elia group
Powering a world in progress
50hertz
elia

Keizerslaan 20
Boulevard de l'Empereur, 20
B-1000 Brussels

T +32 2 546 70 11
F +32 2 546 70 10
www.eliagroup.eu

27/02/2015

For further information please contact:

Media
Barbara Verhaegen
+32 2 546 73 78
+32 473 65 39 47
barbara.verhaegen@elia.be

Investor Relations
Tom Schockaert
+32 2 546 75 79
+32 494 42 28 65
investor.relations@elia.be

Highlights 2014

- ***Net profit for the Elia Group, at €172.6 million, is slightly below 2013***
- ***In Belgium, the low ten-year long term interest rate continues to affect the Belgian regulated result***
- ***At 50Hertz (Germany), the operating result (EBIT) increases by 24%. However, the net profit decreases by 4.6% due to the disappearance of some exceptional elements.***
- ***Elia Group sets its dividend at €1.54.***
- ***Outperformance on the investment programme in Belgium and Germany and quality of electricity supply remains excellent.***
- ***CREG publishes new Belgian regulatory framework, applicable as from 2016.***
- ***OFGEM (UK regulator) and CREG jointly approved regulatory regime for Nemo, the interconnection between Belgium and UK.***

1. 2014 in a nutshell

The Elia Group, which comprises the two transmission system operators (TSOs) Elia and 50Hertz, is one of the top five TSOs in Europe. Once again in 2014, both transmission system operators successfully overcame the various challenges which they faced as a result of the altered energy landscape.

In 2014, Elia and 50Hertz performed outstanding results in terms of grid **reliability and security of supply**. Both TSOs have shown great flexibility in the management of their electricity system. In Belgium, at the start of the winter one third of the generation capacity was not available due to the unexpected fallout of three nuclear plants. Elia initiated a broad dialogue with all parties involved and took all possible measures to master the situation like close co-operation with different market players and co-ordination with neighbouring TSOs for significant energy imports. In the meantime, several initiatives were undertaken- both in Belgium and Germany- to ensure continued electricity supply, such as providing strategic reserves and boosting demand-response to cope with peaks in demand.

The Elia Group continued the **successful integration of renewables** to the electricity system. Both Elia and 50Hertz booked successes in some major on- and offshore infrastructure projects like the Stevin-project or Baltic 2. Since new transmission capacity is needed between production and consumption centres, the Elia Group optimizes the use of the existing grid, reinforces some assets and ultimately expands its grids where necessary. In December, a new record has been set in the 50Hertz regulation zone with the successful integration of 12 GW wind infeed.

Through its engagement in two European areas, the Elia group continued its role as an **active driver of market integration in North-Western and Central Eastern Europe**. Close cooperation with important European Power Exchanges has further been fortified and agreements have been made on additional cross-border trade through the construction of phase shifters.

To strengthen the Group's **international activities**, a new business unit has been started up: Elia Grid International, a whole subsidiary of Elia and 50Hertz. Backed by two system operators with a proven international track record, EGI delivers innovative system solutions for third parties.

See section 3 for further information on the various significant events for the Elia Group in 2014.

2. Key figures

Consolidated results and financial position of the Elia Group, operator of the high-voltage grid in Belgium and of the 50Hertz high-voltage grid in Germany:

Consolidated results (in millions EUR) - Year ended per 31 December	2014	2013 restated*	Difference (%)	2013
Total revenues and other income	838.9	832.7	0.7%	1,389.5
Results from operating activities	199.7	209.3	(4.6%)	345.4
Share of profit of equity accounted investees, net of tax	97.0	99.0	(2.0%)	0.4
EBIT	296.8	308.3	(3.7%)	345.8
EBITDA	409.6	412.8	(0.8%)	487.3
Net finance costs	(100.6)	(109.2)	(7.9%)	(108.5)
Income tax expenses	(23.8)	(23.4)	1.7%	(61.5)
Profit attributable to the Owners of the Company	**172.6**	**175.8**	**(1.8%)**	**175.8**
Basic earnings per share (EUR)	2.84	2.90	(2.1%)	2.90
Dividend per share (EUR)	1.54	1.54	0.0%	1.54
Consolidated statement of financial position (in million EUR)	31 December 2014	31 December 2013 restated*	Difference (%)	31 December 2013
Total assets	5,697.0	5,555.7	2.5%	6,532.2
Equity, attributable to the Owners of the Company	2,285.1	2,209.1	3.4%	2,209.1
Net financial debt	2,539.2	2,628.4	(3.4%)	2,733.8
Equity per share (EUR)	37.6	36.5	3.1%	36.5
Number of shares (end of period)	60,738,264	60,568,229	0.3%	60,568,229
Weighted average number of shares (end of period)	60,573,819	60,565,541	0.0%	60,565,541

EBIT = Results from operating activities + Share of profit of equity-accounted investees (net of income tax)
EBITDA = EBIT + depreciation/amortisation + changes in provisions
* The companies previously consolidated proportionately are now accounted for using the equity method, and comparative figures have been restated accordingly

Analyst & Investor conference call

The Elia group will host a conference call for the institutional investors and analysts on February 27, 2015 at 10:00 AM CET. For dial-in details and webcast links please visit our website (http://www.eliagroup.eu).

Consolidation method for joint ventures - IFRS 10, 11 and 12

On 1 January 2014, new consolidation standards were introduced for joint ventures. As described in the 2013 annual report, the proportionate consolidation method is no longer permitted for joint ventures with joint control and the data for these entities must be accounted for using the equity method. As a result, the comparative figures for 2013 were restated on this basis. These new standards have a key impact on the consolidated income statement, the consolidated statement of financial position and the consolidated statement of cash flows.

More specifically, our investment in the German company 50Hertz Transmission, which was previously proportionately consolidated (60%), is now accounted for in the consolidated figures using the equity method. 50Hertz Transmission's result is reported in 'Share of profit of equity-accounted investees (net of income tax)' and is part of the EBITDA.

Financial

The evolution in **EBITDA and EBIT** (down by 0.8% and 3.7% respectively) is a result of decreasing results of Elia Transmission in Belgium and a decreased net profit of 50Hertz Transmission in Germany. In Belgium, the regulated profit decreased due to the persisting pressure on the long term interest rates while in Germany the net profit decreased mainly due to the disappearance of the double recovery of investment costs for new investments, to a large extent compensated by the higher volume of investments and some one-off effects.

