



# Quarterly statement: Elia Group Q3 2022

## Regulated information

## Highlights

- Solid progress on delivering on- and offshore investment plans in both Belgium and Germany
- Elia Group, re.alto and Elli (Volkswagen) sign MoU
- European cooperation needed to harness offshore potential in Baltic Sea
- Elia Group and partners urge suppliers to make more sustainable products and services
- Second Green Bond of €750 million successfully issued by Eurogrid
- Financial outlook for 2022 revised upwards
- Belgium and Germany 5 year CAPEX plan (2023-2027) estimated to be €15.9 billion

## GRID DEVELOPMENT

ETB and 50Hertz are progressing well on the delivery of their investment plans and providing essential infrastructure for society.

### **Mercator-Bruegel project, part of Belgian backbone, to be completed by 2026**

The cross-arms of several pylons in Temse and Bornem have been replaced, in preparation for the 380 kV high-voltage line between Kruikebeke and Dilbeek being reinforced with a new type of electrical cable that will be able to transport more power (up to 6 GW). Work on replacing the cross-arms was carried out at a height of 130 metres. The 32 kilometre-long section of line which is being worked on forms an important part of Elia Transmission Belgium's grid.

### **Arcadis Ost 1 connected to the mainland**

The Ostwind 2 project involves connecting the Baltic Sea wind farms Arcadis Ost 1 and Baltic Eagle to the German high-voltage grid. To transport the offshore power from the two wind farms to shore, 50Hertz has been building three submarine cable systems that will be able to transmit a combined total of 750 MW of electricity. The transmission platform belonging to Arcadis Ost 1 has now been connected to the German onshore grid. An innovative technical approach was used to connect the last part of the 220 kV submarine cable system to Arcadis Ost 1's platform.



For further information

**Yannick Dekoninck** | M +32 478 90 13 16 | [investor.relations@eliagroup.eu](mailto:investor.relations@eliagroup.eu)  
**Stéphanie Luyten** | M +32 467 05 44 95 | [investor.relations@eliagroup.eu](mailto:investor.relations@eliagroup.eu)

### Progress on SuedOstLink

The SuedOstLink, which is being built by 50Hertz and TenneT, is a DC power link that will run between Saxony-Anhalt and Bavaria. The 525 kV DC cables used for the link's first underground cabling system have already been delivered, and TenneT and 50Hertz have now awarded the contracts for its second cabling system, which is due to be installed in 2024/25. By doing so, 50Hertz and TenneT have secured a head start on the project. Securing the necessary infrastructure for this important underground DC cable ahead of time is a decisive step in favour of Germany and Europe achieving greater energy independence.

### Green light finally given for Uckermark line

50Hertz has finally been granted the right to continue building the new extra-high-voltage overhead line in the northern sections of the Schorfheide biosphere reserve, in line with its current plans. The new 380 kV Uckermark Line, will replace the current 220 kV line that was commissioned in 1958, so strengthening the connection between the north of Germany (where much of the country's renewable energy is generated) and consumer centres in the Berlin area.

## WindGrid

### NextEra Energy Transmission MidAtlantic and WindGrid sign MoU

Elia Group's subsidiary WindGrid and NextEra Energy Transmission MidAtlantic, an American energy company, signed a MoU relating to the development and construction of the offshore transmission infrastructure in New Jersey. NextEra submitted a number of proposals, collectively known as the 'NJ Seawind Connector', to the New Jersey Board of Public Utilities, for this work. Recently the New Jersey Board of Public Utilities selected an alternative on-shore solution to the NextEra offshore solutions. Nevertheless WindGrid and NextEra will continue to further investigate to what degree they could cooperate to make a meaningful contribution to accelerating the offshore energy transition.

