

Alternative Performance Measures

Half-Year Results 2020



Financial terms or Alternative Performance Measures

The Half-Year Financial Report contains certain financial performance measures that are not defined by IFRS and are used by management to assess the **financial and operational performance of the Group**. The main alternative performance measures used by the Group are explained and/or reconciled with our IFRS measures (Consolidated Financial Statements), link to website <https://www.elia.be/en/publications>

The following APM's appearing in the Half-Year Financial Report are explained in this document:

- Capex (Capital Expenditures)
- EBIT
- EBITDA
- Equity attributable to the owners of the company
- Free cash flow
- Net finance costs
- Net financial debt
- Regulatory Asset Base (RAB)

CAPEX (Capital Expenditures)

CAPEX (Capital Expenditures) = Acquisitions property, plant and equipment and intangible assets. Capital expenditures, or CAPEX, are investments realised by the Group to acquire, upgrade, and maintain physical assets (such as property, buildings, an industrial plant, technology, or equipment) and intangible assets. CAPEX is an important metric for the Group as it affects its Regulatory Asset Base (RAB) that serves as basis for its regulatory remuneration.

EBIT

EBIT (Earnings Before Interest and Taxes) = result from operating activities, which is used for the operational performance of the Group. The EBIT is calculated as total revenue less costs of raw materials, consumables and goods for resale, services and other goods, personnel expenses and pensions, depreciations, amortizations and impairments, changes in provision and other operating expense and plus the share of equity accounted investees.

(in € million) – period ended 30 June	2020
Results from operating activities	116.7
Share of profit of equity accounted investees (net of tax)	2.9
EBIT	119.6

EBITDA

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisations) = results from operating activities plus depreciations, amortization and impairment plus changes in provisions plus share of profit of equity accounted investees. EBITDA is used as a measure for the operational performance of the Group, thereby extracting the effect of depreciations, amortization and changes in provisions of the Group. EBITDA excludes the cost of capital investments like property, plant, and equipment.

(in € million) – period ended 30 June	2020
Results from operating activities	116.7
Add:	
Depreciations, amortizations and impairments	92.5
Changes in provisions	0.0
Share of profit of equity accounted investees (net of tax)	2.9
EBITDA	212.1

Equity attributable to the owners of the company

Equity attributable to ordinary shareholders and hybrid security holders, but excluding non-controlling interests.

(in € million) – period ended	June 2020	December 2019
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Equity	2,225.6	2,198.1
Deduct:		
Non-controlling interests	0.0	0.0
Equity attributable to the owners of the company	2,225.6	2,198.1

Free cash flow

Free cash flow = Cash flows from operating activities minus cash flows from investment activities. Free cash flow provides an indication of the cash flows generated by the Group.

The free cash flow of segment Elia Transmission and 50Hertz Transmission can be reconciled as follows:

(in € million) – period ended	June 2020		
	Elia Transmission	Non-regulated activities & Nemo Link	Elia Transmission Belgium Group
Net cash from operating activities	49.9	(1.9)	48.0
Deduct:			
Net cash used in investing activities	145.0	0.0	145.0
Free cash flow	(95.1)	(1.9)	(97.0)

(in € million) – period ended	December 2019		
	Elia Transmission	Non-regulated activities & Nemo Link	Elia Transmission Belgium Group
Net cash from operating activities	0.0	0.0	0.0
Deduct:			
Net cash used in investing activities	0.0	0.0	0.0
Free cash flow	0.0	0.0	0.0

Net finance costs

Represents the net financial result (finance costs minus finance income) of the company.

Net financial debt

Net Financial Debt = Non-current and current interest-bearing loans and borrowings (incl. lease liability under IFRS 16) minus cash and cash equivalents. Net financial debt is an indicator of the amount of interest-bearing debt of the Group that would remain if readily available cash or cash instruments were used to repay existing debt.

(in € million)	30 June 2020			31 December 2019		
	Elia Transmission	Non-regulated activities & Nemo Link	Elia Transmission Belgium Group	Elia Transmission	Non-regulated activities & Nemo Link	Elia Transmission Belgium Group
Non-current liabilities:						
Loans and borrowings	3,434.6	199.4	3,634.0	2,505.8	198.8	2,704.6
Add:						
Current Liabilities:						
Loans and borrowings	37.5	0.3	37.8	578.5	14.5	593.0
Deduct:						
Current Assets:						

Cash and cash equivalents	348.2	(16.8)	331.4	59.5	(17.5)	42.0
Net financial debt	3,123.9	216.5	3,340.4	3,024.8	230.8	3,255.6

Regulatory Asset Base (RAB)

Regulatory asset base (RAB) is a regulatory concept and an important driver to determine the return on the invested capital in the TSO through regulatory schemes. The RAB is determined as follows: RAB_t (initial RAB determined by regulator at a certain point in time) and evolves with new investments, depreciations, divestments and changes in working capital on a yearly basis using the local gaap accounting principles applicable in the regulatory schemes. In Belgium when setting the initial RAB, a certain amount of revaluation value (i.e. goodwill) was taken into account which evolves from year to year based on divestments and/or depreciations.