The **consolidated net profit** remained fairly stable (down 1.8%). The decrease in the EBIT was almost fully covered by the decreasing net finance costs (down € 8.6 million) of Elia Transmission due to the lower long term financial debt.

More details of the financial performance of the two constituent TSOs (Elia Transmission in Belgium and 50Hertz Transmission in Germany) are to be found in the individual segment reporting sections below.

The **net financial debt** fell by 3.4% to €2,539.2 million, mainly as a result of the refinancing of long-term debt of €500 million with the issue of a new Eurobonds worth €350 million, which were also partially used for operational purposes.

Shareholders' equity for the Elia Group rose 3.4% compared with 31 December 2013 from €2,209.1 million to €2,285.1. The increase was due mainly to reservation of the 2014 profit and payment of dividends for 2013. As a result, equity per share rose from €36.5 to €37.6. NB: The number of shares rose by 170,035 on 19 December 2014 following a capital increase for personnel.

At the General Meeting of Shareholders to be held on 19 May 2015, the Board of Directors will recommend that a gross dividend of €1.54 per share be paid, i.e. a net dividend of €1.155 per share.

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

Results of Elia Transmission for its transmission system operator (TSO) activities in Belgium:

Results Elia Transmission (in million EUR) – Year ended per 31 December	2014	2013	Difference (%)
Total revenues and other income	838.9	832.7	0.7%
Results from operating activities	199.7	209.3	(4.6%)
Share of profit of equity accounted investees, net of tax	2.8	0.4	600.0%
EBIT	202.6	209.7	(3.4%)
EBITDA	315.4	314.3	0.3%
Net finance costs	(100.6)	(109.2)	(7.9%)
Income tax expenses	(23.8)	(23.4)	1.7%
Profit attributable to the Owners of the Company	**78.4**	**77.1**	**1.7%**
Consolidated statement of financial position (in million EUR)	31 December 2014	31 December 2013	Difference (%)
Total assets	4,989.6	4,885.9	2.1%
Net financial debt	2,539.2	2,628.4	(3.4%)

<u>Financial</u>

In 2014, **Elia Transmission's revenue** in Belgium remained stable compared with the same period last year. The table below provides more details of changes in the various revenue components.

(in million EUR)	2014	2013	Difference (%)
Grid connection revenue	41.5	41.1	1.0%
Grid use revenue	608.5	495.8	22.7%
International revenue	56.0	67.8	(17.5%)
Ancillary services revenue	173.9	143.6	21.1%
Transfers of assets from customers	7.7	7.9	(2.3%)
Other revenue	8.1	4.3	89.2%
Other income	53.1	45.2	17.4%
Subtotal revenues & other income	**948.9**	**805.9**	**17.7%**
Settlement mechanism: to be refunded to the tariffs of current period	(36.6)	31.6	n/a
Settlement mechanism: deviations from approved budget	(73.4)	(4.7)	n/a
Total revenues and other income	**838.9**	**832.7**	**0.7%**

Grid connection revenue remained stable compared with 2013 at €41.5 million.

Grid use revenue and **ancillary services revenue** increased by respectively 22.7% and 21.1% owing to the 2013 adjustment of the costs charged to generators following introduction of the new tariffs approved by CREG in 2013. Following the Court of Appeal ruling of 6 February 2013, which annulled the earlier decision approving the transmission tariffs for 2012–2015, CREG approved an adjusted tariff proposal on 16 May 2013. In the adjusted proposal, the tariff components for generators were revised downwards and offset in the tariff components for consumers. The new tariffs for ancillary services and system operation, which are applied to the offtake of energy, took effect on 1 June 2013. The new tariffs for grid use, which are applied to power, came into effect on 1 January 2014. The excess costs charged to generators since the start of the regulatory period 2012–2015 have been reimbursed and will be recovered through the new tariffs over the period 1 June 2013 to 31 December 2015.

International revenue decreased by €11.8 million (down 17.5%), mainly due to the price evolution on the Belgian market compared to the surrounding CWE markets, which mainly impacted the revenue from the cross border exchanges between Belgium and the Netherlands.

The **revenue** from customer contributions to investments ("**transfers of assets from customers"**) remained with €7.7 million in line with 2013.

Other revenue increased by €3.8 million compared with 2013, which is a result of the increased projects for third parties Elia was engaged with in 2014. The **other income** increased by 17.4% mainly as a result of the activation of the costs made for Elia's new responsibility of the strategic reserves.

The **settlement mechanism** encompasses deviations from the **budget approved by CREG** with regard to the non-controllable costs and revenue. The operational result was up by €73.4 million, primarily as a result of higher international revenue (€46.3 million), the lower actual average OLO (€27.4 million), lower costs for ancillary services (€15.4 million) and lower net financial charges (€19.2 million). This was partly offset by the higher amount passed in the tariffs for decommissioning of fixed assets (down €3.1 million), the higher realisation of the incentive on replacement CAPEX (down €2.0 million) and the lower tariff sales (down €32.6 million) following introduction of the new tariffs approved by CREG (see above). There was also a temporary tariff surplus (€36.6 million), which is being carried forward within the current tariff period.

EBITDA (up 0.3%) remained stable at €315.4 million. The further decline in the fair remuneration due to evolution in the OLO, which decreased from 2.43% in 2013 to 1.72% in 2014, was offset by the increase in the amount passed on in the tariffs for decommissioning of fixed assets and the positive impact of the recalculations of IAS 19 and the relating amount recoverable in future tariffs. **EBIT** (down 3.4%) decreased in 2014 compared with 2013, mainly due to increased depreciations on the fixed assets.

Net **finance costs** (down 7.9%) fell by €8.6 million compared with 2013, mainly as a result of the decreased long term financial debt outstanding. In 2014 a bond of €500 million has been refinanced by the issuance of a €350 million 15-year Eurobond.

The increase in the **income tax expense** (up 1.7%) was a result of the evolution in the profit before taxes.

