Powering the decade of electrification

Elia Group Analyst Call

TRANSCRIPT

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Marleen: Good morning. Thank you for joining us for this live streamed event, during which we will be presenting Elia Group's annual results. We are kicking off with a company first. It is the first time that we are holding an event live from our very own TV studio in our headquarters in Brussels. A new TV studio, but familiar faces will be taking part today. Elia Group's CFO, Catherine Vandenborre, and Elia Group's CEO, Chris Peeters, are here with me now. Welcome. We'll be starting today's event with an overview of the highlights from 2021. We will talk to Chris Peeters about the acceleration of the energy transition and new projects that are on the horizon. Catherine Vandenborre will present the financial results. And finally, we will present you with some of our conclusions and give you an outlook for the years to come.
As mentioned, on screen now you must read the disclaimer before we can continue, and I assume that you have all read it by now and then we can begin. Chris, our last analyst presentation was held at the end of July 2021. What events from the last six months are worth mentioning?

Chris Peeters: Well, again, like each period when we talk, we see again an acceleration in this energy transition. If we look at Germany, we see that the new government has set higher ambitions than even the government before. The government before had already changed so that they said it's not by 2050 that we'll be net zero, but by 2045. Now we see that they want to accelerate on the 'Kohleausstieg', that they want to accelerate the offshore development where they now are targeting 30 gigawatts already by 2030, 40 gigawatts by 2035, and 70 gigawatts by 2045. So that is, of course, an important investment opportunity that we have. Secondly, in their new development plan, they gave us access to the North Sea. So we have a project where we will connect our region to the North Sea, and so we will become the first TSO in Germany that will have access at both seas. That means, as well, that we will have new opportunities to connect wind farms at the North Sea side to the grid and that we can then bring it down to the South to the industrial region of Bayern. That's an important development.

Marleen: Indeed, important developments in Germany. But what about the activities in Belgium? Are things accelerating there too?

Chris Peeters: Yes, actually, as well, we have seen since last time the government has made the decision that they would increase the capacity that will be developed in the Princess Elisabeth Zone. So they moved from 2.1 gigawatts to 3.5 gigawatts, which is quite an important step up. And just before the end of the year, they decided that we can develop this with an island. An island that will not only bring these new wind farms' energy to shore, but also be a connection point to the future Nautilus and the future Triton Cable, which I will talk about later.

Marleen: Okay, thank you, Chris, for sharing these first insights with us. In the press release that we published this morning, Elia Group provided an overview of last year's most important achievements. We made good progress on major infrastructure works and new cooperation agreements were signed. Catherine, all of these activities, what is their financial impact? In other words, what are our key figures?

Catherine Vandenborre: Yes, Marlene. We invested 1.2 billion last year, and Chris will walk you through the important CapEx projects later. The vast majority of this investment is related to the expansion or the strengthening of our onshore and onshore grid, and a small but increasing portion aims at facilitating the digitalisation of the power sector. As a consequence, the Group Regulated Asset Base, the RAB, grew by 6.2% to 10.3 billion. In terms of grid reliability, I am proud to say we have achieved a level of 99.999%, which is a sign that we provide society with a robust transmission grid, which is crucial for socioeconomic prosperity. We operate one of the most reliable grids in Europe. In terms of financial results, we achieved an Adjusted Return On Equity of 7.56%. This is year on year an increase of 36 basis points, which was driven by the investment in the grid and a very strong performance from Nemo Link. It was partially offset by the lower result of 50Hertz due to higher operation costs, and I will provide you with more details about this later.

Marleen: Okay, thank you, Catherine. Let's have a look at the cover of our next annual report that will be published in mid-April. Its title is: "Powering the decade of electrification." Chris, the energy transition is accelerating, is being scaled up. Do you think we've reached a kind of turning point in reaching climate neutrality?

Chris Peeters: Well, I think so. What you see now, of course, with COP26, we see that, and also, as well, with Fit for 55, you see that the overall society understands that the urgency of the climate change is there. I think that is an important step because our mission and our strategy is to be a facilitator of the transition that is needed to achieve this climate neutrality. And I think that is the important thing about the Elia Group. From the very first moment, we embraced the future. We said, "We will make sure that we deliver to society the needed infrastructure that will accompany this transition." "We will also make sure that our system is capable of integrating all those renewals, and also of capturing the opportunities that come from electrification." So what you see is the strategy that we developed over the years, that's been complemented with additional growth opportunities. We have seen that it's become very fruitful, and that it has a great future because it continues to be true. It's not only about delivering the basics and keeping the lights on, but also making sure that we capture the growth opportunities of this energy transition by investing into new infrastructure as well as into the system to integrate it fully and make it work together.

