



# Results 1H 2014

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# 1H 2014 Highlights

## Financial

- Consolidated net profit up by 21,8%
- Stable net debt & equity
- Successful issuance Eurobond at 3,0% coupon and renegotiation of credit lines and commercial paper

## Operational

- Investment programs for 2014 are confirmed
- 50Hertz has taken important steps in further deployment offshore in Baltic Sea.
- Some important permits received for key projects in Belgium (BOG / Nemo). However remaining uncertainty on Stevin

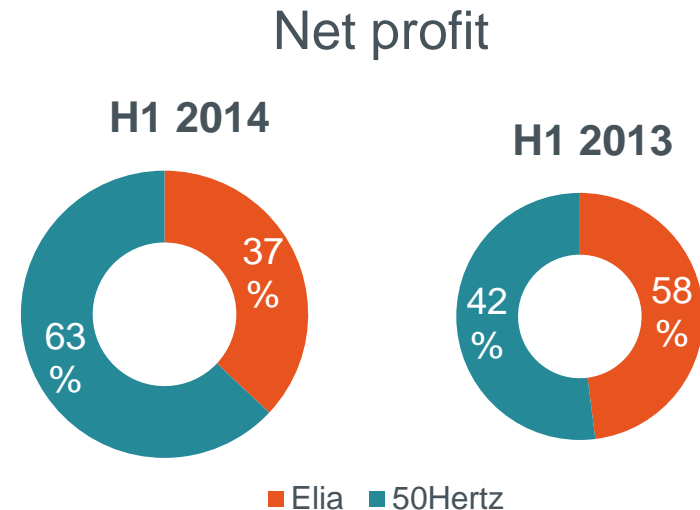
## Regulation

- CREG starts consultation on new regulatory framework
- 50Hertz receives the settlement of the regulatory account of the previous regulatory period

# 1H 14 Results

## Elia Group : consolidated key figures

(in €Mio)	H1 2014	H1 2013 restated	Change	H1 2013
Total revenues	405.5	402.2	0.8%	660.0
Results from operating activities	93.5	94.7	(1.3%)	156.8
Share of profit of equity accounted investees (net of income tax)	61.4	44.4	38.3%	3.5
EBIT	154.9	139.1	11.4%	160.3
EBITDA	213.0	189.4	12.5%	231.9
Finance result	(53.8)	(54.4)	(1.1%)	(57.3)
Taxes	(6.7)	(7.2)	(6.9%)	(25.4)
<b>Net profit</b>	<b>94.5</b>	<b>77.6</b>	<b>21.8%</b>	<b>77.6</b>

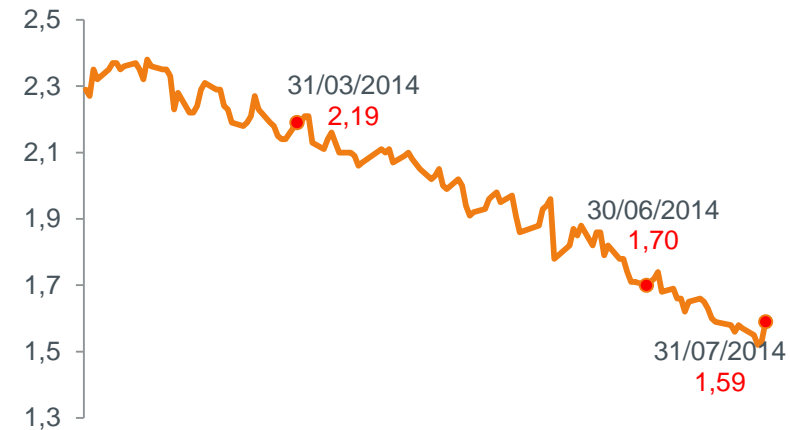


- New consolidation method for joint-ventures applied as from 1 January 2014, with impact on the consolidation of 50Hertz
- Positive evolution in net profit and EBIT(DA) due to significant improvement in results 50Hertz