Consolidated profit after income tax increased by 1.7% from €77.1 million in 2013 to €78.4 million in 2014 mainly due to the following items[1]:

1. decrease in regulated profit due to lower OLO (down €9.4 million);
2. increase in the amount passed on in the tariffs for decommissioning of fixed assets (up €3.0 million);
3. increase in the incentive on replacement investments (up €1.2 million);
4. lower incentive on cost savings and revenue (down €1.2 million);
5. adjustment of the provisions for employee benefits and the relating amount recoverable in future tariffs (up €7.9 million)

Total assets increased by 2.1% to €4,989.6 million, while **net financial debt** decreased by €89.2 million (down 3.4%).

[1] Items 1-4 relate to the regulatory framework in Belgium.

Operational

The **load** measured on the Elia grid decreased in comparison with 2013 with 4.1% to 77.2 TWh. The **net offtake** from the Elia network followed the same evolution and dropped from 71.8 TWh in 2013 to 69.6 TWh (down 3.1%).

In 2014, Belgium was again a net importer. The net import increased significantly from 9.6 TWh in 2013 to **17.6 TWh**. The volumes imported from France remained the most important ones, covering a little more than 50% of the total imported volumes (21.8 TWh) who increased by 26.4%. The export of energy dropped by 44.9% coming in at 4.2 TWh. Thereby, total electricity flows between Belgium and its neighbours rose slightly by 4.8% to 26.0 TWh.

Investments

A net sum of €254.2 million[2] was invested in 2014, mainly in upgrading high-voltage substations and laying high-voltage cables. For instance, the high-voltage substations at Zeebrugge (380 kV), Horta (380 kV), Van Eyck (380 kV), Hoogstraten (150 kV), Genk (380 kV), Schoondal (150 kV) among others were initiated, upgraded, decontaminated and/or renovated. Furthermore, new cables were laid between Rijkevorsel, Hoogstraten and Meer (150 kV & 36 kV), between Zedelgem and Lichtervelde (36 kV) and the high-voltage lines between Van Eyck and Zutendaal (380 kV) were upgraded. Finally there were also important investment costs for a new administrative building in the Namur region.

[2] Including capitalisation of software, borrowing costs and transfers of assets from customers (with customer contributions to grid connections fully recognised in IFRS as revenue), this gives €270.0 million.

2.B. Segment reporting for 50Hertz Transmission

The 2014 results of 50Hertz Transmission for its transmission system operator (TSO) activities in Germany:

Results 50Hertz Transmission (Germany) (in millions EUR) - Year ended 31 December *	2014	2013	Difference (%)
Total revenues and other income	1,022.8	929.3	10.1%
EBIT	281.2	226.8	24.0%
EBITDA	344.1	288.5	19.3%
Net finance costs	(29.8)	1.2	n/a
Income tax expenses	(94.5)	(63.6)	48.6%
Profit attributable to the Owners of the Company **	**156.8**	**164.4**	**(4.6%)**
Consolidated statement of financial position (in million EUR)	31 December 2014	31 December 2013	Difference (%)
Total assets	3,538.8	2,744.1	29.0%
Net financial debt	(24.9)	175.8	n/a

* Income, expenses, assets and liabilities are reported in the table at 100% (previously reported, until 31 December 2013, proportionately to the Group's 60% share in its joint ventures).

** 60% of the profit attributable to the owners of the Company is included in the Share of profit of equity accounted investees (net of income tax) of the Group.

Financial

50Hertz Transmission's revenue was up 10.1% compared with the same period last year. This increase is mainly due to higher volumes of investment and lower offsetting of regulatory deficits and surpluses from the past. These effects were partially offset by the disappearance of the double recovery of investment costs. In 2013 costs for new investments were recovered twice, namely for 2011 and for 2013, as a result of the change in the regulatory system, which took effect in 2012. All costs for new investments are recovered in the year they occur, whereas before 2012 there was a time lag of two years. **Total revenues** are detailed in the table below.

Total revenues and other income (in million €)	2014	2013	Difference (%)
Vertical grid revenues	883.8	906.1	(2.5%)
Horizontal grid revenues	79.9	82.8	(3.5%)
Ancillary services revenues	74.8	84.5	(11.5%)
Transfer of assets from customers	6.0	1.4	328.6%
Other income	47.6	37.3	27.6%
Subtotal revenue and other income	***1,092.1***	***1,112.1***	***(1.8%)***
Settlement mechanism: deviations from approved budget	(69.3)	(182.8)	N.R
Total revenues and other income	**1,022.8**	**929.3**	**10.1%**

Vertical grid revenue (tariffs end customers) decreased by €22.3 million (down 2.5%) primarily as a result of the decrease in the total allowed revenues by the regulator. The rise in the allowed controllable costs to be passed on as a result of the start of the new regulatory period in 2014 and the increase in the investment costs to be passed on, as a result of the increased investment activities, were more than offset by a fall in planned energy costs and by the end of the double recovery of investment costs for new investments.

Horizontal grid revenue (tariffs to TSOs) decreased (down 3.5%) mainly due to lower amounts of energy traded between Poland and Germany. This effect has partly been offset by the higher investment costs that need to be passed on to the other three TSO's. In Germany all offshore connection investment costs are shared across the four German transmission system operators. This means that 50Hertz bears around 20% of these costs and passes on 80% of its own connection costs to the other three TSOs.

Ancillary services revenue (down 11.5%) decreased by €9.7 million, primarily due to a fall in revenue from imbalances.

Other revenue increased by €10.3 million, primarily due to the increase in the own work capitalized which is triggered by the high investment activities.

The **settlement mechanism** includes at 50Hertz, on the one hand, the annual offsetting of deficits and surpluses arising before 2014 (€49.4 million) and, on the other, the deviations in 2014 between the costs allowed to be passed on and the actual costs (-€118.7 million). The significant operational deviation in 2014 is mainly due to the low energy costs and the higher volumes invoiced compared with the budgeted volumes.

The sharp rise in **EBITDA** (up 19.3%) and **EBIT** (up 24.0%) is mainly due to investment and some one-off effects. At the end of Q2 2014, the company received the official German Federal Network Agency (BNetzA) decision regarding the previous regulatory period. This encompassed the costs passed on in the past, allowing 50Hertz to release the recognized regulatory provisions. Furthermore, a provision relating to a court case was cancelled following a positive court judgment. These effects were partly compensated by the disappearance of the double recovery of investment costs for new investments.

