

FOR A SUCCESSFULL ENERGY TRANSITION IN A SUSTAINABLE WORLD

June 2019

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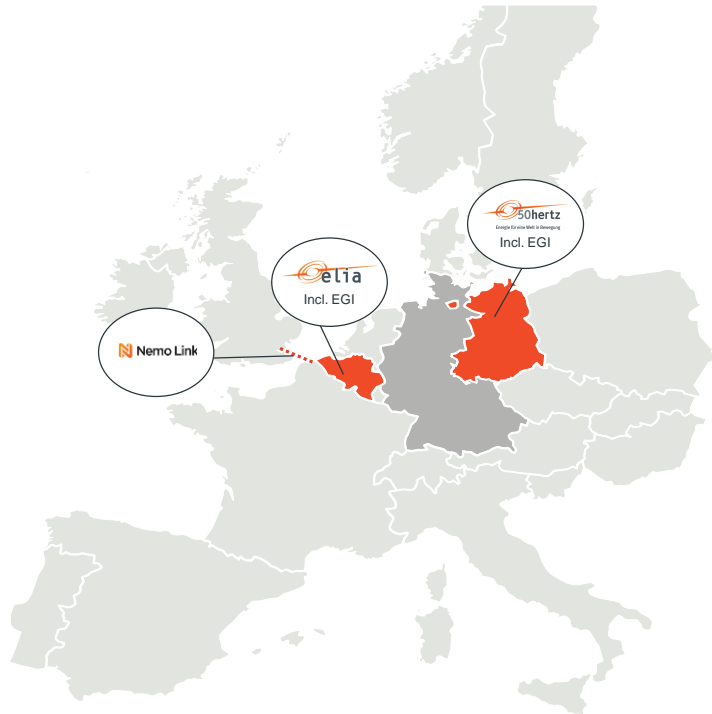
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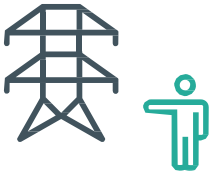


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Elia Group at a glance

Geographical scope



Core tasks

- 
1 Infrastructure management
Operation, maintenance, planning and expansion of the on- and offshore high voltage infrastructure.
- 
2 Controlling the system
Secure operation and balancing of the whole electricity system, 24/7.
- 
3 Developing the EU market
Front runner in the development of the EU electricity market (NEW & CEE regions) to make the EU energy system more competitive, secure and sustainable.

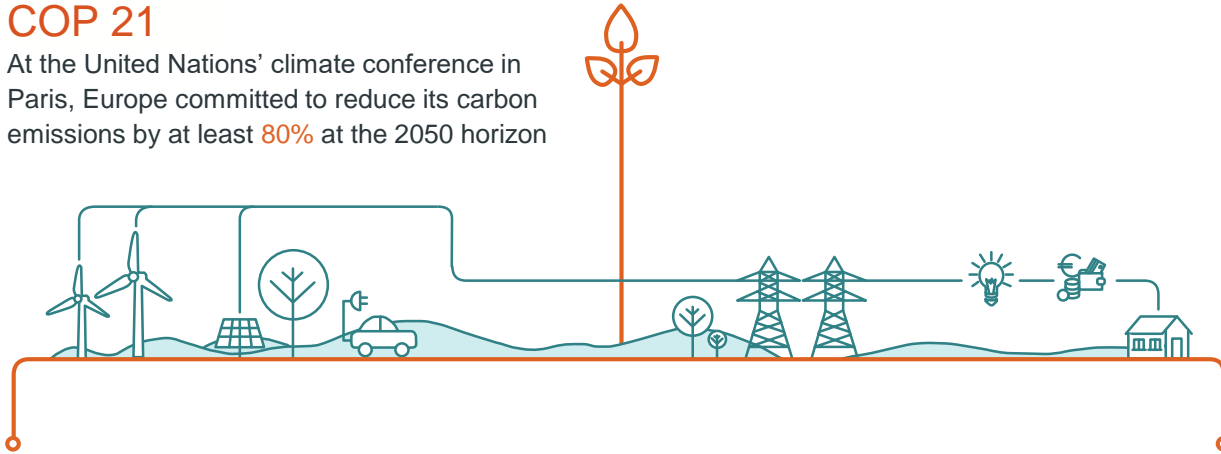
A landscape photograph featuring a large electricity pylon in a green field, a road on the right, and a bright sun in the sky. The pylon is a lattice structure with multiple cross-arms. The road is paved and has a white line on the edge. The sun is low on the horizon, creating a lens flare effect. The sky is clear and blue.

Setting the scene: Elia Group as an active leader of the European energy transition

Society's decarbonisation is driving the energy transition

COP 21

At the United Nations' climate conference in Paris, Europe committed to reduce its carbon emissions by at least **80%** at the 2050 horizon



Consequences for the energy sector

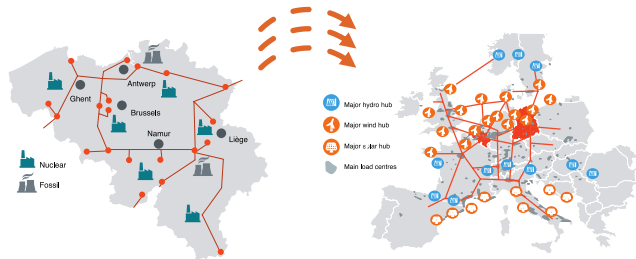
- Requirement to further improve **energy efficiency**
- **Electrification** of carbon-intensive sectors
 - Transportation (e.g. via electric vehicles)
 - Heat and cooling (e.g. via heat pumps, combined heat and power)
- **Decarbonise** the electricity system by transitioning towards a renewable-based energy mix

Expectations of the electricity system

- **Clean**: Transport renewable energy to load centers
- **Affordable**: Efficient and value for money
- **Reliable**: Enable social and economic development via a high level of service

The energy transition is ongoing, and characterised by three major fast-paced trends

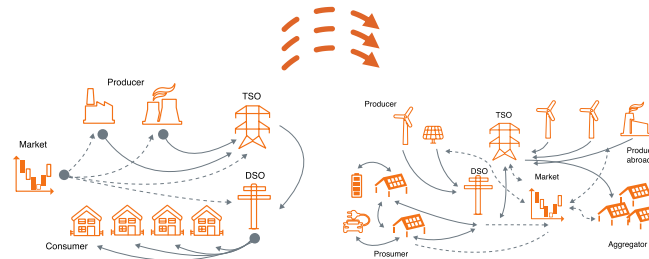
Breakthrough of renewables on a European scale



From centralised conventional generation towards geographically-spread renewables

- In line with the decarbonisation targets, renewables (mainly solar PV and wind) are progressively replacing conventional generation in Europe
- Renewables are often located far from consumption centres, and this drives the need for more transmission infrastructure

New players and active consumers empowered by digitalisation



More decentralisation, digitalisation, new players and active consumers (“prosumers”)

- The amount of local generation, storage, and controllable loads connected at lower voltage levels is increasing
- Previously “passive” consumers will transform into network of intelligent generation, storage and demand units, paving the way for an “Internet of Energy”

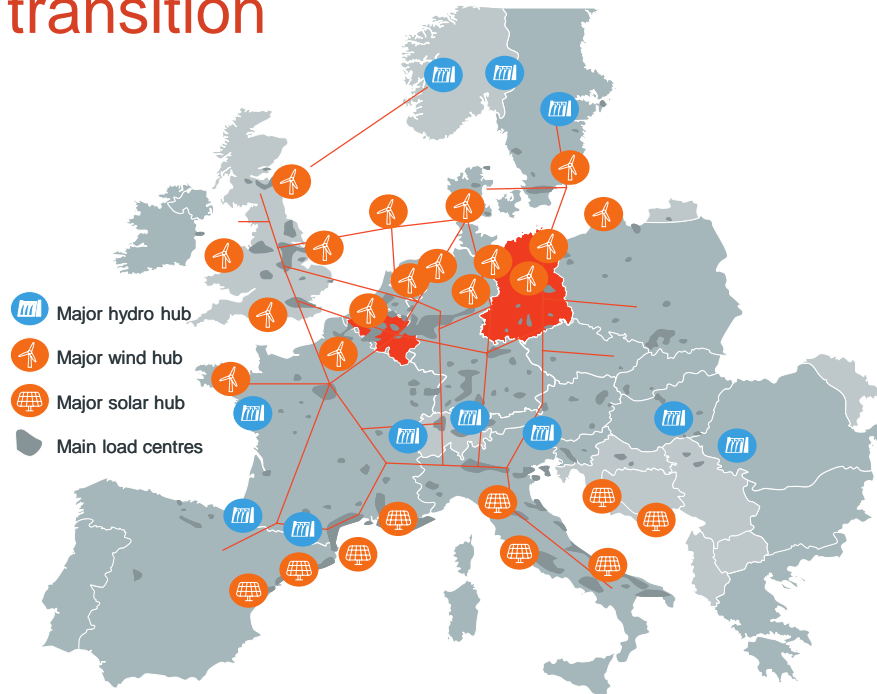
Integration of European electricity markets



Further European market integration and more supranational coordination

- National networks and markets are gradually being integrated through interconnections
- Interconnections are being developed in a coordinated manner at European level
- As renewables are geographically spread and variable in nature, interconnections contribute to increasing the security of supply for all European countries

Elia Group is centrally positioned to drive the European energy transition

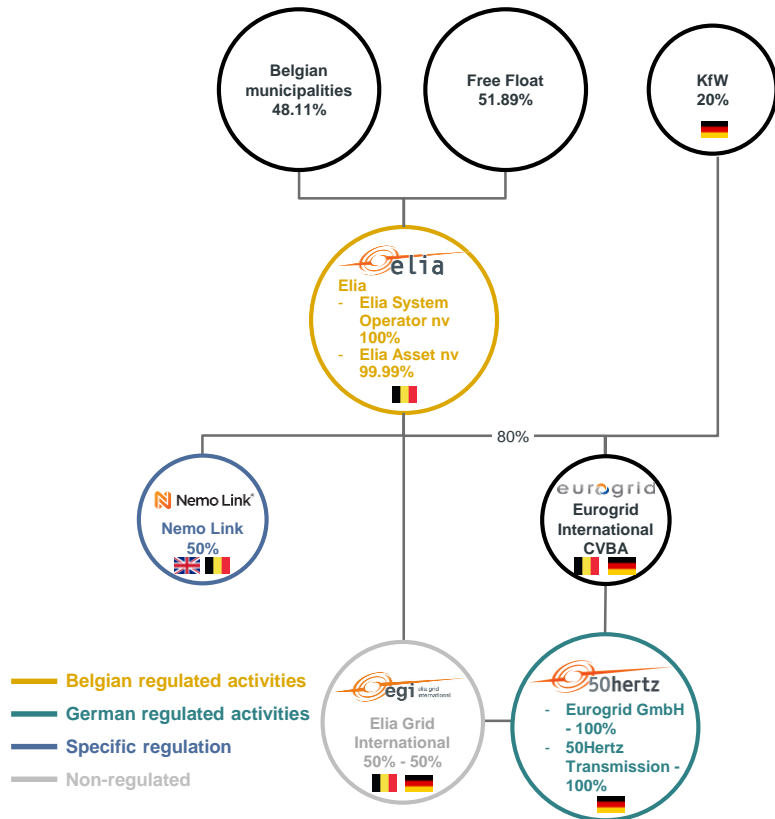


Elia Group's 6 strategic building blocks

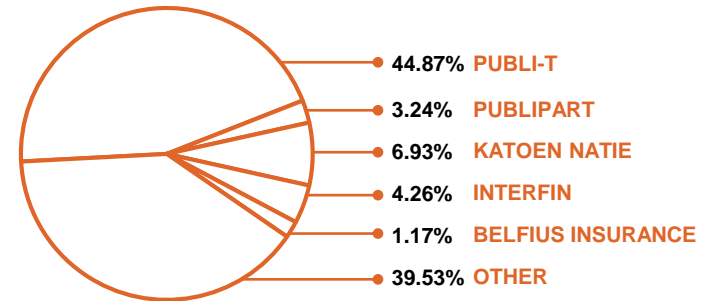
- Ensure a secure, reliable and efficient grid
- Deliver the transmission infrastructure for the future
- Evolve the system and markets
- Cooperate to strengthen our TSO position
- Align culture with strategy
- Remain at the forefront of innovation and growth