Marleen: Yes, capturing the growth opportunities, you said. Well, yesterday the Board of Directors approved the creation of WindGrid, a new Elia Group company which will respond to growth opportunities in offshore wind. Chris, what was the rationale behind this decision?

Chris Peeters: Well, for us it's a very logical step. Those who've already followed us for a while, but you will hear it later as well, we are a company which is on the forefront of this offshore development. Yeah, we did a lot of those projects in Germany. We did some of them in Belgium already. We have the Nemo Link cable. We have the MoG. So we developed quite some capabilities. We have, in Germany, the world's first hybrid interconnector, operating as we speak, so a lot of things have happened over here. But if we look at the size of that energy transition, a lot more infrastructure will be needed. So the so-called meshed offshore grid will need to be developed by people who have the capabilities of doing that, and we see ourselves positioning into that area. In addition, what we see now is that the US is also picking up the shift towards renewables, but also including the shift towards offshore wind. And we want to make sure that we capture that opportunity now to move into that space. So that's an acceleration for us as a development, as a group. And therefore, we asked for the approval of our board so that we could move and found this new pillar of our future growth, and this is also something that was well-prepared before. We already hired the new CEO, which is Markus Laukamp, who's coming from STEAG, coming out of the renewable industry, but also with a long track record with Essent and with Ørsted. So he already understands very well what's happening in the European space. And we hope that he can soon scale up, as well, to the US.

Marleen: Yeah, he will start the 1st of April. Okay, let's zoom in on some key achievements in 2021. Catherine mentioned the investment programme of 1.2 billion euros. Can you give some examples of major projects that were realised? Let's start in Belgium.

Chris Peeters: Yeah, as we start in Belgium, I think the most important thing we've done, aside from the typical... replacement investment that we have to do as we have a slightly older grid in Belgium, we've invested a lot in strengthening the backbone. So the 380 KV backbone in Belgium, not in the sense like we have those projects we'll talk about later, Ventilus, Boucle du Hainaut, but more in reinforcing the corridor so they can transport more energy than they do today. So we replace traditional lines with what they call HDLS lines. We have done that now in the North East of Belgium to make a strong corridor there, and in our connection towards France, where this has been done. And that, of course, will increase the capacity of that backbone and ensure that we can have imports of more renewables, but also that we can better manage the renewables of the future on our grid.

Marleen: The focus in Belgium was on strengthening the backbone. What about Germany?

Chris Peeters: Well, in Germany you see that we have two movements that we were already, of course, engaged in before. On the one side, on onshore we have the development around the SuedOstLink, the largest project we've ever done in 50Hertz, which we do in collaboration with TenneT. And there, we connect the North with the South to ensure that the wind energy that we catch in the North can find its way to the demand centres we see in Bayern, a very important project for the energy demand in Germany. And so this year, we made big progress in the procurement process, so we did the procurement of the converter stations. And so, that's a big step of this very important project that we have there. Not only there, we already had a number of projects at the sea, for instance Ostwind 2. Ostwind 2 is now on its way to preparing to capture two additional offshore zones in the coming year. So for that, of course, we are now in the phase of laying the cable, the submarine cable. The one on land was already laid last year, so that is somewhere we are also making big progress.

Marleen: Meanwhile, we see new projects on the horizon. You mentioned the energy island. There's a lot of excitement about this project. Can you give some details?

Chris Peeters: For good reason there's a lot of excitement about it. It will be the first artificial island in the North Sea, so that's an important step. It's not because it's an island that we're so excited. It will be the first energy hub at sea. So, energy hub, why is that concept important? On the one hand, we will integrate the last part of offshore wind that will be developed in the Belgian sea. That's important for the country, to have been integrated. As well, actually, the Triton Link interconnection we will develop towards Denmark and the Nautilus Cable to the UK will make it a real dispatch point. Actually, it will be the first not off an offshore grid, and Belgium will integrate itself into that. And a lot of technology developments that need to happen over there, which excites our engineers, there's a lot of excitement around that.

Marleen: You mentioned the Triton Link, the interconnector with Denmark, another exciting project, I would say. What progress was made in 2021 on this project?

Chris Peeters: Well, we have concluded a second step of the agreement that we have with Energinet in Denmark. That was based on an agreement between our two governments. They wanted a long-term relationship in terms of energy. In that framework, we have to develop the details of the project. We are still looking at exact landing points. It will be a project where we likely connect two artificial islands, which will again be a first in the world that we will do over there. A lot of excitement around that project, but also a lot of work that we have to develop. It's 600 kilometres away, connecting a country that is not a neighbour for the first time. Important to tap into energy of the Nordic sea. So many things around that project, too, that excites us a lot.