Net **finance costs** were negatively influenced by both a substantial discount effect on long-term provisions (€11.8 million) and the disappearance of the one-off positive result in 2013 (€10.8 million). In 2013, the German Federal Network Agency (BNetzA) decided that congestion and auction revenue no longer needed to be incorporated into tariffs within two years but could instead be spread over a 30-year period. This is because since 2012, congestion and auction revenue has to be used to fund investment which results in better congestion management. Due to this decision the congestion and auction revenue for 2012 and 2013, which need to be passed on in the tariffs, were discounted for the first time in 2013, resulting in an important and largely one-off financial income. This year, considering the decreased interest rates, the discounting is negatively influencing the net finance costs.

The increase in **income tax expense** is first mainly the result of the change in pre-tax profit. Secondly, the final tax settlement of the tax audit for the years 2006 to 2009 led to an increased income tax expense.

The rise in the EBIT was annulled by the higher net finance cost together with the exceptional tax expense, resulting in a slight decrease in the **net profit** (down 4.6%). The decrease of €7.6 million mainly consists of the following items:

1. disappearance of the double recovery of investment costs, incurred in 2012 and 2013 (down €33.6 million)
2. one-off effects (up €29.8 million) (see above)
3. increased cost recovery for onshore investments (up €9.6 million)
4. increased cost recovery for offshore investments (up €25.9 million)
5. increased allowed base year costs (up €29.5 million)
6. increased OPEX (down €7.0 million)
7. increased net finance costs (down €31.0 million)
8. increased taxes (down €30.5 million)

Total assets rose by 29.0% to €3,538.8 million, while there was significant improvement in terms of **net financial debt** – a result of the positive inflow from the EEG mechanism (a deficit of €45.5 million at the end of 2013 as opposed to a surplus of €575 million at the end of 2014).

<u>Operational</u>

Net offtake from the 50Hertz grid in 2014 was 4.4 % lower compared to the same period in 2013, at 55.6 TWh.

50Hertz imported 11.5 TWh of electricity (12.0 TWh in 2013), mainly from TenneT Germany, Denmark and Czech Republic, and exported 41.9 TWh (38.2 TWh in 2013), mainly to Poland, TenneT Germany and Czech Republic. As a result, **net exports** of electricity were up by 15.6% from 26.3 TWh to 30.4 TWh.

<u>Investments</u>

To meet grid users' requirements, 50Hertz Transmission invested €572.1 million in 2014. This was 42.1% more than the €402.0 million invested in 2013.

The main **onshore investments** were in the overhead line projects South-West Coupling Line and the reinforcement of the 380 kV overhead line section Bärwalde-Schmölln. Via its subsidiary **50Hertz Offshore,** the majority of 50Hertz Transmission's investment was in a connection with the Baltic 2 and Baltic 1 offshore wind farm in the Baltic Sea.

3. Significant events in 2014

Successful €350 million bond issue as part of Elia's €3 billion EMTN programme

Elia Transmission successfully issued a €350 million 15-year Eurobond as part of its €3 billion EMTN programme. Investors reacted very positively during the development of the order book, with more than €1.7 billion being received in offers from over 150 investors from 32 countries. This transaction once again highlights Elia's quality and attractiveness on the bond market. The credit margin for the transaction was set at 82 bp above the mid-swap rate for 15-year bonds, resulting in a 3.0% coupon. The proceeds from the bond issue were used to pay back loans that came to maturity in May and for general corporate purposes.

Conclusion of long-term credit facilities totalling €550 million

In June, Elia Transmission concluded five bilateral long-term credit facilities with BNP Paribas Fortis, JP Morgan, KBC, Rabobank and ING. These credit facilities (with a term of three years) are part of the refinancing of a €500 million bond loan due in April 2016.

Publication of the new regulatory framework for Elia Transmission

The Belgian electricity regulator CREG has published on December 18, 2014 the final version of the regulatory framework that will apply from 1 January 2016. Based on this new regulatory framework, Elia will submit a tariff proposal in June 2015. The final version of the regulatory framework is in line with the one that was put out for consultation; the CREG did not change anything on the regulated remuneration system.

Publication of the regulatory regime for NEMO Link

The British (OFGEM) and Belgian (CREG) regulators have defined and published the final regulatory regime for the NEMO offshore interconnector between Belgium and UK. The so-called 'cap and floor' methodology guarantees a minimum allowed return (via the 'floor') while also setting a maximum allowed return (via the 'cap'). The actual level of the 'cap' and 'floor' will be determined before the interconnection is commissioned and should remain at the same level for the entire duration of the regulatory system (25 years). The publication of the regulatory regime for the NEMO project is an essential condition for the Elia Group to assess and decide on the final investment decision, expected in spring 2015.

Significant progress on crucial investments in Belgium and Germany

380 kV line Bärwalde-Schmolln - Germany

50Hertz has completed the extension of the 380-kV transmission line between Bärwalde and Schmölln in Saxony. The project is a first for 50Hertz as the new 46 km line between two existing substations has been renewed and strengthened in one single corridor without switching off the existing line.

South-West Coupling Line - Germany

The construction of the 2nd section of the so-called South-West Coupling Line continued as planned and will be completed in the spring of 2015. In January 2015 50Hertz received the final approval for the construction of the third and last section of the South-West Coupling Line. The long expected permit is the essential pre-condition for 50Hertz and TenneT to realize the missing part of the so-called Thuringhian Electricity Bridge between Sachsen-Anhalt over Thuringia to Bavaria. This new 380 kV-line will mainly transport electricity from north-eastern Germany to southern Germany to ensure an efficient supply with electricity in a region where substantial nuclear energy is phasing out and additional electricity import becomes essential.

Uckermark line - Germany

The State Office for Mining, Geology and Raw Materials issued its planning permit for the construction of the 115 km Uckermark Line, a European priority project. The Uckermark line will connect the Bertikow substation near Prenzlau with the Neuenhagen substation in the north-east of Berlin. The 380-kV line reinforces the infrastructure for the Uckermark-Barnim energy region and will for instance supply Berlin with electricity generated by biomass and wind power in Brandenburg.