The energy transition requires investments in infrastructure and technology development for state of the art system operations and market facilitation

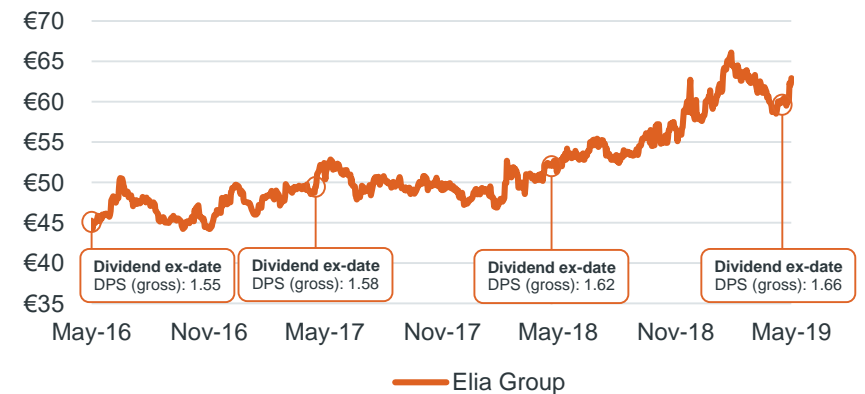
Shareholding & Group structure



Shareholder structure



Share price and market cap evolution¹

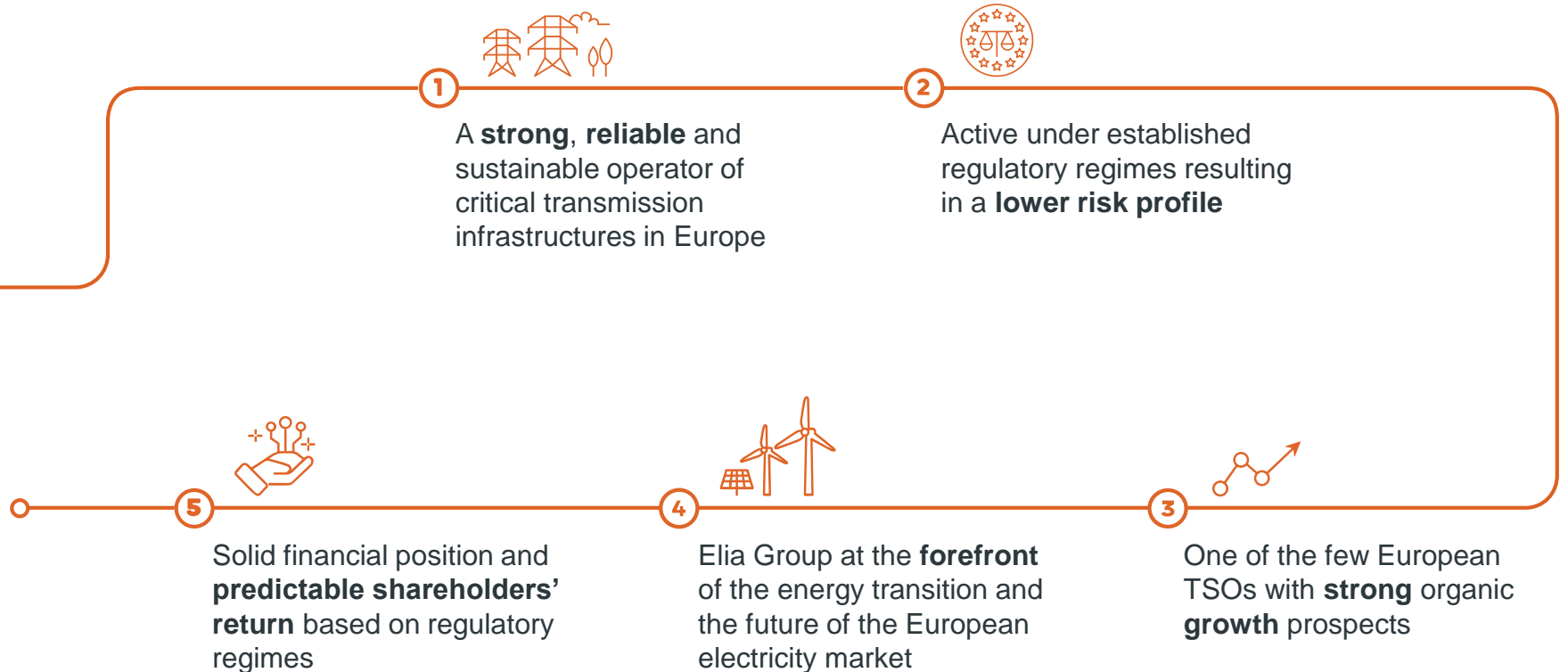


¹ Factset as of 17 May 2019

A landscape photograph featuring a large electricity pylon in a green field, a road on the right, and a bright sun in the sky. The scene is captured during the golden hour, with long shadows and a warm glow. The pylon is a prominent structure in the middle ground, with power lines stretching across the sky. The road is paved and runs parallel to the field, with a fence separating them. The sun is low on the horizon, creating a lens flare effect. The overall mood is serene and industrial.

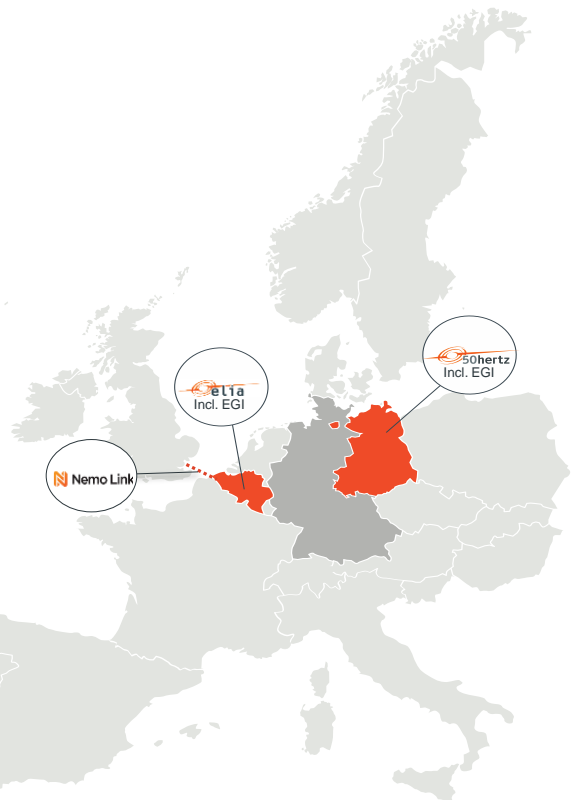
Key investment highlights

Investment case





1 Elia Group: A strong, reliable and sustainable partner



OPERATIONAL

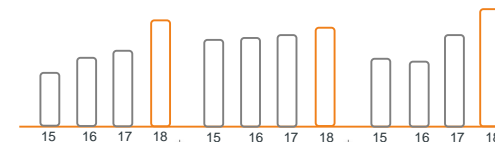


30,000,000
END USERS

18,990 km
HIGH VOLTAGE LINES

6
INTERCONNECTIONS

FINANCIAL



€9.2 bn
REGULATORY
ASSET BASE (RAB)

€1.66
GROSS DIVIDEND

€280.8m
NORMALIZED NET
PROFIT

ENVIRONMENTAL



4,810.1 kg
IT MATERIAL WHO GOT
A SECOND LIFE

34,000
TREES PLANTED THANKS
TO THE LIFE PROJECT

56.5%
RENEWABLES ENERGY
(50Hertz)

SOCIAL



2,435
EMPLOYEES

24
NATIONALITIES

172
NEW HIRES



1 Value-creative cooperation between Elia Belgium and 50Hertz

- ✓ O&M best practices (AMEX project)
- ✓ Market integration expertise developed in proactive maintenance






Complimentary skillset accelerating the energy transition



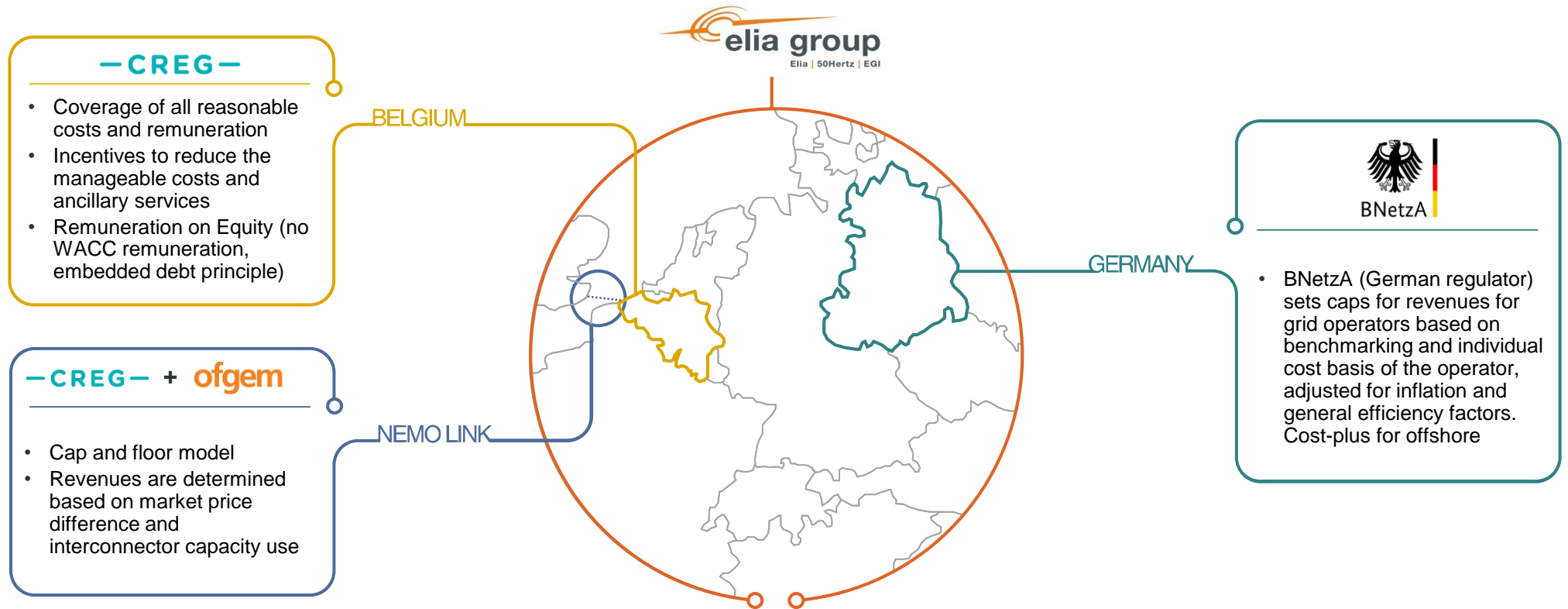
2 Predictable earnings from three different regulated assets



