076.9)		(1,076.9)		(1,076.9)
Unsecured bond issues				(5,318.0)	(5,318.0)		(5,603.1)		(5,603.1)
Trade and other payables				(1,989.0)	(1,989.0)				
Total	**7.0**	**30.6**	**2,525.3**	**(8,383.9)**	**(5,821.0)**	n.r	n.r	n.r	n.r

The above tables do not include fair-value information for cash and cash equivalents, trade and other receivables, trade and other payables, as their carrying amount is a reasonable approximation of fair value. Finance lease liabilities have not been disclosed, as they do not require fair value disclosure.

Fair value is the amount for which an asset could be exchanged or a liability settled in an arm's-length transaction. IFRS 7 requires, for financial instruments that are measured in the balance sheet at fair value, the disclosure of fair-value measurements by level in the following fair value measurement hierarchy:

Level 1: The fair value of a financial instrument that is traded in an active market is measured based on quoted

(unadjusted) prices for identical assets or liabilities. A market is considered active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's-length basis.
Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to assess the fair value of an instrument are observable, either directly (i.e. as prices) or indirectly (i.e. derived from prices), the instrument is included in level 2.
Level 3: If one or more of the significant inputs used in applying the valuation technique is not based on observable market data, the financial instrument is included in level 3. The fair value amount included under 'Other financial assets' has been determined by referring to either (i) recent transaction prices, known by the Group, for similar financial assets or (ii) are based upon valuation reports issued by third parties.

The fair value of the financial assets and liabilities, other than those presented in the above table, approximates to their carrying amounts largely due to the short-term maturities of these instruments.

11. Deferred tax liabilities

Deferred tax liabilities decreased slightly from €90.2 million to €89.2 million, of which €1.4 million has been recognised in profit or loss (negative), €5.3 million in OCI (positive) and €2.8 million in equity (negative).

(in € million)	Opening balance	Recognised in profit or loss	Recognised in OCI	Recognised in equity	Total
2019					
Property, plant and equipment	(154.0)	0.5	0.0	0.0	(153.6)
Intangible assets	(8.2)	(0.4)	0.0	0.0	(8.6)
Non-current trade and other	1.7	(4.0)	0.0	0.0	(2.3)
Interest-bearing loans and other non-current financial liabilities	(1.8)	0.0	0.7	0.0	(1.2)
Employee benefits	12.3	0.5	4.6	0.0	17.4
Provisions	40.6	(0.6)	0.0	0.0	40.0
Deferred revenue	6.5	1.3	0.0	0.0	7.8
Regulatory liabilities	19.6	(0.3)	0.0	0.0	19.3
Deferred tax on investment grants	2.5	(2.2)	0.0	0.0	0.4
Losses carried forward	(1.1)	0.0	0.0	0.0	(1.1)
Other items	(8.2)	3.7	0.0	(2.8)	(7.3)
Total	**(90.2)**	**(1.4)**	**5.3**	**(2.8)**	**(89.2)**

12. Income tax expense

Excluding the share of profit of equity-accounted investees, the effective tax rate was 29.5% for the six months to June 2019 compared to 30.3% for the six months to June 2018.The decrease in effective tax rate is mainly due to lower deferred taxes.

13. Settlement mechanism (regulatory framework)

In Belgium, the settlement arising from the tariff regulation mechanism for the year ended 31 December 2018 was accounted for in the period ended 30 June 2019 and decreased the net profit for the period by €3.0 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.

We refer to notes 9.1 and 9.2 accompanying the annual consolidated financial statements as of and for the year ended 31 December 2018 for more details.

14. Changes in accounting policies

IFRS 16 “Leases” 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. IFRS 16 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”.

The Group adopted IFRS 16 using the modified retrospective approach, i.e. it applied the standard to its leases with the cumulative effect of initially applying the standard recognised at the date of initial application. The adjustments arising from the new standard are therefore recognised in the opening balance sheet on 1 January 2019.