## SYSTEM OPERATION & MARKET DEVELOPMENT

### Elia Group, re.alto and Elli (Volkswagen) sign MoU

Elia Group, re.alto and Volkswagen subsidiary Elli have signed an MoU to jointly identify and overcome possible barriers to electric vehicle (EV) integration and explore how best to showcase its benefits in terms of the integration of renewable energy. The three parties are united in their belief that the widespread adoption of EVs will be one of society's fastest and most effective routes to abating climate change in the coming decade. Additionally, EV batteries will contribute to keeping the grid in balance as the share of renewables in the energy mix increases. This can only occur if consumers are encouraged to valorise their flexibility, aligning their charging behaviour with the availability of affordable green energy. Consumers will then become active players in the energy transition.

## STAKEHOLDER ENGAGEMENT

### European cooperation needed to harness offshore potential in Baltic Sea

50Hertz's first Baltic Sea Conference, which was organised in September with the state of Mecklenburg-Western Pomerania, the Royal Danish Embassy and the World Energy Council, aimed to encourage European cooperation by



bringing experts from the worlds of politics, economics and technology together. In addition to establishing more partnerships, Europe needs to evolve its electricity market; encourage the development of strong industries that can stand their ground in the global competition for commodities, components and supply chains; and build more hybrid interconnectors. It is in this vein that 50Hertz launched the publication of its new position paper, 'Advantages of a meshed offshore grid', during the conference.

### **Elia Group and partners urge suppliers to make more sustainable products and services**

Along with nine other European transmission system operators, Elia Group has reinforced its call for suppliers to make the products and services that they offer more sustainable – so contributing to a carbon-neutral society. This renewed call follows a letter that was published in 2020. The most recent letter, entitled 'The Greener Choice', outlines how the ten partners expect all suppliers to examine their value streams and account for raw materials, their provenance and recycled content, as well as emissions resulting from manufacturing and logistical processes. Where possible, suppliers are also expected to undertake standardised life cycle assessments of their products and services and share this data via common exchange platforms.

## **FINANCE**

### **Second Green Bond of €750 million successfully issued by Eurogrid**

Eurogrid secured liquidity for the grid expansion that is needed for the energy transition through the placement of its second Green Bond of €750 million at a rate of 3.279% and a term of nine years. The Green Bond will finance selected on- and offshore projects, such as the SuedOstLink (see above), significantly increasing the integration of and transportation capacities for renewable energy across 50Hertz's area. The issuing of this bond is aligned with the EU Action Plan on Climate Change and marked an important milestone in 50Hertz' strategic ambition "100% by 2032".

## **FINANCIAL OUTLOOK FOR 2022**

**Elia Group** is confident in its ability to deliver an **Adjusted Return on Equity (ROE adj.<sup>1</sup>) of between 7.1% and 7.5% for 2022 (this is slightly above the targeted 6.25% - 7.25%)**.

- In **Belgium**, we are confident of achieving a return on equity (ROE) which will lie at the lower end of the full-year target range of 5% to 6%. The execution of the CAPEX plan, which is always prone to external risks, is progressing well and Elia Transmission Belgium is forecasted to invest approximately €450 million.

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<sup>1</sup> Determined as the result attributable to ordinary shareholder/Equity attributable to owners of ordinary shares adjusted for the value of the future contracts (hedging reserve).



- In **Germany**, we aim to achieve a return on equity (ROE<sup>2</sup>) which will lie above the targeted range 8% to 10% to around 11%. This upwards revision has mainly been driven by a lower valuation of provisions for cross-border congestions income as a result of higher forward rates. 50Hertz Transmission is ahead of schedule in terms of the execution of its CAPEX plan, which is always prone to external risks. 50Hertz Transmission is expected to invest roughly €1,000 million.
- The **non-regulated segment and Nemo Link**, which comprises the return of Nemo Link, the return of the non-regulated activities (mainly re.alto, EGI and WindGrid) and the operating costs inherent in the management of a holding company, is expected to contribute an amount which lies in the range of €10 million to €15 million, to the Group's result. The final performance of this segment will depend largely on the contribution of Nemo Link, which is subject both to volatility in the market spread of the price of electricity and the availability of the interconnector.

The guidance does not take into account any potential M&A transactions.