	Regulatory framework	Key framework drivers	Regulatory period	Visibility as of today
1	 Cost+ model	<ul style="list-style-type: none"> Investment Incentives Mark-up 	2016-2019	1 year
	Cost+ model	<ul style="list-style-type: none"> Investment Incentives 	2020-2023	4 years
2	 Revenue-cap model with offshore cost-plus	<ul style="list-style-type: none"> Investment Efficiency 	2019-2023	5 years
3	 Revenue-based regime (cap & floor)	<ul style="list-style-type: none"> GB/BEL market price difference x Volume 	2019-2044	25 years



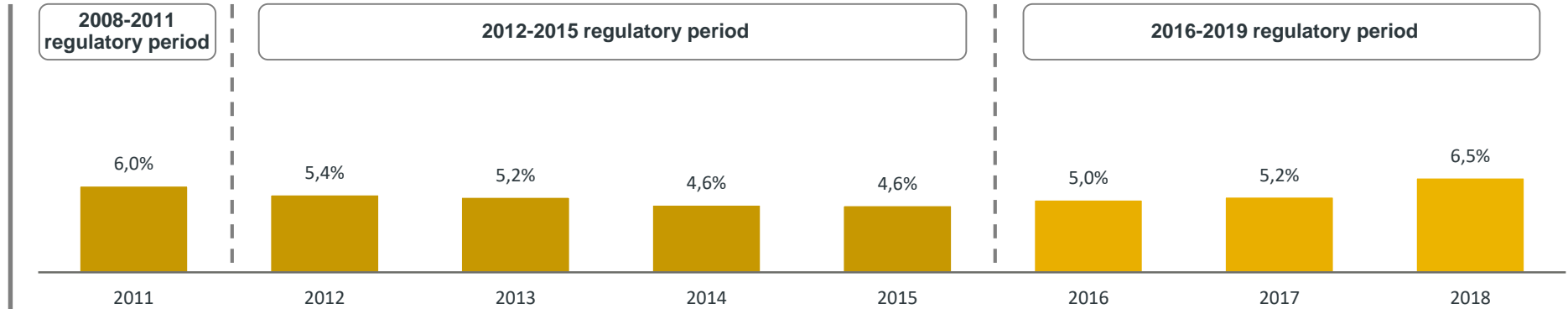
2 Diversification across regulatory regimes further enhancing the low risk profile of Elia Group



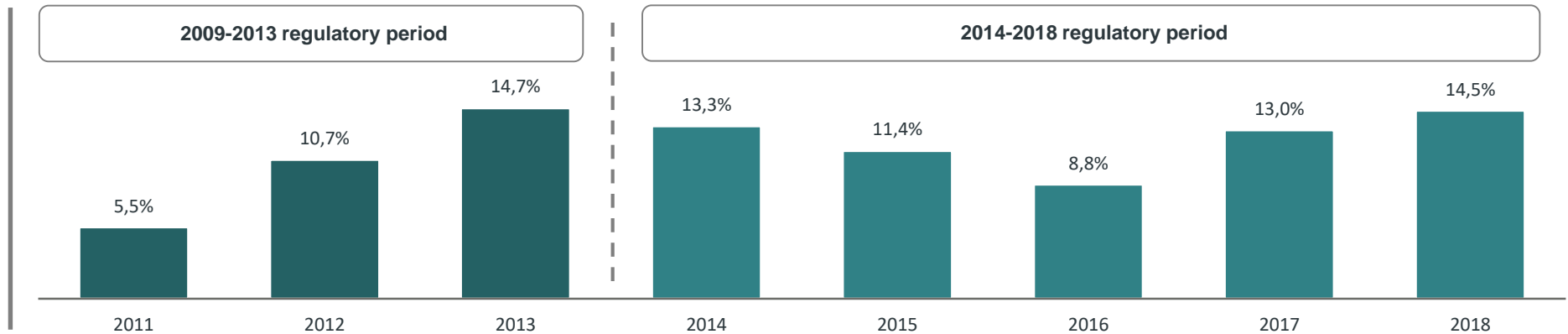


2 Track-record of stable regulatory frameworks in Belgium and Germany

Elia
Belgium
ROE¹



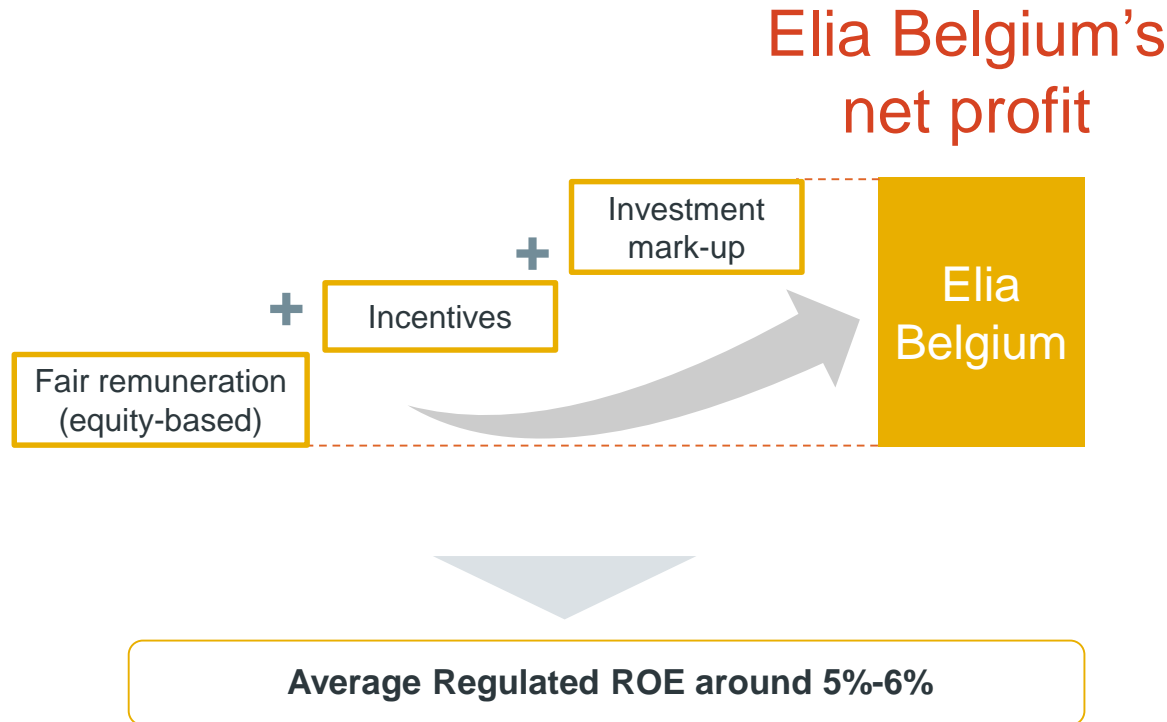
50Hertz
ROE¹



Note: ¹ 2015-2018 based on normalized results



2 The Belgian model – current regulatory framework (until 2019)



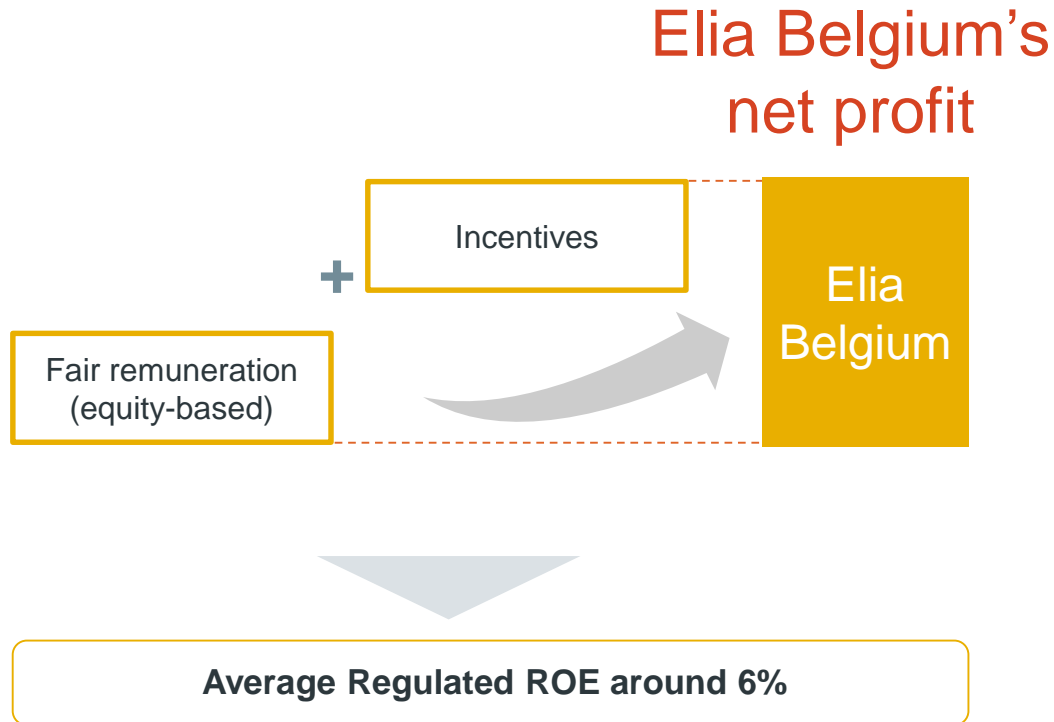
Powering a world in progress

The regulatory framework (2016-19) is a **cost plus** mechanism:

- The non-controllable costs incurred by the company and approved by the regulator are passed through consumers tariffs (embedded debt principle for financial charges)
- Those costs include the shareholders **remuneration based on fair return on equity**, additional remuneration for investments contributing to security of supply and integration of energy markets (**Mark-up**), and operational **incentives**
- **No volume and credit risk**



2 The Belgian model – new regulatory framework 2020-2023



- Belgian regulatory framework remains a **cost-plus model**
- **Embedded debt principle** for financial charges remains
- Investment mark-up substituted by **fair remuneration** and additional **incentives**
- Risk free rate determined **ex-ante at 2.40%**
- Regulatory **gearing** changed from 33% to **40%**



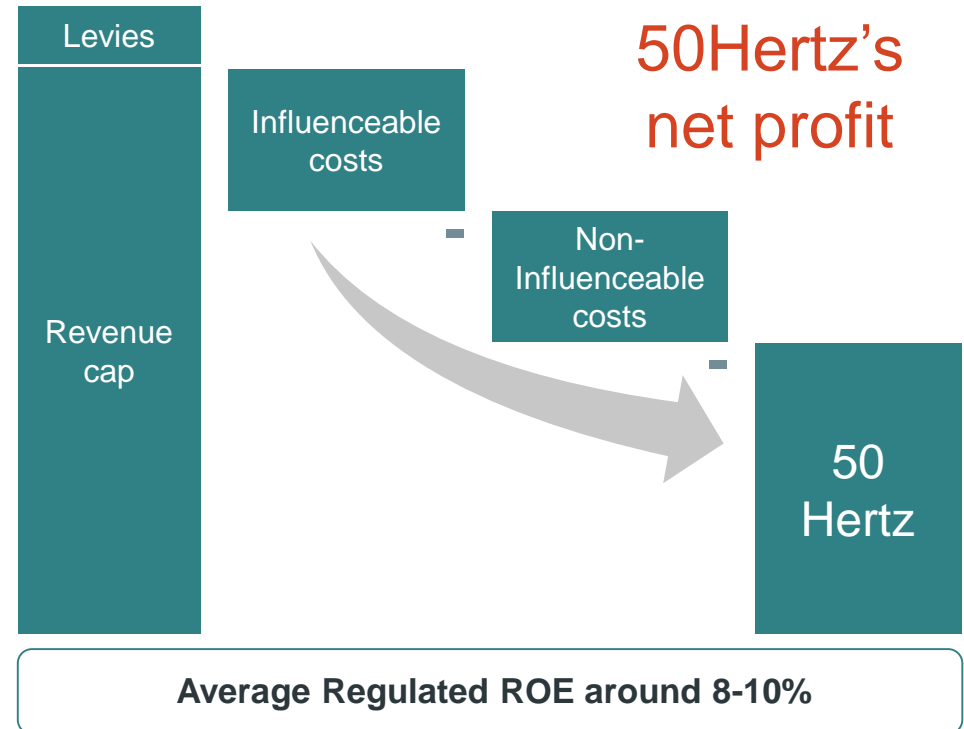
2 The German model – new regulatory period 2019-2023



Energie für eine Welt in Bewegung

The German regulation (2019-2023) is based on a **revenue cap**:

- Yearly non-influenceable costs covering energy costs and costs for new investments are pass through to consumers
- 5-year influenceable costs, including a fixed ROE on 40% of the Regulated Asset Base
- Cost-plus for offshore costs

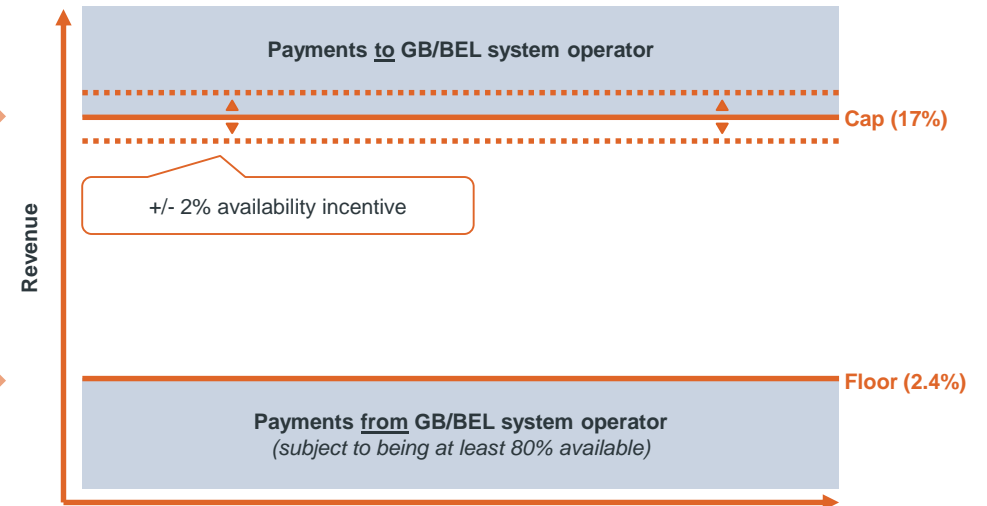
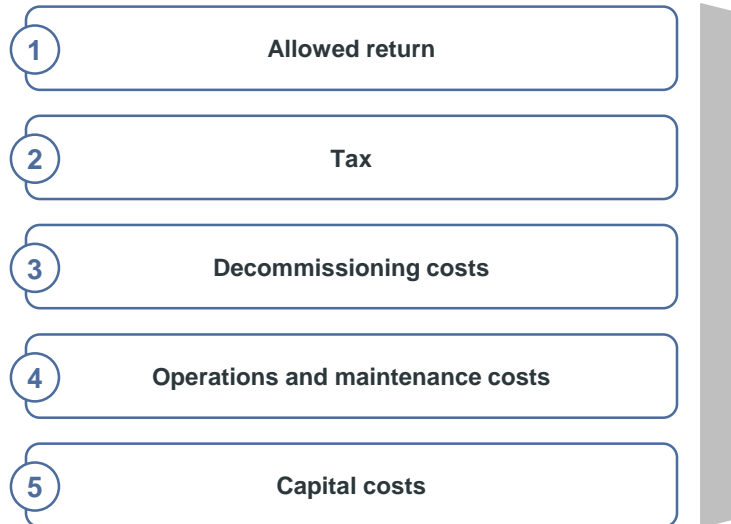




2 NemoLink: Third regulated investment of Elia Group

Cap & Floor regulation ensures predictable returns

Cap and floor building blocks

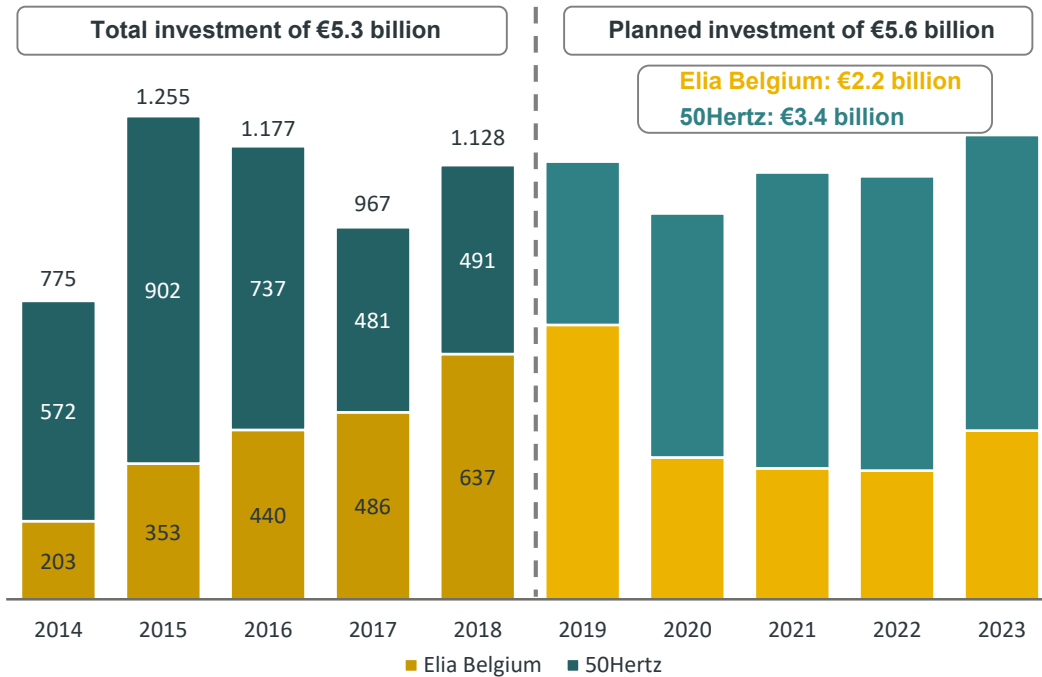


- NemoLink in operation since 30 Jan. 2019 – Contributing to Elia Group’s results
- Revenues are determined based on market price difference and interconnector capacity use