Stevin-project -Belgium

Elia reached an agreement with the various private parties and local authorities that had lodged proceedings against the GRUP (regional land-use plan) for the Stevin project.

Since there are no longer any legal proceedings pending against the Stevin project and since the planning and environmental permits for the three high-voltage substations have already been obtained, work has started on the project.

Offshore connection progess in the Baltic Sea - Germany

50Hertz has signed an order contract with the Italian cable manufacturer Prysmian for the production and placement of submarine cables who will connect the Westlich Adlergrund cluster in the Baltic Sea to the 50Hertz grid (via the substation of Lubmin). The contract combines orders totalling up to € 730 million: the largest order in 50Hertz's history.
50Hertz has continued with the completion of the connection of the Baltic2 offshore wind farm via the Baltic 1 platform to the shore. Construction works are expected to be finished in spring 2015.

Elia Belgium contracts strategic reserves of 845 MW

As of 2014, Elia has been given an additional task: providing a strategic reserve in winter if the Secretary of State for Energy deems this necessary. Based on information from Elia and the Directorate-General for Energy at FPS Energy, the Secretary of State determined the volume that must be available from 1 November 2014 to address any problems with security of supply. In total, 845 MW was contracted for the winter 2014 – 2015.Given the current unavailability of two nuclear reactors, Doel 3 and Tihange 2, and the uncertainty surrounding this, the Secretary of State raised the volume with maximum 2,750 MW for the winter 2015 - 2016 in a second ministerial decree.

The four German TSOs publish the EEG (Renewable Energy Act) levy for 2015

As every year, the four German transmission system operators (TSOs) published the EEG levy for 2015 on 15 October this year. End consumers will pay 6.170 eurocents per kWh to promote renewable energies in the power sector in 2015, making the 2015 EEG levy slightly lower than the previous year (6.240 eurocents per kWh). The TSOs calculated the EEG levy for 2015 on behalf of the German legislator, based on forecasts by independent experts. The total amount of the charge in 2015 will be approximately €21.8 billion.

Coupling of NWE and SWE day-ahead markets

On 4 February, market coupling for the North-West Europe (NWE) day-ahead market was successfully launched by the 13 system operators and four power exchanges participating in the project. Since that date, the North-West Europe region has been using a shared technical solution to couple the markets of the Central-West Europe (CWE) region (=Belgium, France, the Netherlands, Germany and Luxembourg) with Scandinavia and the UK.

In a further landmark move towards an integrated European power market, the full coupling of the South-West Europe (SWE) day-ahead markets was successfully launched on 13 May.

As a result, the SWE and NWE projects, stretching from Portugal to Finland, now operate under a common day-ahead power price calculation using the Price Coupling of Regions (PCR) solution. This was developed by a number of European power exchanges with the aim of delivering a single algorithm and uniform operating procedures for calculating prices as well as making efficient use of the cross-border transmission capacity calculated by the TSOs and offered by them to the market in a coordinated way.

Agreement between Polish (PSE) and German (50Hertz) transmission system operators on phase shifting transformers: an important step towards further integration of the European energy market

The Polish transmission system operator and 50Hertz have found a solution to the problem of unplanned energy flows at the German-Polish border: in March, they signed an agreement on the operation of phase shifting transformers (PSTs) in Warsaw. This move will boost system security and provide additional capacity for cross-border energy flows between Germany and Poland and, as a result, facilitate the integration of the European energy market.

4. Important events after 31 December 2014

On January 14, 2015, the Board of Directors ended the collaboration with Jacques Vandermeiren, Chief Executive Officer of the company, due to a divergence in visions.
The Board of Directors has appointed François Cornelis[3] as interim Chief Executive Officer. François Cornelis has held several top management posts in leading companies from the energy sector such as Petrofina and Total, both in Belgium and abroad.
The procedure to appoint a new CEO is started immediately. The Board of Directors confirms the continuity of the large infrastructure projects and the international development of Elia and 50Hertz.

5. Outlook

Results for 2015

In the view of the impact of the 10 year government bond interest rate (OLO) on the Belgian result and the fact that the Belgian result for 2015 depends on parameters which will only be known or can only be calculated at the end of 2015 (e.g. the inflation rate for December 2015 and the beta factor of the Elia share), the Elia Group cannot make any specific profit forecasts for 2015. In Germany, the outlook remains positive, although here, too, no concrete profit forecast can be given.

Investments in 2015

Elia Transmission expects to invest approximately €366.9 million in the Belgian high-voltage grid in 2015, while 50Hertz Transmission is proposing an investment budget of €798.8 million for 2015.

6. Declaration of the joint statutory auditors

"The joint statutory auditors, Ernst & Young Bedrijfsrevisoren/Réviseurs d'Entreprises represented by Mr Marnix Van Dooren and KPMG Bedrijfrevisoren/Réviseurs d'Enterprises represented by Mr Benoit Van Roost, have confirmed that their audit procedures, which have been substantially completed, have not revealed any material adjustments which would have to be made to the accounting information included in this press release."

7. Financial calendar for 2015

Publication of 2014 Annual Report	*early April 2015*
Interim statement Q1 2015	*15 May 2015*
2015 General Meeting	*19 May 2015*
Payment of dividend for 2014	*early June 2015*
Publication of 2015 half-yearly results	*28 August 2015*
Interim statement Q3 2015	*13 November 2015*

About Elia:
The Elia Group is organised around two electricity transmission system operators: Elia Transmission in Belgium and (in cooperation with Industry Funds Management) 50Hertz Transmission, one of the four German transmission system operators, active in the north and east of Germany. With more than 1,900 employees and a transmission grid comprising some 18,300 km of high-voltage connections serving 30 million consumers, the Elia Group is one of Europe's top five TSOs. It efficiently, reliably and securely transmits electricity from generators to distribution system operators and major industrial consumers, while also importing and exporting electricity from and to neighbouring countries. The Group is a driving force behind the development of the European electricity market and the integration of energy generated from renewable sources.
In addition to its system operator activities in Belgium and Germany, the Elia Group offers businesses a range of consultancy and engineering.
The Group operates under the legal entity Elia System Operator, a listed company whose reference shareholder is municipal holding company Publi-T.