In order to successfully tackle the climate crisis, we have been speeding up our activities in line with ever-increasing European and national targets related to renewable energy and decarbonisation. The current crisis has further highlighted how society could benefit from accelerating the energy transition. It will not only reduce our dependence on fossil fuels, it will also ensure more stable and affordable prices and protect against price inflation in the gas and electricity markets. An accelerated energy transition will therefore grant European industry a great opportunity to make their processes more sustainable and anchor their businesses in Europe, directly contributing to employment, prosperity and security of supply. That makes our mission to drive the energy transition even more relevant today. The faster implementation of our plans and the current inflationary environment had led us to announce our new CAPEX plan for 2023-2027 (based on current estimates) ahead of our full-year results. We estimate a total CAPEX of around €7.2 billion and €8.7 billion for Belgium and Germany (respectively) provided the regulatory frameworks are supportive for the investments. We intend to continue to finance our activities in Belgium and Germany broadly in line with current gearing ratios.

## Financial calendar

Publication of full-year results 2022	3 March 2023
Publication of 2022 Annual report	14 April 2023
General Meeting of Shareholders	16 May 2023
Quarterly Statement Q1 2023	17 May 2023
Ex-dividend date	30 May 2023

<sup>2</sup> Determined as the net profit /Equity adjusted for the value of the future contracts (hedging reserve), in line with prior year and with the Group.



Record date	31 May 2023
Payment of dividend for 2022	1 June 2023
Publication of half-year results 2023	26 July 2023
Quarterly statement Q3 2023	24 November 2023

## Usefull Links

- [Press release](#)
- [Sustainability event](#)
- [2022 annual report](#)
- [2021 Capital Markets Day](#)



## About Elia Group

### One of Europe's top five TSOs

Elia Group is a key player in electricity transmission. We ensure that production and consumption are balanced around the clock, supplying 30 million end users with electricity. Through our subsidiaries in Belgium (Elia) and the north and east of Germany (50Hertz), we operate 19,192 km of high-voltage connections, meaning that we are one of Europe's top 5 transmission system operators. With a reliability level of 99.99%, we provide society with a robust power grid, which is important for socio-economic prosperity. We also aspire to be a catalyst for a successful energy transition, helping to establish a reliable, sustainable and affordable energy system.

### We are making the energy transition happen

By expanding international high-voltage connections and incorporating ever-increasing amounts of renewable energy into our grid, we are promoting both the integration of the European energy market and the decarbonisation of society. We also continuously optimise our operational systems and develop new market products so that new technologies and market parties can access our grid, thus further facilitating the energy transition.

### In the interest of society

As a key player in the energy system, Elia Group is committed to working in the interest of society. We are responding to the rapid increase in renewable energy by constantly adapting our transmission grid. We also ensure that investments are made on time and within budget, with a maximum focus on safety. In carrying out our projects, we manage stakeholders proactively by establishing two-way communication channels between all relevant parties very early on in the development process. We also offer our expertise to different players across the sector in order to build the energy system of the future.

### International focus

In addition to its activities as a transmission system operator, Elia Group provides consulting services to international customers through its subsidiary Elia Grid International. In recent years, the Group has launched new non-regulated activities such as re.alto - the first European marketplace for the exchange of energy data via standardised energy APIs - and WindGrid, a subsidiary which will continue to expand the Group's overseas activities, contributing to the development of offshore electricity grids in Europe and beyond.

The legal entity Elia Group is a listed company whose core shareholder is the municipal holding company Publi-T.

For further information, please contact:

#### Investor Relations

Yannick Dekoninck | M +32 478 90 13 16 | [investor.relations@eliagroup.eu](mailto:investor.relations@eliagroup.eu)  
Stéphanie Luyten | M +32 467 05 44 95 | [investor.relations@eliagroup.eu](mailto:investor.relations@eliagroup.eu)

#### Corporate Communication

Marleen Vanhecke | M +32 486 49 01 09 | [marleen.vanhecke@elia.be](mailto:marleen.vanhecke@elia.be)

#### Elia Group SA/NV

Boulevard de l'Empereur 20 | Keizerslaan 20 | 1000 Brussels | Belgium

[eliagroup.eu](http://eliagroup.eu)