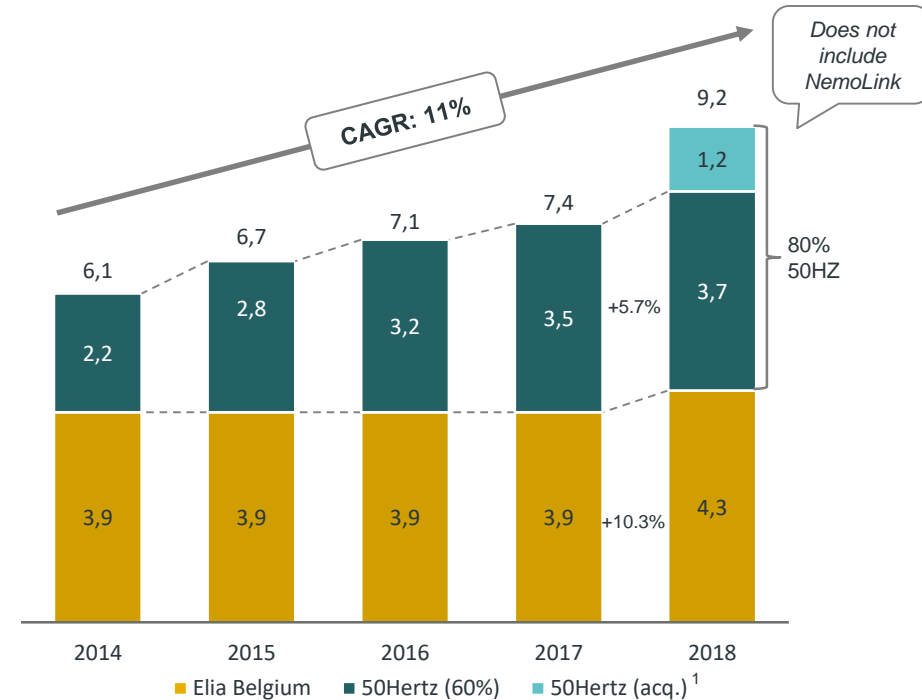


3 Organic growth driving the Regulatory Asset Base (RAB)

Substantial capex historically and going forward



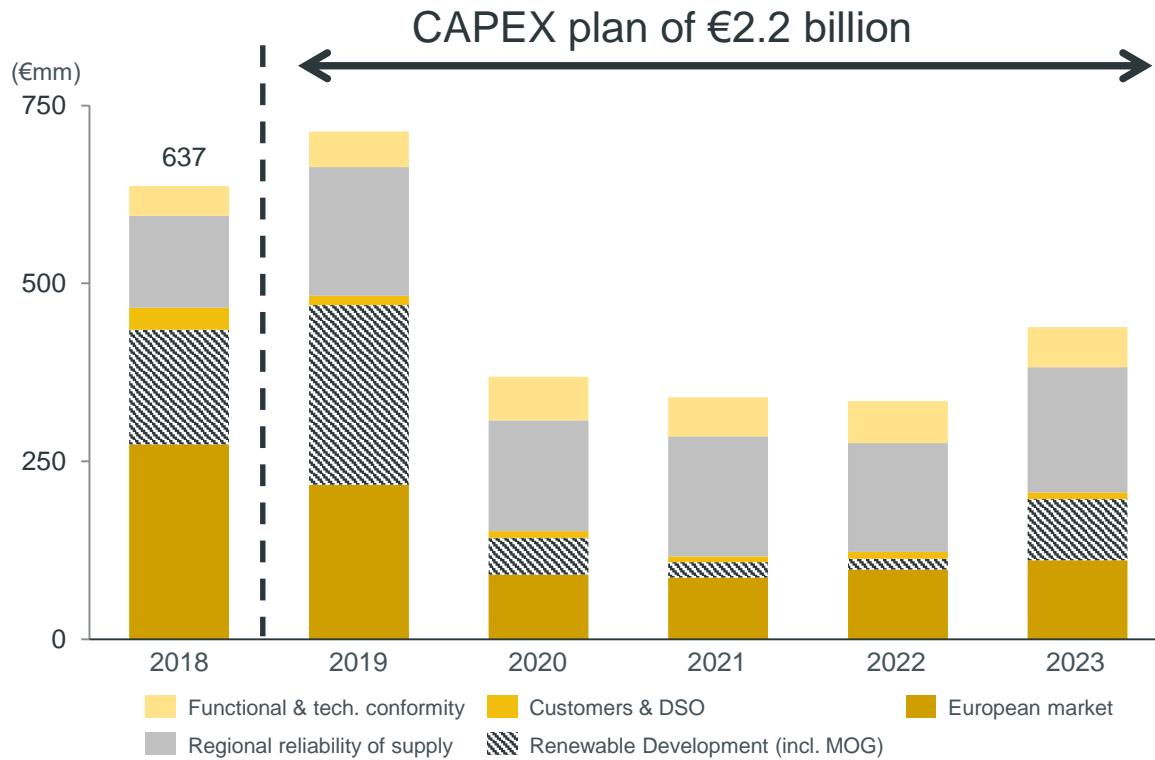
Strong organic RAB growth



Notes: ¹ RAB 50 Hz at 60% until 2017 and 80% as of 2018



3 Elia Belgium's investment programme for the next 5 years



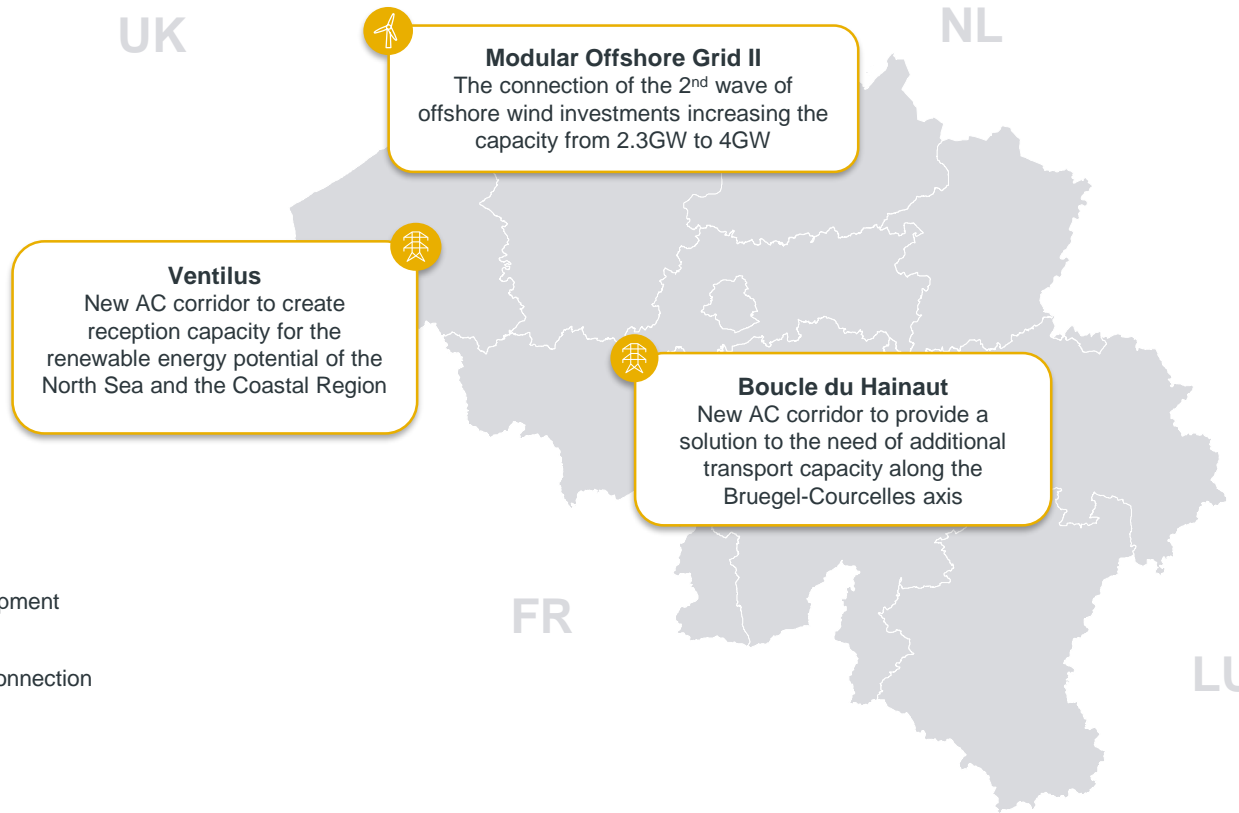
- ✓ Significant growth capex still ahead
- ✓ European interconnection to remain the key driver
- ✓ Renewables interconnection (particularly offshore wind)

Investment plan driven by the need for interconnection and integration of renewables





3 Elia Belgium's investment program will be pursued beyond 2022

Selected projects planned post-2022



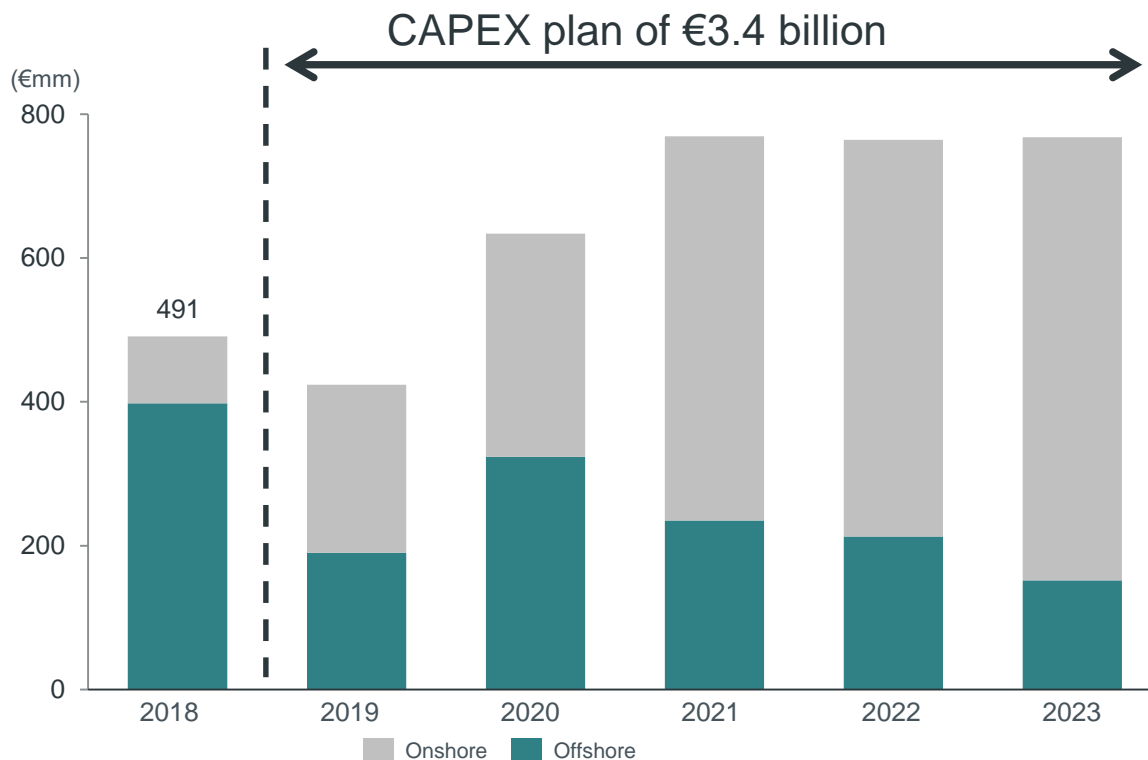
 Renewables development

 Cross-border interconnection

 Grid reinforcement



3 50Hertz's German grid expansion plan 2019-2023



- ✓ Continued renewables expansion driving offshore investments at first
- ✓ Country corridor towards south Germany
- ✓ Increasing focus on European interconnection and consequently onshore investments

Increasing investment program driven by both offshore and onshore

Note: Elia Group owns 80% of 50 Hertz. These numbers represent 100% of 50 Hertz



3 50Hertz's German expansion beyond 2022

Selected projects planned post-2022

Transition towards Renewable Energy Sources ('RES')

Germany's political target for 2030 is to have a total power consumption of 65% coming from renewable energy sources and 80% by the year 2050