# 1H 14 Results

## Elia : keyfigures

(in €Mio)	H1 2014	H1 2013	Change
<b>Total revenues</b>	<b>405.5</b>	<b>402.2</b>	<b>0.8%</b>
<b>EBIT</b>	<b>95.2</b>	<b>98.3</b>	<b>(3.2%)</b>
<b>EBITDA</b>	<b>153.3</b>	<b>148.6</b>	<b>3.2%</b>
<b>Finance result</b>	<b>(53.8)</b>	<b>(54.3)</b>	<b>(1.1%)</b>
<b>Taxes</b>	<b>(6.7)</b>	<b>(7.2)</b>	<b>(6.9%)</b>
<b>Net profit</b>	<b>34.7</b>	<b>36.8</b>	<b>(5.7%)</b>

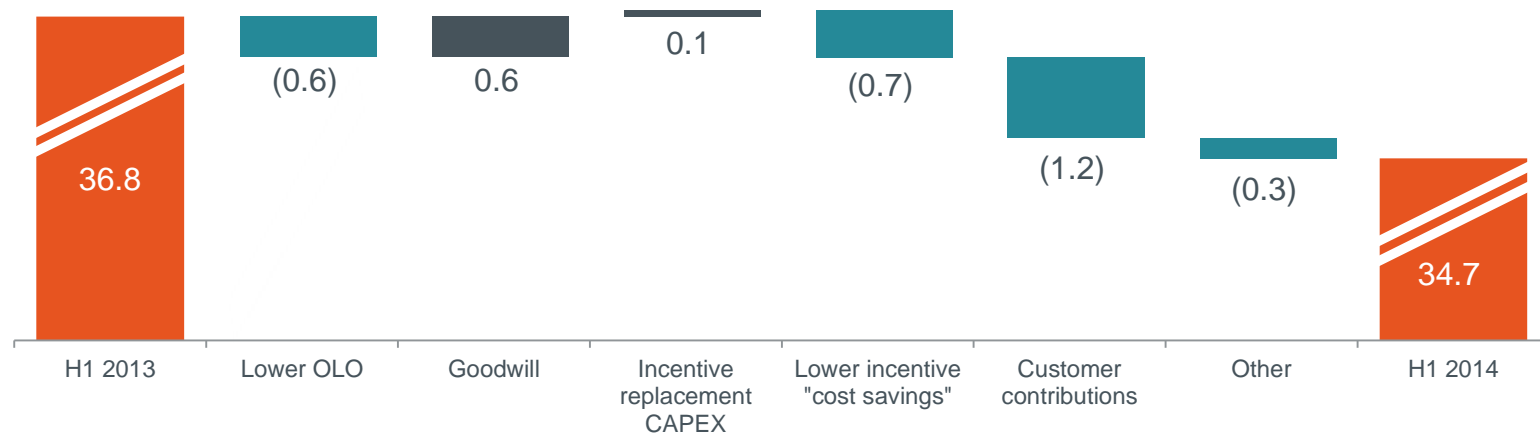


- Stable revenues inflow
- Improved cost of debt partly compensated by decreasing interests received
- Decreasing 10-year Belgian government bond rates keep affecting the result of Elia negatively