Marleen: Yeah, a very challenging progra... project, sorry. We have the Triton Link between Belgium and Denmark, but let's have a look at the map. Two additional interconnectors are currently under development. Chris already mentioned Nautilus in the North Sea, a second interconnector with the UK, and the Bornholm Energy Island project in the Baltic Sea, another project with Energinet. Chris, how come interconnectors are so important in the next stage of the energy transition?

Chris Peeters: They bring a number of things in the energy transition. Firstly and most importantly, if you look in Europe, you have countries that are short in renewable energy for their final potential that we need when we're Net Zero, and we have countries that are long, they have too much renewable energy. You have to make sure that there is a transport of that energy from the countries which are long towards those which are short. We are serving two times a country which is short, Belgium and Germany are short. Therefore, building those interconnectors to tap into that, to support the industry is also decarbonising, which is a very important step for that transition. That's why they're so important. Secondly, what you see is that Europe is focusing a lot on unlocking the potential of the seas. So if we build hybrid interconnectors, if we build islands, we, of course, make it the most efficient way to do that. That's why those new technologies are so important for the energy transition.

Marleen: Yeah. In the coalition agreement of the new German government, the Baltic Sea is designated as an important area of growth for renewable energy, like Chris mentioned. We'll take a moment to listen to Stefan Kapferer, CEO of 50Hertz, who will give an overview of existing and future developments in the Baltic Sea.

Stefan Kapferer: Since many years, the Baltic Sea is used to produce offshore wind energy to make the energy transition happen. 50Hertz as part of Elia Group is engaged in this business with Ostwind 1 and Ostwind 2 project. And now we are accelerating. Additional projects will be realised till 2030: Ostwind 3 and Genakker. Just a few weeks ago, the German government announced a new area for offshore wind development in the Baltic Sea. And from the beginning, European cooperation was part of this development of electricity projects in the Baltic Sea. In the 90s, last century, 50Hertz realised the Kontek cable to Denmark. In 2020, we commissioned the Combined Kriegers Flak solution together with our colleagues from Energinet in Denmark: the first worldwide hybrid interconnector. And with the Bornholm Energy Island to be realised till 2030, there is a great novelty ahead of us. But it's not only Danish and German corporation. Also, Sweden is one of our partners. Also this decade, we will realise the Hansa Power project, together with Svenska Kraftnät to realise not only an interconnector between Sweden and Germany, but also to use the hydro power storage capacities in Sweden. And it's obvious: this European cooperation, these lot of opportunities for offshore wind capacities in the Baltic Sea is a great proof that maybe the first meshed grid will be realised in the Baltic Sea.

Marleen: It is clear our seas will play a leading role in the next phase of the energy transition. Chris, earlier today, you referred to an important development in Germany. 50Hertz is getting access to the German North Sea. Why is this so-called multi-terminal hub project so important?

Chris Peeters: Well, having access to both seas as the only TSO also gives us a very important position in the energy demand. That's, of course, something we always strive for. And it also gives us additional investment opportunities because now we can also connect offshore wind farms that are in the North Sea. It is therefore, as well, for us, proof of the fact that we increased our share a few years ago, in 2018, and that we brought on board KFW as a partner so that we can continue to be supportive towards that energy wind up because we still think Germany will continue to be an important part of the growth engine within Elia.

Marleen: The multi-terminal project is a very complex project, and we asked Stefan Kapferer from 50Hertz to give us some more details.

Stefan Kapferer: In Heide West, at the coastline of the North Sea, in Schleswig Holstein, we are realizing the first multi-terminal hub to integrate offshore wind energy into the onshore grid in Germany. It's the first of its kind project, a worldwide first project. It's accelerating the integration of renewable energy because it's bundling several DC power line offshore and onshore. And it is also connected to the AC power lines in this area and to constructed electrolysers to produce green hydrogen. This is making it easier to manage the volatility and it's speeding up the energy transtion in Germany.

Marleen: Until now, we've talked about speeding up the delivery of infrastructure, but what about system management? We see the increase of intermittent renewables, increasing electrification and sector convergence, European integration thanks to more interconnectors... Chris, how do you keep the lights on in a system that is becoming so complex?