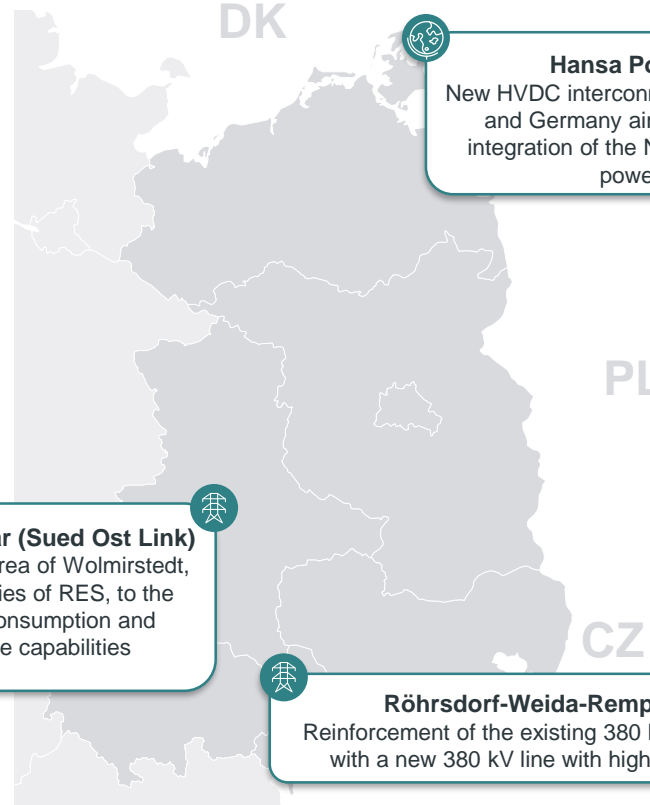
Renewables development



Cross-border interconnection



Grid reinforcement



Hansa Powerbridge I

New HVDC interconnector between Sweden and Germany aiming to enhance the integration of the Nordic and continental power market

HVDC Wolmirstedt to Isar (Sued Ost Link)

2GW HVDC line from the area of Wolmirstedt, with high installed capacities of RES, to the area of Isar, with high consumption and connections to storage capabilities

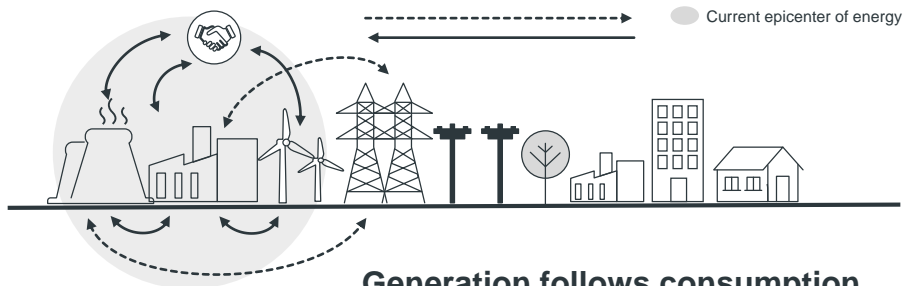
Röhrsdorf-Weida-Remptendorf

Reinforcement of the existing 380 kV overhead line with a new 380 kV line with high-current cable

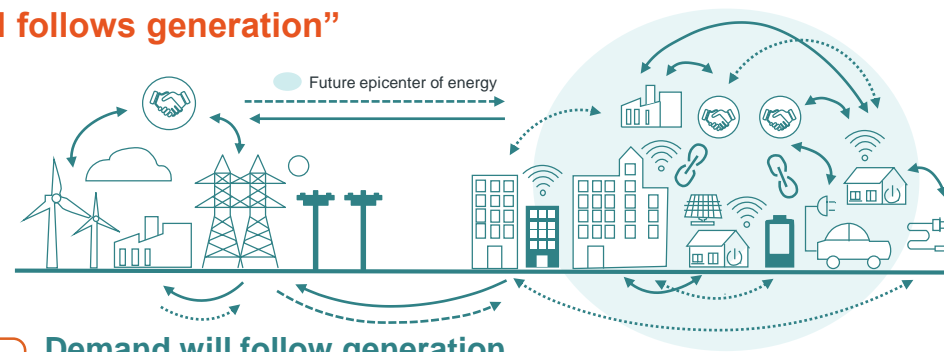
Notes: ¹ HVDC: high-voltage, direct current

4 Elia Group at the forefront of the energy transition

A paradigm shift towards “demand follows generation”



Variability managed by adapting conventional generation's energy consumption within a bidding zone



Variability more and more managed by a combination of geography (intra-bidding zones), time-shift, and energy consumption



Elia Group's vision: Enable a consumer-centric system

- Real-time communication layer**
Routing the consumer injection & offtake energy data to pre-approved market parties & system operators
- Upgraded energy market**
Operating closer to real time, to optimally integrate renewable production and demand flexibility
- New digital tools**
Based on novel digital technologies such as Artificial Intelligence and Blockchain

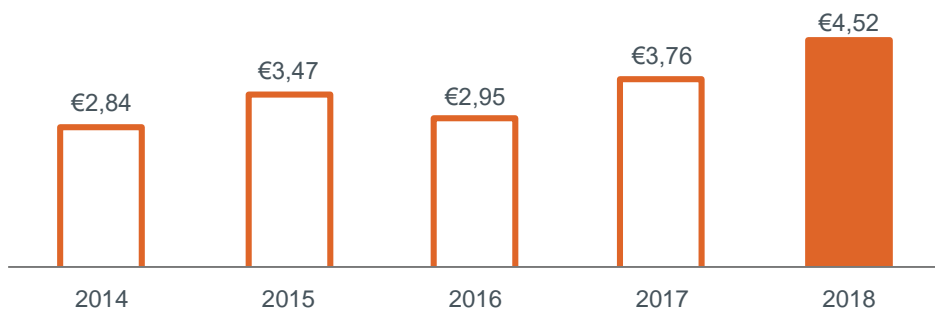
Elia Group's action: series of initiatives to build the energy system of the future

- With European partners
- Testing and building the Internet of Energy**
 - Demonstrating the use of EWF Blockchain for energy**
 - Demonstrating use cases for application of Artificial Intelligence**



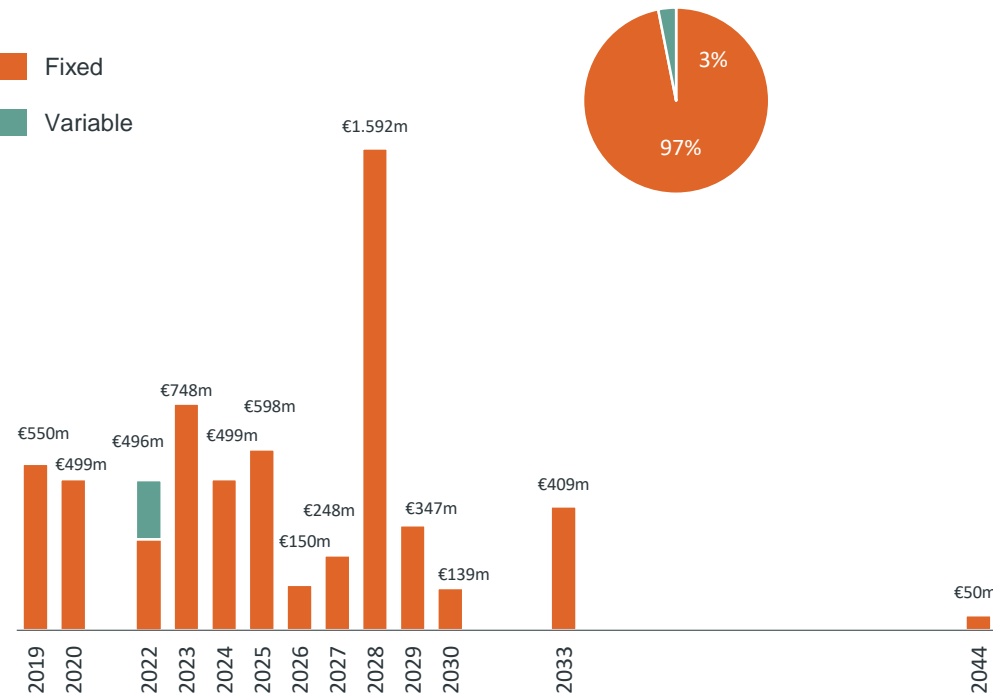
5 Solid financial position and predictable return to shareholders

Solid earnings performance

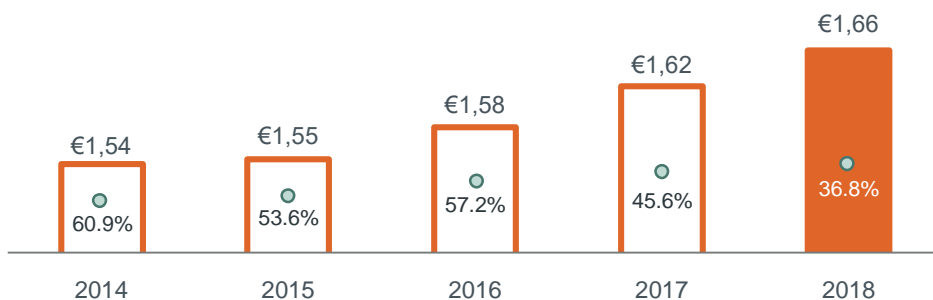


Debt maturity profile

Fixed
Variable



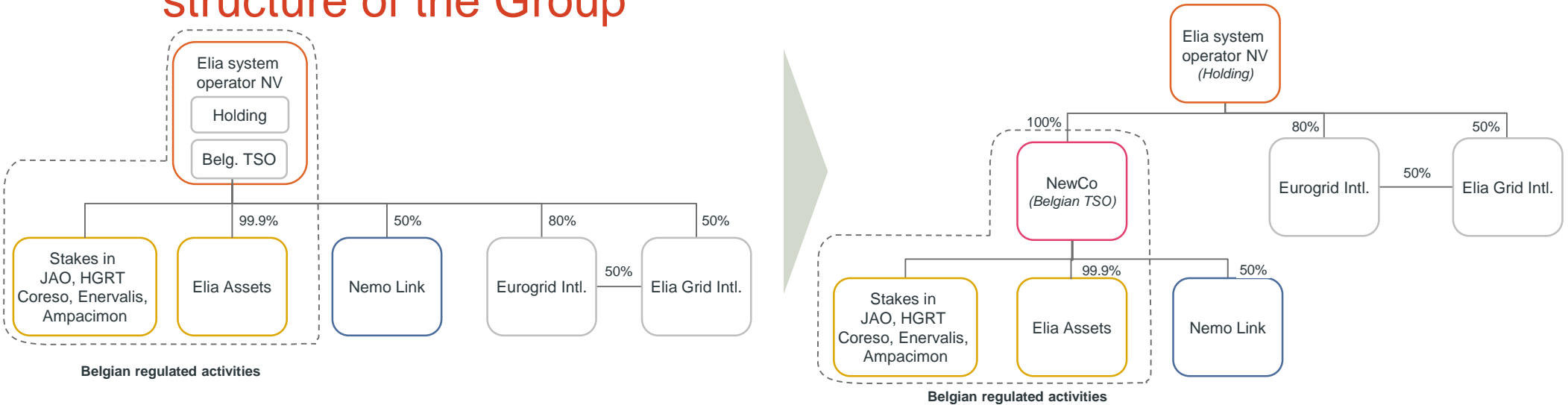
Growing dividends



● Pay-out ratio¹

Notes: ¹ Based on IFRS Normalised results for 2014-2017. Based on IFRS result attributable to equity holders of ordinary shares for 2018