# 1H 14 Results

## Elia : net profit

### Evolution 2013 - 2014



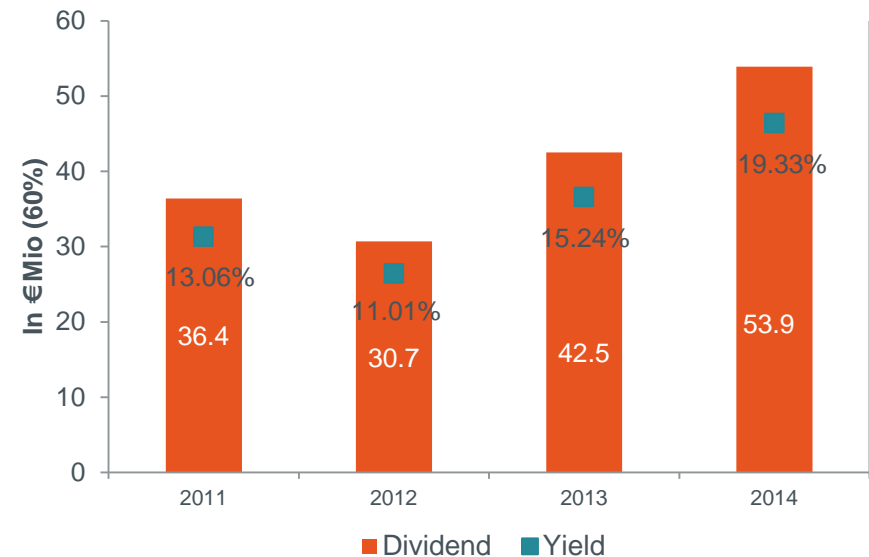
The result decreased due to a mix of the lower OLO, the lower incentive "cost savings" and the decrease of the received customer contributions, partly compensated by the higher goodwill decommissioning.

# 1H 14 Results

## 50Hertz : keyfigures

(in €Mio)	H1 2014	H1 2013	Change
Total revenues	510.0	430.6	18.4%
EBIT	148.9	103.4	44.0%
EBITDA	178.6	138.8	28.7%
Finance result	(4.6)	(5.7)	(19.3%)
Taxes	(44.9)	(30.3)	48.2%
<b>Net profit</b>	<b>99.4</b>	<b>68.0</b>	<b>46.2%</b>

Dividend yield

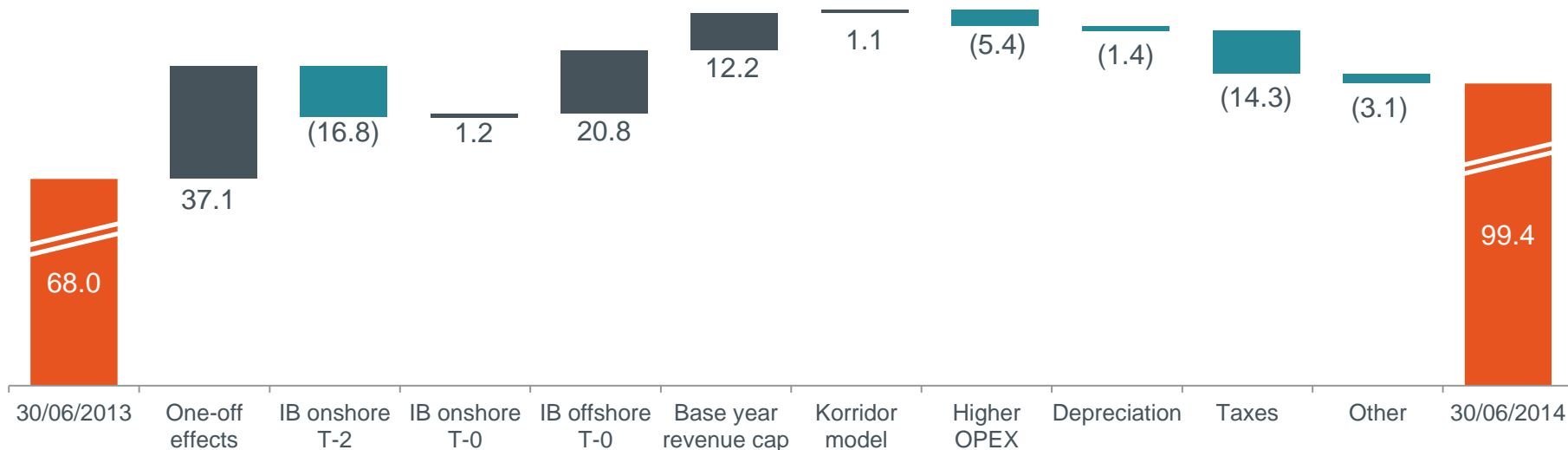


- Increased revenues as a result of the increased on- and offshore investments and of the increased revenue cap for controllable costs
- Net profit positively impacted by positive one-off effects
- 50Hertz distributed €96.7 Mio which will result in a dividend for Elia of €53.9 Mio