[3] Permanent representative of Monticello SPRL

Website: This press release and the annexes are available on www.elia.be

ANNEXES

- Consolidated statement of financial position
- Consolidated income statement
- Consolidated statement of comprehensive income
- Consolidated statement of changes in equity
- Consolidated statement of cash flows
- Segment reporting – reconciliation

ANNEXES:

a. Consolidated statement of financial position

(in million EUR)	31 December 2014	31 December 2013 restated*	31 December 2013
ASSETS			
NON CURRENT ASSETS	**5,192.2**	**4,994.2**	**5,662.3**
Property, plant and equipment	2,478.9	2,322.5	3,629.8
Intangible assets & goodwill	1,735.0	1,735.0	1,758.4
Non-current tax receivables	138.2	131.6	132.4
Investments in equity-accounted investees	731.5	693.1	23.4
Other financial assets (including derivatives)	87.2	84.6	89.4
Deferred tax assets	21.4	27.4	28.9
CURRENT ASSETS	**504.8**	**561.5**	**869.9**
Inventories	14.8	14.1	16.4
Trade and other receivables	302.8	293.0	402.0
Current tax assets	5.0	3.3	4.7
Cash and cash equivalents	171.1	242.7	437.7
Deferred charges and accrued revenues	11.1	8.4	9.1
Total assets	**5,697.0**	**5,555.7**	**6,532.2**
EQUITY AND LIABILITIES			
EQUITY	**2,285.9**	**2,209.1**	**2,209.1**
Equity attributable to owners of the Company	2,285.1	2,209.1	2,209.1
Share capital	1,512.4	1,506.9	1,506.9
Share premium	9.9	8.8	8.8
Reserves	116.5	97.2	97.2
Hedging reserve	(16.8)	(18.1)	(18.1)
Retained earnings	663.1	614.3	614.3
Non-controlling interests	0.8	0.0	0.0
NON CURRENT LIABILITIES	**2,811.2**	**2,454.5**	**2,845.6**
Loans and borrowings	2,646.4	2,299.8	2,598.0
Employee benefits	109.3	100.4	106.9
Derivatives	25.4	27.5	27.5
Provisions	21.9	17.9	62.3
Deferred tax liabilities	5.7	6.4	32.8
Other liabilities	2.5	2.5	18.1
CURRENT LIABILITIES	**599.9**	**892.1**	**1,477.5**
Loans and borrowings	63.9	571.3	573.5
Provisions	6.5	5.8	21.6
Trade and other payables	301.2	201.8	506.9
Current tax liabilities	0.8	0.5	76.9
Accruals and deferred income	227.5	112.7	298.6
Total equity and liabilities	**5,697.0**	**5,555.7**	**6,532.2**

* The companies previously consolidated proportionately are now accounted for using the equity method, and comparative figures have been restated accordingly (see note 2.b.).

b. Consolidated income statement

(in million EUR) - Year ended 31 December	2014	2013 restated*	2013
Continuing operations			
Revenue	785.5	787.5	1,323.0
Raw materials, consumables and goods for resale	(5.3)	(5.2)	(32.2)
Other income	53.4	45.2	66.5
Services and other goods	(358.0)	(355.6)	(665.3)
Personnel expenses	(135.2)	(137.1)	(178.9)
Depreciations, amortizations and impairments	(108.3)	(104.9)	(150.0)
Changes in provisions	(4.6)	0.4	8.5
Other expenses	(27.8)	(20.9)	(26.2)
Results from operating activities	**199.7**	**209.4**	**345.4**
Share of profit of equity accounted investees, net of tax	97.0	99.0	0.4
EBIT	**296.7**	**308.3**	**345.8**
Net finance costs	**(100.6)**	**(109.2)**	**(108.5)**
Finance income	10.7	13.7	14.5
Finance costs	(111.3)	(122.9)	(123.0)
Profit before income tax	**196.1**	**199.1**	**237.3**
Income tax expense	(23.8)	(23.3)	(61.5)
Profit from continuing operations	**172.4**	**175.8**	**175.8**
Profit for the period	**172.4**	**175.8**	**175.8**
Profit attributable to:			
Owners of the Company	172.6	175.8	175.8
Non-controlling interests	(0.2)	0.0	0.0
Profit for the period	**172.4**	**175.8**	**175.8**
Earnings per share (EUR)			
Basic earnings per share	2.84	2.90	2.90
Diluted earnings per share	2.84	2.90	2.90

* The companies previously consolidated proportionately are now accounted for using the equity method, and comparative figures have been restated accordingly (see note 2.b.).

c. Consolidated statement of comprehensive income

(in million EUR) - Year ended 31 December	2014	2013
Profit for the period	**172.4**	**175.8**
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	2.0	9.2
Related tax	(0.7)	(3.1)
Foreign currency translation differences of foreign operations	(0.6)	(0.1)
Items that will not be reclassified to profit or loss:		
Remeasurements of post-employment benefit obligations	(15.9)	11.0
Related tax	5.3	(3.7)
Other comprehensive income for the period, net in tax	**(9.9)**	**13.3**
Total comprehensive income for the period	**162.5**	**189.1**
Total comprehensive income attributable to:		
Owners of the Company	162.7	189.1
Non-controlling interests	(0.2)	0.0
Total comprehensive income for the period	**162.5**	**189.1**