Elia Group is contemplating a reorganisation to simplify the structure of the Group



- Elia Group contemplates an internal reorganisation project, which is expected to be finalized by the end of 2020 and that is aimed at isolating and ring-fencing its Belgian regulated activities
- On 28 June 2018, the Belgian regulator approved the new tariff methodology that will be applicable for the period 2020-2023. In which they defined a change to regulated tariffs of loans contracted to finance non-regulated activities of Elia (being the activities other than those that are regulated in Belgium). According to this provision, the financing of non-regulated activities is valued on terms equivalent to a financing that would be fully ensured by equity. Nemo Link is the only exception as it is treated separately by the Belgian regulator.
- This reorganisation addresses the new requirements of the Belgian regulator to avoid the risk of cross-subsidy between Belgian regulated activities and other activities and prevent the potential adverse financial impact of the new tariff methodology on its investments in non-regulated activities as from 2020.
- This constitutes the right measure to enable the development of Elia Group's activities in the future (including those that are not regulated in Belgium). Furthermore, this will enable Elia Group to simplify the structure of the Group, aligned with the new Group financials reporting
- Elia is currently consulting with relevant parties in order to assess their position on certain key parameters of the internal reorganization project and determine the feasibility of certain aspects of the project and the exact timing required for its launch and completion. It is currently foreseen that this internal reorganization project will be implemented by the end of the financial year 2020 at the latest



Elia Group
Robust regulated financials

2018 Elia Group results

Key figures

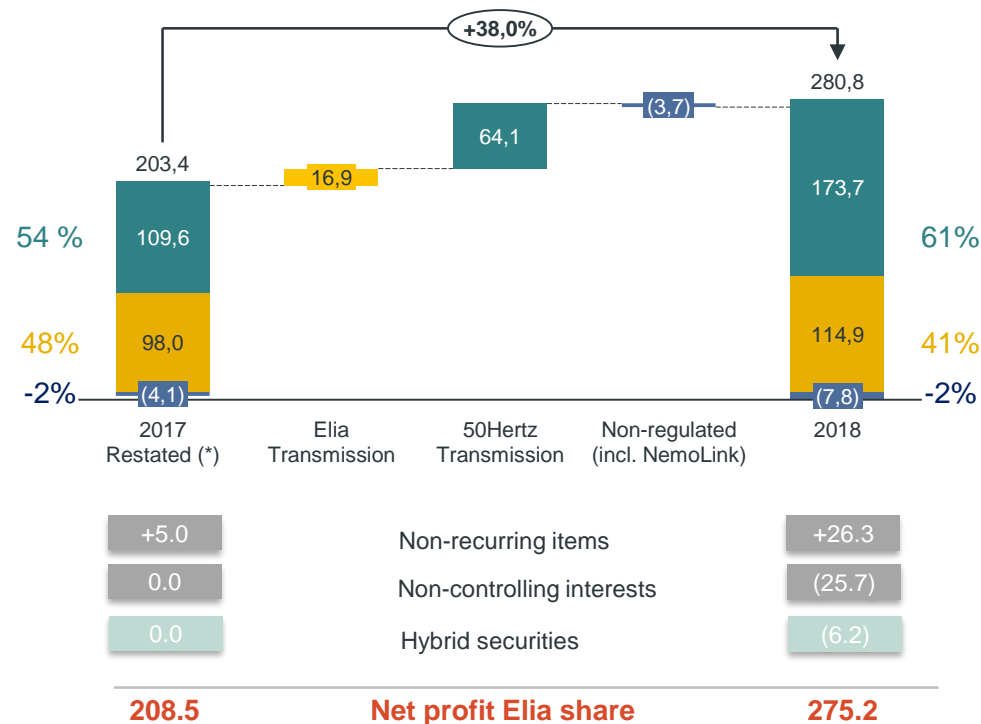
Revenues
€ 1,931.8 million
 +122.8% yoy

Normalised Net Profit
€ 280.8 million
 +38.0% yoy

Net Profit Elia share
€ 275.2 million
 +32.0% yoy

RoE (adj.)**
10.0%
 +234bps

Normalised net profit (€m)



(*) The Group applies IFRS 15 under the full retrospective method under which comparative figures for financial year 2017 have been restated.

(**) RoE adjusted refers the ratio between the net profit attributable to owners of ordinary shares (Net profit Elia share) and the equity attributable to owners of ordinary shares

2018 Elia Group: net debt evolution

Key figures

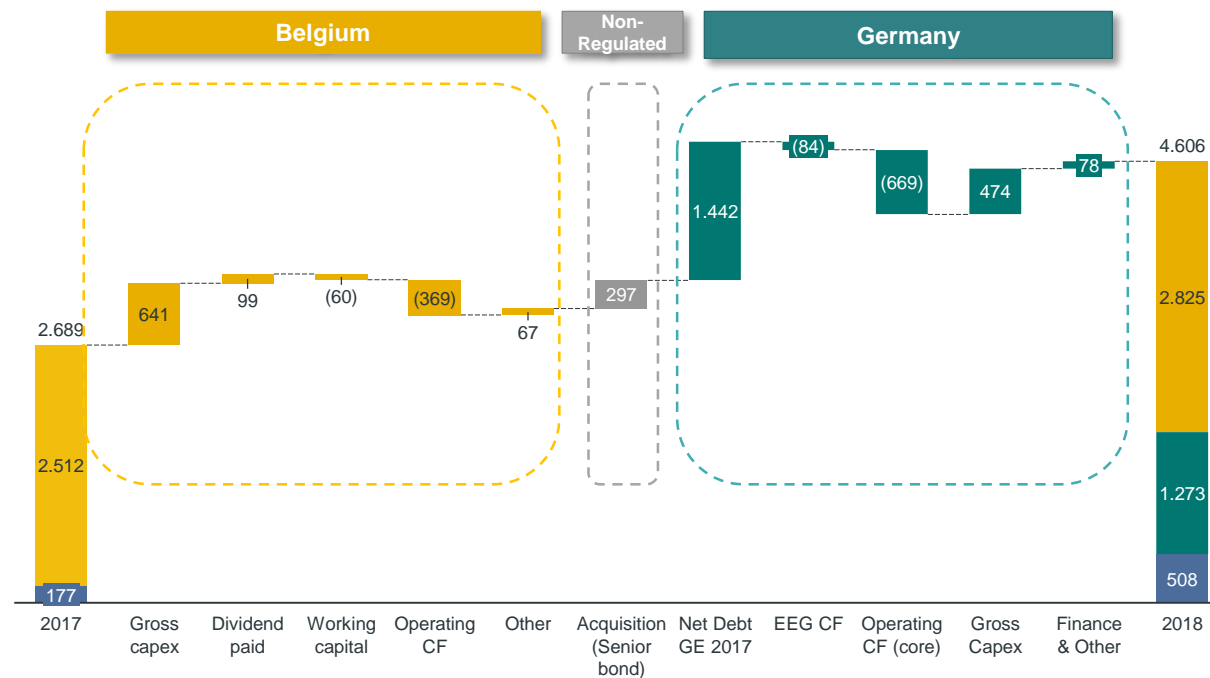
Net debt
€ 4,605.6 million
 +71.3% yoy

Leverage
1.71
 Debt / Equity (incl. NCI & hybrid)

Fixed debt ratio
94.4%
 Calculated on gross debt

Avg. Cost of Debt
2.30%
 (62bps)

Net debt evolution (€m)



S&P rating: BBB+/Stable outlook
Hybrid bond accounted as Equity (50% equity component S&P)

Elia Transmission: Realisation strategic investments driving results

Key figures

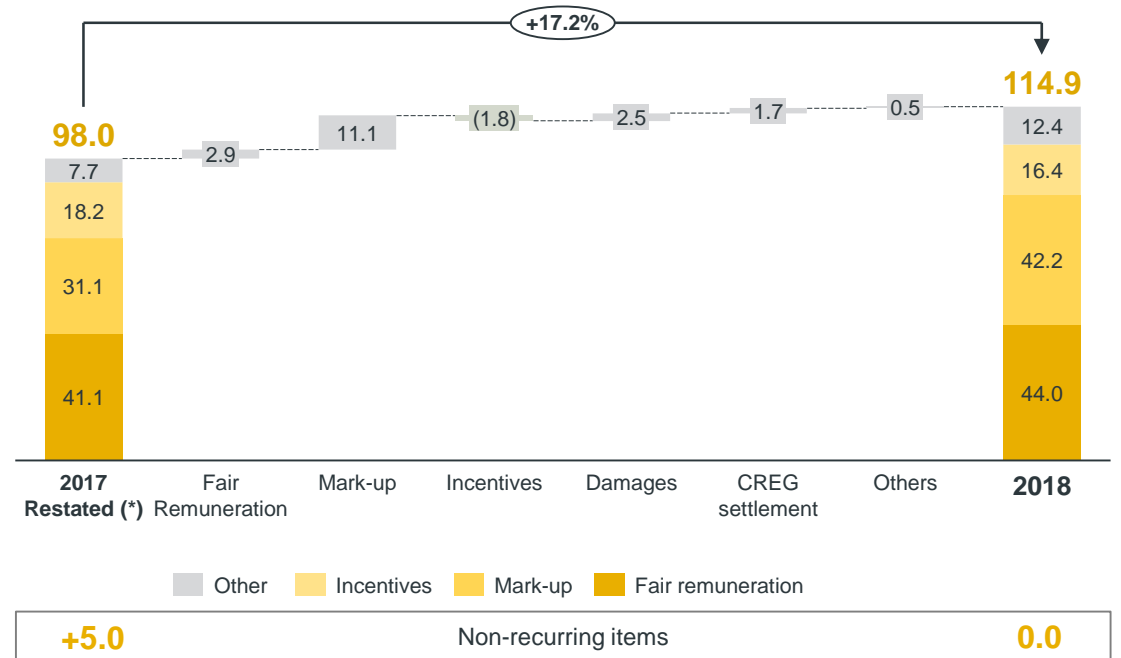
Revenues
€ 959.4 million
 +12.7% yoy

Normalised Net Profit
€ 114.9 million
 +17.2% yoy

Reported Net Profit
€ 114.9 million
 +11.5% yoy

Normalised RoE
6.5%
 +73bps

Normalised net profit evolution (€m)



Strong increase in net profit driven by the realisation of strategic investments

(*) The Group applies IFRS 15 under the full retrospective method under which comparative figures for financial year 2017 have been restated.