Transition to IFRS 16

The Group adopted IFRS 16 using the modified retrospective approach.

In accordance with the standard on lease contracts, the Group elected to use following exemptions when applying IFRS 16 accounting:

- short-term leases, i.e. contracts with a duration of less than one year;
- leases for which the underlying asset is of low value;
- intangible assets.

The most important judgements and assumptions in determining the lease asset and liability are to be located in the following areas:

- We made use of the practical expedients. e.g. we used a single discount rate per group of contracts, summarised per their duration. Those leases were assumed to have similar characteristics. No hindsight was used. The discount rate used is the Group's best estimation for the weighted average incremental borrowing rate (ranging from 0,26% to 2,94%).
- The Group assessed the non-cancellable period of each of the contracts in scope of IFRS 16. This includes the period covered by an option to extend the lease, if the lessee is reasonably certain to exercise that option. Certainly where it relates to office rent contracts, the Group’s made its best estimation of the non-cancellable period based on all available information.

a. Impact on transition

The impact of the transition to IFRS 16 at date of adoption is detailed below:

(in € million)	**Impact of IFRS16 on 1 January 2019**
Property, plant and equipment (right-of-use assets)	95.8
Lease liability	95.8

Because of the election to measure the right of use asset at transition at an amount equal to the lease liability (adjusted by the amount of any prepaid or accrued lease payments), there is no impact on the Group’s equity or profit or loss statement (including deferred taxes). The Group presents right-of-use assets in a separate line item within “property, plant and equipment” and lease liabilities within “loans” in the statement of financial position.

The Group’s operating lease commitments as at 31 December 2018 under IAS 17 and the Group’s lease liability under IFRS16 can be reconciled as follows:

(in € million)	**Reconciliation IAS 17 to IFRS 16**
Minimum lease payments under operating leases IAS 17 as of 31 December 2018	**53.7**
Contracts considered not in scope for IFRS 16	(5.6)
Effect from discounting	(21.8)
Effect from lease term assumptions	69.5
Liabilities recognized under IFRS16 as of 1 January 2019	**95.8**

Contracts considered out of scope for IFRS 16 are most often contracts where (i) no particular asset is to be identified, or where, (ii) an asset is to be identified in the contract, but over which no control can be exercised by the Group.

The effect from lease term assumptions comes from the estimation of the most probable end date of the contract under IFRS 16 which differs in certain cases from the end date stipulated in the contract. This is often the case for contracts where it is probable that the contract will be prolonged.

b. Accounting policies

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. Assets and liabilities arising from a lease are initially measured on a present value basis, discounted using the Group's best estimation for the weighted average incremental borrowing rate. The right-of-use asset is subsequently depreciated and/or impaired when deemed necessary. The right-of-use asset is also adjusted for certain remeasurements of the lease liability.

The lease liability is subsequently increased by the interest cost on the lease liability and reduced by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable, or a change in the reassessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option curtained not to be exercised. The Group has applied judgement to determine the lease term for lease contracts containing renewal options.

The Group assessed that most subleases did not meet the lease definition.

c. Impact for the period

As a result of the application of IFRS 16, the Group recognised €90.0 million of right-of-use assets and €89.0 million of lease liabilities as at 30 June 2019.

The recognised right-of-use assets relate to the following types of assets:

(in € million)	30 June 2019	1 January 2019
Use of land	5.6	4.5
Use of overhead line	32.3	32.7
Rent of buildings/offices	30.9	32.1
Cars	10.6	12.7
IT equipment / facilities	0.1	0.1
Optical fibers	8.2	10.1
Strategic reserves	2.4	3.6
Total	**90.0**	**95.8**

The Group also recognised depreciation and interest costs instead of operating expense. During the first half-year 2019, the Group recognised €7.9 million of depreciation charges and €1.0 million of interest cost from these leases. The expenses of short-term lease contracts and low value lease contracts are considered immaterial

15. Related parties

Controlling entities

The core shareholder of Elia System Operator is still Publi-T. Other than the yearly dividend payment and the participation in the 2019 capital increase, no transactions occurred with the core shareholder in the six months ended 30 June 2019.