Chris Peeters: Well, of course, when you see the complexity of the system, it is increasing rapidly. Not only the increase of renewables that we have to integrate, but on the other side, of course, the demand side, that is electrifying. More and more demand is electrifying. And in small pieces: electrical vehicles, heat pumps, and the industrial side. For that, we have launched a digital transformation office, which is really focused on managing that complexity, making sure that we can integrate all those flexibilities in the right way and that we can balance the system of the future. We have a very important concept around that, which says that we have to put the consumer in the centre. We're no longer a system that tries to manage the equipment by itself, but we try to make sure customers benefit from using the flexibility in the interest of the system, but also in their own interest. And for that, we have developed a new market design which we proposed to our stakeholders in June, which we are discussing today. It's a proposal. We're seeing how we can further improve it. But not only that, we also launched a hackathon. And what we did in that hackathon is getting all kinds of start-ups, universities, MolenGeek was there. We had multiple companies that were joining us, more than 100 participants, and we focused on five key areas where they could have a challenge developed about how we can bring consumer-centric products to those clients. That was very exciting for us. We saw for the first time how this was becoming concrete. You can imagine, of course, Elia is a great operator, we're not also directly understanding all the difficult needs that potential clients will have in the charging of their cars, but you have done those themes, they get very excitable. "We can make sure you get your solar panels charged in your car, at work," these kinds of projects. We were able to have a couple of interesting winners in a short period of time, showing that the infrastructure we are delivering from the digital side, from the system side is the right one. That ensures that you get good client solutions, but also client solutions that help us balance that grid. That is really important for us, that we can create that combination going forward.

Marleen: Consumer centricity is becoming more and more important. You also had a collaboration. Last year, Elia had many collaboration projects that were set up. That's a clear trend in our sector. Could you mention, maybe, the most important collaborations?

Chris Peeters: Maybe the first one to mention is Octopus Energy. That was maybe, for some people, a surprise. We made an agreement at COP26 with Octopus Energy. Octopus Energy is specialised in consumer-centric products around digitalisation. What they really do is make sure they have, for instance, products which help you have your car charged at the right moment. Those products are of interest, but they have a real life client portfolio on that. For us, that's very interesting to see what the behaviour of the overall portfolio is towards the grid. So in that combination, we helped them realise how to valorise that flexibility on our system, and we tried to better understand what kind of products will create which kind of behaviour on our system. The combination of the two of us making sure we can make fast progress on understanding what's happening by the electrifying needs of the customer. Maybe the second important agreement that we had is one that we made together with BESIX. BESIX is a company that is building all kinds of warehouses, buildings, etc. and on the side also owns some of these, and is exploiting these buildings, and also provides smart building applications to us. And so understanding how buildings can become the batteries of the future is really critical for us, how they can play the role vis-à-vis the system. How do we see those flexibilities coming from heat management, flexibilities coming from having clean air in the building, flexibilities from lightning applications, the use of the building at the right time. There are things we won't integrate to make sure they integrate into our grid and provide the flexibility that's so needed to integrate more renewables.

Marleen: Okay. I would like to end this overview with the first CRM auction in Belgium, which aims to secure the electricity supply following the nuclear phase out. I think that everyone agrees, Chris, that this is a very, very complex project.

Chris Peeters: It was a piece of cake! No, it was a very complex project. I can only admit that. It was the first time that we had to organise a competitive tender, or a competitive auction to ensure that we would have enough capacity after the phase out. It's very important to understand that the role of Elia is really one of public service. We try to make sure that we advise the government on, for instance, the volumes that are needed to make sure we can keep the lights on in whatever scenario they choose, but we are also executing the decisions they make. They decided on this CRM mechanism. We are the ones that make sure that the auction is well-organised. So what we have seen is that we were very successful in that. Of course, the objective we had was within the constraints we're given, that we would have a competitive auction with many technologies, and that's what we've seen. We're still working on a number of problems we have around the permits, but actually, if you look at the real result that we had with our teams, I'm extremely proud our teams could deliver that in such a short period of time.

Marleen: And in a few weeks, the government will, hopefully, make a decision. This will definitely leave its mark on 2022 and on the future energy system. Thank you, Chris, for your explanations. Catherine, another key moment in 2021 was the launch of ACT NOW, our sustainability programme. Let's do first, maybe, a little recap. ACT NOW includes five different dimensions. We see them on the slide. Climate Action, Environment and Circular Economy, Health and Safety, Diversity, Equity and Inclusion, and Governance, Ethics and Compliance. Catherine, can you talk us through the categories in which we made some progress last year?