50Hertz Transmission: Strong operational performance driving result

Key figures

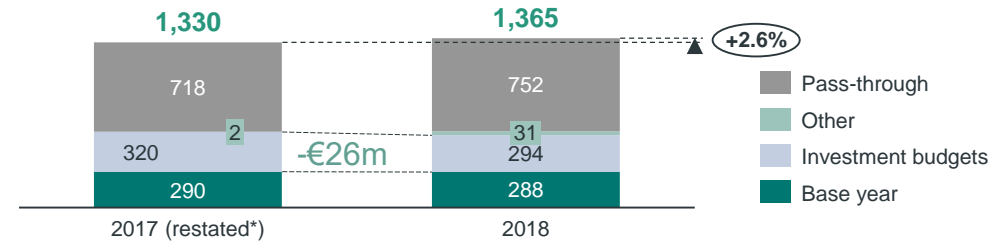
Revenues
€ 1,364.9 million
 +2.6% yoy

Normalised Net Profit
€ 216.3 million
 +18.5% yoy

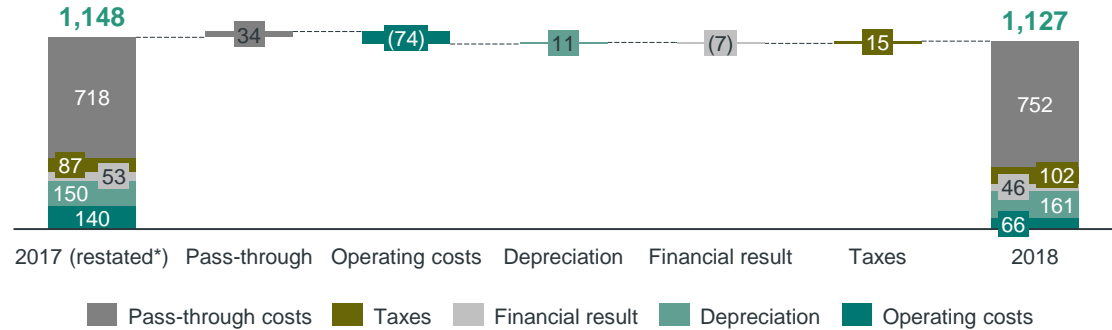
Reported Net Profit
€ 237.9 million
 +30.2% yoy

Normalized RoE
14.5%
 +100bps

Revenues (€m)



Costs (€m)



Strong increase net profit driven by release of legal claim provision and lower operational cost

(*) The Group applies IFRS 15 under the full retrospective method under which comparative figures for financial year 2017 have been restated.

Non-regulated (incl. NemoLink)

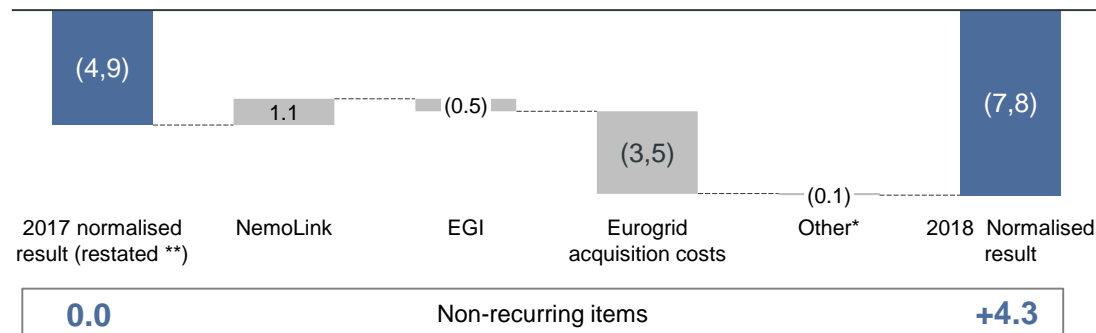
Key figures

Revenues
€ 13.9 million
 (29.9%) yoy

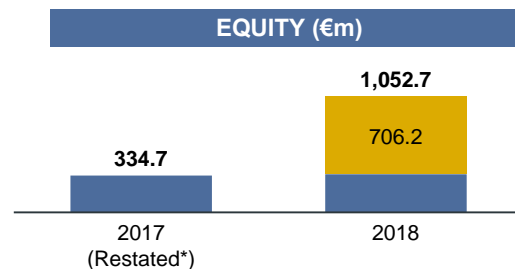
Normalised Net Loss
€ 7.8 million
 +59,7% yoy

Reported Net Loss
€ 3.5 million
 (28.2%) yoy

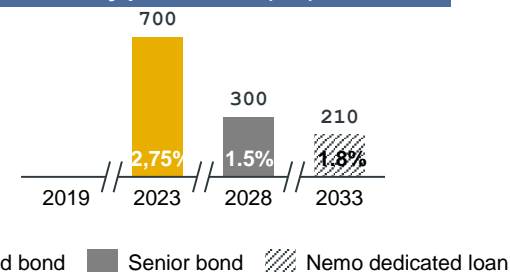
Normalised net profit allocation (€m)



EQUITY (€m)



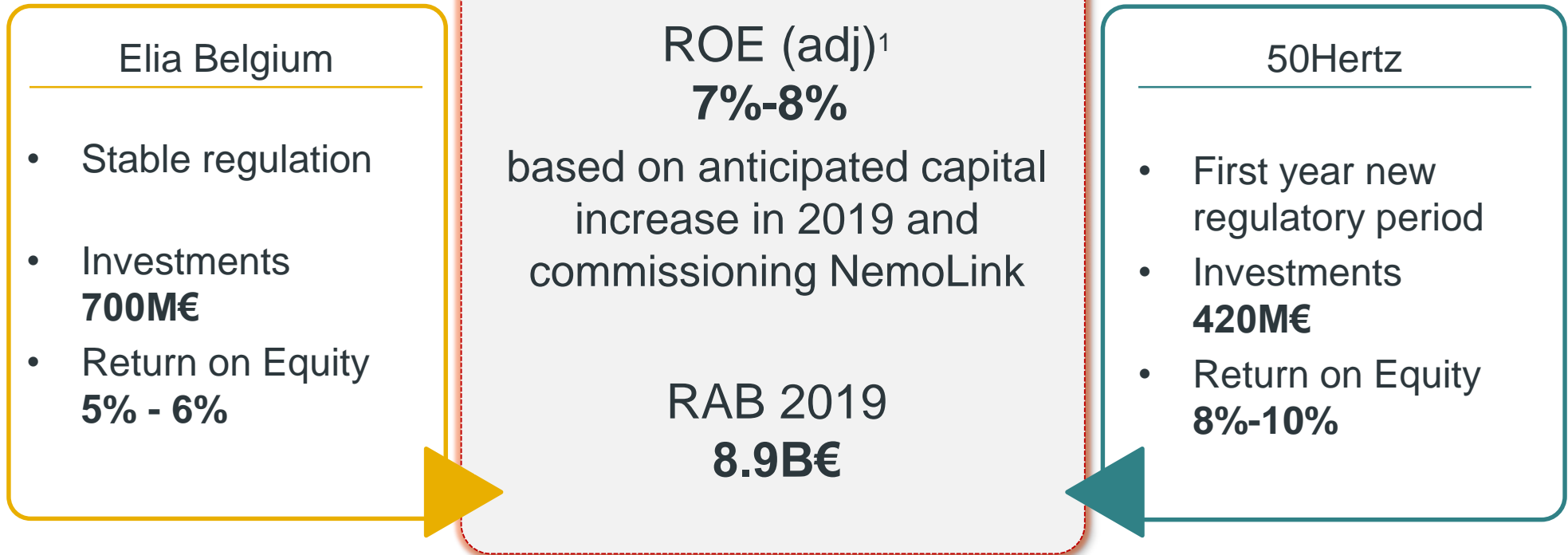
Maturity profile debt (€m)



Net loss driven by non-regulated financing costs and limited contribution NemoLink (in operation end Jan. 2019) Hybrid securities accounted in Equity

(*) The non-regulated segment (incl. NemoLink), consists out of the non-regulated activities within Elia, financing additional 20% stake in Eurogrid International CVBA, EGI, NemoLink and Atlantic Grid
 (**) The Group applies IFRS 15 under the full retrospective method under which comparative figures for financial year 2017 have been restated.

FY 2019 outlook



Note: ¹ (ROE adj.) refers the ratio between the net profit attributable to owners of ordinary shares (Net profit Elia share) and the equity attributable to owners of ordinary shares



Transaction
2019 Offering

Key dates of Elia Group's rights issue

05 June

- Announcement of transaction terms
- Separation of coupon nr. 16, after closing of Euronext BXL

06 June

- Publication of prospectus
- Start of the subscription period (from 09:00 CET)

13 June

- End of subscription period (until 3 p.m. CET)

14 June

- Scrips private placement

18 June

- Settlement

Key terms of the transaction

Offer size	<ul style="list-style-type: none">• [€430-435mm]
Transaction structure	<ul style="list-style-type: none">• Rights issue with preferential subscription rights, that are freely and separately tradable on the regulated market of Euronext Brussels during the subscription period• Preferential subscription rights that are not exercised during the subscription period will be offered for sale in a private placement to institutional investors
Key shareholders' commitment	<ul style="list-style-type: none">• Committed to subscribe for their full pro-rata share of the capital increase (Publi-T & Publipart)
Distribution	<ul style="list-style-type: none">• Belgium and Germany: Public offer to retail and institutional investors• International offering / for US Institutional Investors, only existing shareholders can participate (rule 4(a)2)
Lock-up	<ul style="list-style-type: none">• 90 days (Publi-T)
Use of proceeds	<ul style="list-style-type: none">• €110 million will be used to replace with equity the portion of the Nemolink project initially funded internally• Finance the regulated activities in Belgium (and increased the equity portion thereof) in accordance with the new regulatory framework• Remaining proceeds allocated for general corporate purposes
Dividend	<ul style="list-style-type: none">• New shares are entitled to dividends (if there is profit to be appropriated) for the entire fiscal year that started on January 1, 2019
Applicable law	<ul style="list-style-type: none">• Preferential subscription rights and new shares are subject to Belgian law
Costs and taxation	<ul style="list-style-type: none">• See press release dated June 5, 2019 (available on www.eliagroup.eu/offering), holders of dematerialised preferential rights can subscribe for new shares free of charge at the counters of the Joint Bookrunners; subject to exemptions and/or reduced rates, a Belgian withholding tax of 30 per cent. is in principle levied on dividends paid on the shares
Syndicate	<ul style="list-style-type: none">• Joint Global Coordinators: JP Morgan & KBC Securities• Joint Bookrunners: JP Morgan, KBC Securities, Belfius and ING
Subscription price & ratio	<ul style="list-style-type: none">• Subscription price: 57,00€ - 1 new share per 8 preferential rights

A photograph of an offshore wind farm at sunset. The sun is low on the horizon, casting a warm glow over the sea. Several wind turbines are visible, their silhouettes dark against the bright sky. The water is calm, reflecting the light from the sun.

Elia Group Conclusion

Investment case