Transactions with key management personnel

The key management includes Elia's Board of Directors and Elia's Management Committee. Both Elia's Board of Directors and Elia's Management Committee have a significant influence across the entire Elia Group.

At 50Hertz Transmission (Germany), key management personnel include Eurogrid International CVBA's Board of Directors, who are responsible for monitoring the activities of 50Hertz Transmission (Germany). Key management personnel also includes the Board of Management of 50Hertz Transmission and the Supervisory Board, which was established in the German segment.

Key management personnel did not receive stock options, special loans or other advances from the Group during the year.

There were no significant transactions with entities in which Elia's Management Committee members, the members of Eurogrid International CVBA's Board of Directors, the Board of Management of 50Hertz Transmission or the Supervisory Board exercise a significant influence (e.g. holding positions such as CEO, CFO or members of the Management Committee) in the first half of 2019.

However, there were various significant transactions with entities (mainly distribution system operators) in which Elia's Board of director's members exercise a significant influence in the first half of 2019. Sales and expenses with these entities amounted to €2.3 million and €1.9 million respectively for the six months ended 30 June 2019. As at 30 June 2019, there were outstanding trade receivables of €0.4 million and outstanding trade debts of €0.2 million towards those entities.

Transactions with joint ventures and associated companies

Details of transactions with joint ventures and associated companies are shown below.

(in € million) – Period ended 30 June	2019	2018
Transactions with joint ventures and associated companies	**2.7**	**2.7**
Sales of goods	1.7	1.4
Purchases of goods	(2.2)	(1.7)
Interest and similar revenue	3.2	3.0
(in € million)	30 June 2019	30 June 2018
Outstanding balances with joint ventures and associated companies	**10.6**	**169.8**
Non-current trade and other receivables	0.6	160.7
Current trade and other receivables	10.5	1.0
Current trade and other payables	(0.5)	(0.4)
Deferred charges and accrued revenues	0.0	8.2
Accruals and deferred income	0.0	0.2

As a result of the conversion of debt into equity at Nemo Link (see chapter 4), the accrued interests and non-current receivables were converted into equity at Nemo Link..

16. Seasonal fluctuations

The Group's profit profile follows a seasonal pattern, primarily due to the higher volumes of electricity consumed during the winter that 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.

17. Events after the reporting date

There are no important events to report since 30 June 2019, which would affect the condensed consolidated interim financial statements.

As included in the 2018 annual consolidated financial statements, the Group expects Brexit still to have a very limited effect on the consolidated financial statements.

18. Regulatory framework

Belgian regulatory framework

In 2019, there were no significant changes to the regulatory framework applicable for the regulatory period 2016-2019 in Belgium (as described in note 9.1 to the annual consolidated financial statements as of and for the year ended 31 December 2018)

German regulatory framework

In 2019, there were no significant changes to the regulatory framework in Germany applicable until 31 December 2019 (as described in note 9.2 to the annual consolidated financial statements as of and for the year ended 31 December 2018.

4. THE REPORT OF THE JOINT STATUTORY AUDITORS ON THEIR REVIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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Joint statutory auditor's report to the board of directors of Elia System Operator NV on the review of the condensed consolidated interim financial information as at 30 June 2019 and for the six-month period then ended

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Elia System Operator NV as at 30 June 2019, the condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information"). The board of directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information 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 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 information as at 30 June 2019 and for the six-month period then ended is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Brussels, 25 July 2019

Joint statutory auditors

KPMG Réviseurs d'Entreprises / Bedrijfsrevisoren
represented by

Alexis Palm
Partner

Ernst & Young Réviseurs d'Entreprises / Bedrijfsrevisoren
represented by

Patrick Rottiers*
Partner
*Acting on behalf of a BVBA/SPRL