d. Consolidated statement of changes in equity

(in million EUR)	Share capital	Share premium	Hedging reserve	Foreign currency translation	Reserves	Retained earnings	Total	Non controlling interests	Total equity
Balance at 1 January 2013	1,506.5	8.8	(24.3)	0.1	83.7	533.7	2,108.5		2,108.5
Profit for the period						175.8	175.8		175.8
OCI: cash-flow hedges			6.1				6.1		6.1
OCI: actuarial gain/(loss)						7.3	7.3		7.3
OCI: exchange differences				(0.1)			(0.1)		(0.1)
Total comprehensive income for the period, net of tax			**6.1**	**(0.1)**		**183.1**	**189.1**		**189.1**
Transactions with owners, recorded directly in equity									
Contributions by and distributions to Owners									
Shares issued	0.3	0.1					0.4		0.4
Share-based payment expenses	0.1						0.1		0.1
Transfer to legal reserve					13.5	(13.5)			
Dividends						(89.0)	(89.0)		(89.0)
Total transactions with Owners	0.4	0.1			13.5	(102.5)	(88.5)		(88.5)
Balance at 31 December 2013	**1,506.9**	**8.9**	**(18.2)**		**97.2**	**614.3**	**2,209.1**		**2,209.1**
Balance at 1 January 2014	1,506.9	8.9	(18.2)		97.2	614.3	2,209.1		2,209.1
Profit for the period						172.6	172.6	(0.2)	172.4
OCI: cash-flow hedges			1.3				1.3		1.3
OCI: actuarial gain/(loss)						(10.6)	(10.6)		(10.6)
OCI: exchange differences				(0.6)			(0.6)		(0.6)
Total comprehensive income for the period, net of tax			**1.3**	**(0.6)**		**162.0**	**162.7**	**(0.2)**	**162.5**
Transactions with owners, recorded directly in equity									
Contributions by and distributions to Owners									
Shares issued	4.2	1.1					5.3		5.3
Share-based payment expenses	1.3						1.3		1.3
Transfer to legal reserve					19.3	(19.3)			
Dividends						(93.3)	(93.3)		(93.3)
Total contributions and distributions	5.5	1.1			19.3	(112.6)	(86.7)		(86.7)
Changes in ownership interests									
Establishment of subsidiary with non-controlling interests								1.0	1.0
Total changes in ownership interests								1.0	1.0
Total transactions with Owners	5.5	1.1			19.3	(112.6)	(86.7)	1.0	(85.7)
Balance at 31 December 2014	**1,512.4**	**9.9**	**(16.8)**	**(0.6)**	**116.5**	**663.7**	**2,285.1**	**0.8**	**2,285.9**

e. Consolidated statement of cash flows

(in million EUR) - Year ended 31 December	2014	2013 restated*	2013
Cash flows from operating activities			
Profit for the period	**172.4**	**175.8**	**175.8**
Adjustments for:			
Net finance costs	100.6	109.2	108.5
Other non-cash items	1.4	0.1	0.1
Income tax expense	14.5	16.7	87.3
Profit or loss of equity accounted investees, net of tax	(97.1)	(99.0)	(0.4)
Depreciation of PPE and amortisation of intangible assets	107.6	104.5	149.7
Gain on sale of PPE and intangible assets	12.7	6.4	7.7
Impairment losses of current assets	0.8	0.4	13.0
Change in provisions	(0.6)	(0.7)	(5.7)
Change in fair value of derivatives	(0.2)	(1.5)	(1.4)
Change in deferred taxes	9.3	6.6	(25.9)
Cash flow from operating activities	**321.4**	**318.5**	**508.7**
Change in inventories	(1.4)	(1.5)	(1.8)
Change in trade and other receivables	(7.0)	(59.2)	215.4
Change in other current assets	(3.1)	(4.4)	(4.4)
Change in trade and other payables	100.0	18.2	56.6
Change in other current liabilities	112.3	(19.0)	90.6
Changes in working capital	**200.8**	**(65.9)**	**356.4**
Interest paid	(125.3)	(125.3)	(134.3)
Interest received	1.5	2.7	3.2
Income tax paid	(15.9)	(16.1)	(51.3)
Net cash from operating activities	**382.5**	**114.0**	**682.8**
Cash flows from investing activities			
Acquisition of intangible assets	(7.9)	(7.6)	(10.1)
Acquisition of property, plant and equipment	(262.1)	(210.6)	(450.2)
Acquisition of subsidiary net of cash acquired	0.0	0.2	0.0
Acquisition of equity accounted investees	0.0	(0.1)	(0.1)
Acquisition of investments	0.0	0.0	(3.7)
Proceeds from sale of property, plant and equipment	0.0	0.0	1.6
Proceeds from sales of investments	0.0	11.6	11.6
Dividend received from equity-accounted investees	55.2	42.4	0.0
Net cash used in investing activities	**(214.8)**	**(164.1)**	**(450.9)**
Cash flow from financing activities			
Proceeds from issue of share capital	5.3	0.4	0.4
Expenses related to issue share capital	(0.1)	0.0	0.0
Dividends paid (-)	(93.8)	(89.3)	(89.3)
Repayment of borrowings (-)	(500.0)	(500.0)	(619.7)
Proceeds from withdrawal borrowings (+)	346.8	748.2	748.2
Other cash flows from financing activities	2.5	0.0	0.0
Net cash flow from (used in) financing activities	**(239.3)**	**159.3**	**39.6**
Net increase (decrease) in cash and cash equivalents	**(71.6)**	**109.3**	**271.5**
Cash & Cash equivalents at 1 January	242.7	133.4	166.2
Cash & Cash equivalents at 31 December	171.1	242.7	437.7
Net variations in cash & cash equivalents	**(71.6)**	**109.3**	**271.5**

* The companies previously consolidated proportionately are now accounted for using the equity method, and comparative figures have been restated accordingly (see note 2.b.).

f. Segment reporting - reconciliation

Consolidated results (in millions EUR) - Year ended per 31 December	2014 Elia Transmission (Belgium) (a)	2014 50Hertz Transmission (Germany) (b)	2014 Consolidation entries (c)	2014 Elia Group (a)+(b)+(c)
Total revenues and other income	838.9	1,022.8	(1,022.8)	838.9
Depreciation, amortization, impairment and changes in provisions	(112.8)	(62.9)	62.9	(112.8)
Results from operating activities	199.7	281.2	(281.2)	199.7
Share of profit of equity accounted investees, net of tax	2.8	0.0	94.3	97.1
EBIT	202.6	281.2	(187.0)	296.8
EBITDA	315.4	344.1	(249.8)	409.7
Finance income	10.7	3.7	(3.7)	10.7
Finance costs	(111.3)	(33.5)	33.5	(111.3)
Income tax expenses	(23.8)	(94.5)	94.5	(23.8)
Profit attributable to the Owners of the Company	**78.4**	**156.8**	**(62.6)**	**172.6**
Consolidated statement of financial position (in million EUR)	31.12.2014	31.12.2014	31.12.2014	31.12.2014
Total assets	4,989.6	3,538.8	(2,831.3)	5,697.1
Capital expenditures	276.7	591.1	(591.1)	276.7
Net financial debt	2,539.2	(24.9)	24.9	2,539.2