# 1H 14 Results

## 50Hertz : net profit

### Evolution 2013 -2014

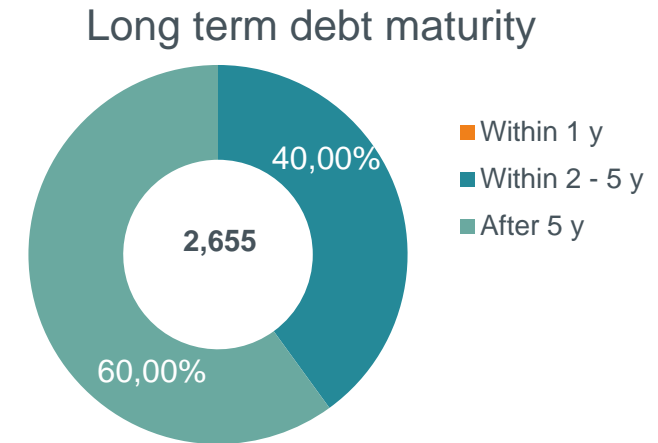
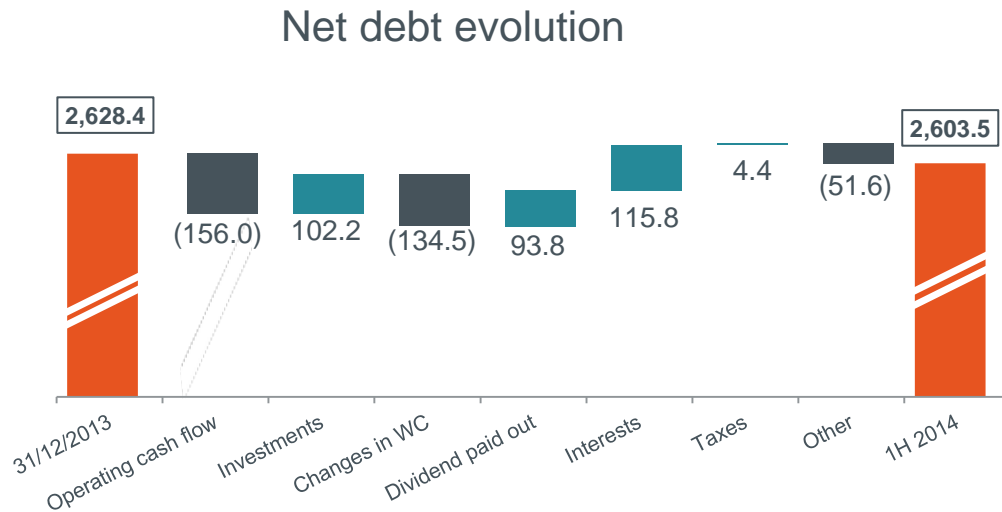


- Net profit up by 46.1%
- Exceptional one-off effects coming from settlement of previous regulatory period and positive evolutions in court case
- Increasing asset base and update revenue cap clear driver of increasing profits