Consolidated results (in millions EUR) - Year ended per 31 December	2013 Elia Transmission (Belgium) (a)	2013 50Hertz Transmission (Germany) (b)	2013 Consolidation entries (c)	2013 Elia Group (a)+(b)+(c)
Total revenues and other income	832.7	929.3	(929.3)	832.7
Depreciation, amortization, impairment and changes in provisions	(104.5)	(61.7)	61.7	(104.5)
Results from operating activities	209.3	226.8	(226.8)	209.3
Share of profit of equity accounted investees, net of tax	0.4	0.0	98.6	99.0
EBIT	209.7	226.8	(128.2)	308.3
EBITDA	314.3	288.5	(190.0)	412.8
Finance income	13.7	1.5	(1.5)	13.7
Finance costs	(122.9)	(0.3)	0.3	(122.9)
Income tax expenses	(23.3)	(63.6)	63.5	(23.4)
Profit attributable to the Owners of the Company	**77.1**	**164.4**	**(65.7)**	**175.8**
Consolidated statement of financial position (in million EUR)	31.12.2013	31.12.2013	31.12.2013	31.12.2013
Total assets	4,885.9	2,744.1	(2,074.3)	5,555.7
Capital expenditures	223.2	412.8	(412.8)	223.2
Net financial debt	2,628.4	175.8	(175.8)	2,628.4

2. Notes

a. Basis of preparation

The consolidated financial information in this press release has been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted for use in the European Union.

These consolidated financial statements are an extract from the consolidated financial statements that will be published in April 2015.

b. Significant accounting policies used for preparation of the financial statements/Changes in accounting policies

The same financial reporting policies and valuation rules were used to prepare the Elia Group's consolidated financial statements for the financial year ending 31 December 2014 as were used to prepare the consolidated financial statements for the financial year ending 31 December 2013 (see section 3, 'Significant accounting policies' of the financial part of the annual report for 2013), as published in April 2014, with the exception of the application of the new, revised or amended IASB standards below, which came into effect of 1 January 2014:

- Amendments to IFRS 10, IFRS 11, IFRS 12 and IAS 27 – Investment Entities

The application of the standards IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosures of Interests in Other Entities had a material impact on the Group's consolidated financial statements.

The Group has applied, for the first time, the new standards mentioned above, requiring retrospective application of the change in accounting and retrospective restatement of previous financial statements.

Interests in joint arrangements:
A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, as opposed to joint operations whereby the Group has rights to its assets and obligations for its liabilities. Interests in joint ventures are accounted for using the equity method. They are recognised initially at cost. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the total recognised profits and losses of joint ventures on the basis of the 'equity method', from the date that significant influence commences until the date that significant influence ceases. When the Group's share of the losses exceeds its interest in joint ventures, the Group's carrying amount is reduced to nil and further losses are not recognised except to the extent that the Group has incurred legal or constructive obligations or has made payments on behalf of a joint venture.

- IFRIC 21 Levies, initially expected to be applied as of 1 January 2014, is only applicable to financial years commencing on or after 17 June 2014. This IFRIC is not expected to have a material impact on the Group's consolidated financial statements as per December 31 2015.

The Elia Group did not early adopt any new standards, amendments of standards or interpretations early.

c. Scope of consolidation
The following changes occurred within the consolidation scope in 2014:

- On 28 March 2014, the subsidiaries Elia Grid International SA and Elia Grid International GmbH ("EGI") were established. Both companies supply specialists in consulting, services, engineering, procurement and consulting, creating value by delivering solutions based on international best practice, while fully complying with regulated business environments.
  Elia Grid International SA holds all the shares in Elia Grid International GmbH. The shares in Elia Grid International SA are held by Elia System Operator (50.01% of the shares) and 50Hertz Transmission (49.99% of the shares). Hence, the Group owns 80% of Elia Grid International SA, while the other 20% is held by Industry Funds Management Luxembourg (IFM) (through its stake

in 50Hertz Transmission, which in turn holds 49.99% of the shares in Elia Grid International SA). EGI is accounted for by the Group as a subsidiary (full consolidation with minority interest).

- In 2014, 50Hertz Transmission acquired extra shares in the European Energy Exchange (EEX) worth €5.0 million and therefore now holds 4.3% of the shares in EEX, amounting to €10.4 million in total. In accordance with the Group's accounting policies, EEX is measured at cost value because there is no quoted price on an active market and the fair value cannot be reliably measured.

Apart from the changes mentioned above, there have been no other material changes to the subsidiaries, joint ventures and associates related to the relevant note in the annual report relating to the situation as at 31 December 2013.

Company	31 December 2014	31 December 2013
Parent company:		
- Elia System Operator SA/NV	Full	Full
Subsidiaries:		
- Elia Asset SA/NV	Full	Full
- Elia Engineering SA/NV	Full	Full
- Elia Re SA	Full	Full
- Elia Grid International SA/NV	Full	-
- Elia Grid International GmbH	Full	-
Joint ventures:		
- Eurogrid International CVBA	Equity	Proportionate
- Eurogrid GmbH	Equity	Proportionate
- 50Hertz Transmission GmbH	Equity	Proportionate
- 50Hertz Offshore GmbH	Equity	Proportionate
- Gridlab GmbH	Equity	Proportionate
- E-Offshore A LLC	Equity	Proportionate
- Atlantic Grid Investment A Inc	Equity	Proportionate
Associates:		
- HGRT SAS	Equity	Equity
- Coreso SA/NV	Equity	Equity
- APX-ENDEX BV	Equity	Equity
- Ampacimon SA/NV	Equity	Equity
- Atlantic Grid A LLC	Cost price	Cost price
- EMCC GmbH	Cost price	Cost price
- CAO GmbH	Cost price	Cost price
- European Energy Exchange AG	Cost price	Cost price
- CASC-EU SA	Cost price	Cost price
- TSCNET Services GmbH	Cost price	-

d. Seasonal fluctuations

The Group’s profit profile follows a seasonal pattern, primarily due to the higher volumes of electricity consumed during the winter which have to be transmitted by the system operator from power generators to distributors and large industrial customers.

e. Segment reporting

We refer to the financial section of this press release (parts 2.A and 2.B), and to part 1.f of the Annexes.