# 1H 14 Results

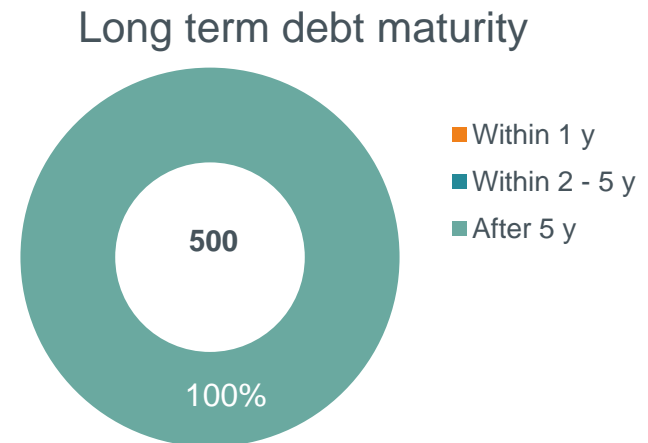
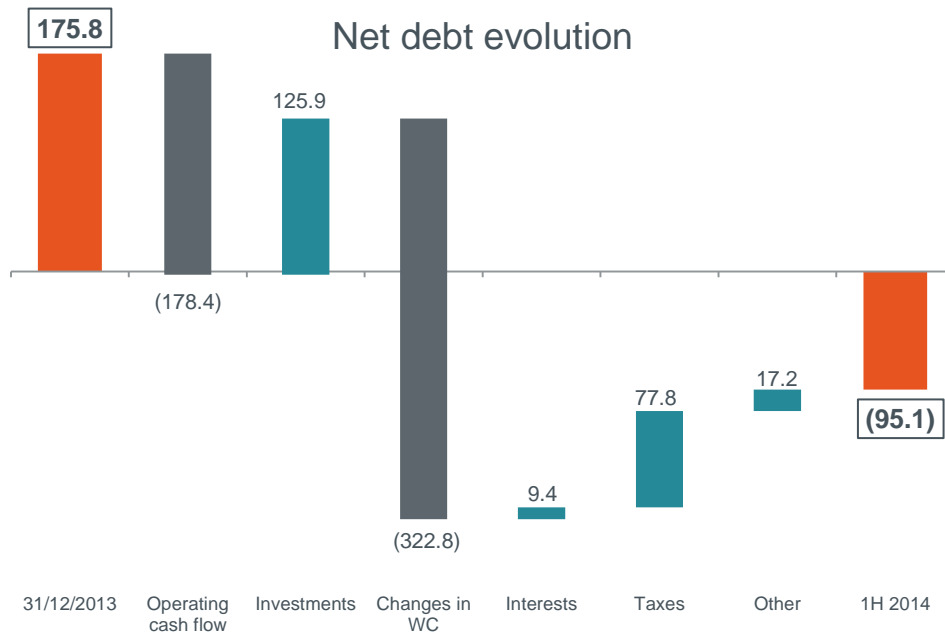
## Elia : Net debt evolution – financial structure



- Decrease in outstanding long term debt
- Improved maturity profile
- Confirmed credit lines of € 550 Mio and unconfirmed commercial paper of € 250 Mio

# 1H 14 Results

## 50Hertz : Net debt evolution – financial structure



- Excess cash mainly due to positive evolutions in the EEG
- Confirmed credit facilities of € 350 Mio

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## *General considerations*

Remuneration of equity + “embedded debt” principle

Gearing : 33% equity, 67% debt

$$RAB_{n+1} = RAB_n + \text{Investments} - \text{Depreciation} - \text{Divestments} \pm \text{change in WC}$$

“Cost+” regulation with mostly positive incentives

No volume risk

Basic principles of the current methodology remain valid in the proposed new tariff methodology, however important change in remuneration

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## Fair remuneration

### For equity < 33% RAB

$$[OLO + (RP \times \beta)] \times IP$$

- OLO : average value of **current year** for  $OLO_{10 \text{ year}}$
- RP: **3,5%**
- $\beta$  : based on latest 3 years with floor = **0,53**
- Illiquidity Premium: **1,10** 

### For equity > 33% RAB

$$OLO + 70\text{bps}$$

## Goodwill decommissioning

Goodwill decommissioning is no longer applicable

## Incentives

- Increased number of incentives
- Limited down-side risks (max - € 2 Mio)
- Incentives on (pre tax) :
  - ❑ Enhancement interconnection capacity (€0 / 6 Mio)
  - ❑ Welfare increase from regional market coupling (€0 / 11 Mio)
  - ❑ Semi - Controllable costs (€-2 / 6 Mio)
  - ❑ Controllable costs (50% savings compared to budget)
  - ❑ Investment management ex-ante (€0 / 2.5 Mio)
  - ❑ Investment management ex-post (€0 / 1 Mio)
  - ❑ R&D (€0 / 1 Mio)
  - ❑ Network availability (€0 / 2 Mio)
  - ❑ System adequacy (€0 / 2 Mio)
  - ❑ Potential additional remuneration on strategic projects

# Many thanks for your attention!

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