Catherine Vandenborre: Sure. And maybe first, being a TSO, our biggest contribution to accelerating the energy transition is via expanding our great infrastructure and digitalising the electricity sector to ensure real time security of supply. In a context of intermittent generation capacities, there we made considerable progress in terms of the commissioning of new overhead lines and cables, as well as in terms of the evolution of market design with our consumer-centric market design study. However, the carbon intensity of the electricity mix in Germany, which was 404 CO2/MW at the end of 2021, increased in comparison with 2020 due to low amounts of winds, and a shift towards hard coal lignite caused by high gas prices in 2021. On the contrary, in Belgium, the carbon intensity in the Elia control zone was lower due to a small rise in renewable production and a good availability of nuclear capacity. Moreover, the Group took some important steps forward in terms of diversity, equity and inclusion. Firstly, Elia was again awarded the Top Employer label for the fifth year in a row, and the progress that we made in terms of diversity and inclusion and leadership were highlighted. Secondly, the proportion of women who occupy leadership positions in our organisation or who form part of our total workforce is increasing. Furthermore, our workforce became more diverse in terms of nationalities, totalling 37 different nationalities in 2021 compared to 32 last year. And finally, an audit of Elia safety practices was carried out in 2021. It confirmed the professionalism of our safety practices, but unfortunately, our strong track record in terms of safety was overshadowed by a fatal accident that occurred as maintenance activities were being undertaken. An investigation into the accident was carried out, and additional measures are being implemented across the Group to prevent such incidents from reoccurring. The event has reinforced the Group's resolve to make sure that all of our employees return home safely every day.

Marleen: A fatal accident, that was indeed bad news that affected us all. Something completely different now, the regulatory frameworks. Elia Group activities today span several countries and must adhere to three different regulatory frameworks. Nemo Link's framework is fixed until 2044. However, both for Belgium and Germany, a new period will start two years from now. Catherine, discussions with the regulators are ongoing. Can you give some more details?

Catherine Vandenborre: Yes, with pleasure. Let's start by looking at Germany. So, what do we know today? First of all, and you know it, the regulatory return on equity for the next regulatory period has been set at a post-tax rate of 4.13%. For asset commissions before 2026, which represent approximately 10% of the assets portfolio, the post-tax rate has been set at 2.87%, Secondly, the investment measures mechanism will be phased out during the next regulatory period and will be gradually replaced by a so-called capital cost adjustment model with a yearly update of the regulated asset base. For offshore, the current cost-plus regime remains applicable. What do I mean by gradually? Well, during a transition period until 2028, TSOs will be given the option of extending existing investment measure mechanism projects for another five years instead of transitioning them to the new framework. What are the main features of the capital cost adjustment model? Firstly, all onshore CapEx will be treated equally. No distinction will be made anymore between expansion CapEx, replacement CapEx, or IT investment. Secondly, an annual update of the RAB will be undertaken regarding all capital costs of assets with deductions for depreciation or divestments and addition of actual new assets. Thirdly, there will be no OpEx lump sum anymore. Fourthly, the claw back mechanism will disappear. And moreover, claw backs that we paid in the past for already commissioned projects will be partly reimbursed. And finally, there will be a different treatment of the cost of debt. For onshore OpEx costs, the current base year approach remains applicable. The OpEx costs are determined by the regulator in the base year, and then amended yearly with a defined individual efficiency factor and productive factor and increased with inflation. Data on the cost base will be submitted to the regulator in June 2022, and a decision about the new cost base, which is the basis for the future revenue cap, is expected by the end of 2023. Also, the efficiency and productivity factors are expected to be determined by the regulator throughout the course of 2023. With regards to offshore activities, the current cost-plus regulation for OpEx remains unchanged. And let's now do Belgium. You know that the Belgian regulation is fixed until the end of 2023. The first interactions with the regulator over the next regulatory period are currently ongoing. At the end of April, we expect the CREG to launch a public consultation on the different elements of the new methodology. And by the end of Q2, a final methodology will be published by the regulator. At this stage, we don't expect major changes to the principles of the regulation, but we don't have visibility yet on the return for the next regulatory period.

Marleen: Okay, thank you, Catherine, for this regulatory update. What about rising inflation, rising interest rates? Do they have an impact?

Catherine Vandenborre: Well, for all regulated activities, the increase in inflation and interest rates has no significant impact on our results. Firstly, in terms of investment, the real CapEx spend is included in the RAB from the moment it is spent, and, as such, remunerated. Secondly, with regards to the non-controllable costs or the non-influenceable costs, they are passed through to the tariffs. With regards to the controllable costs in Belgium, the budget is adjusted annually in line with inflation, while in Germany, the onshore base year costs are increased annually in line with inflation. And finally, from a funding perspective, the higher borrowing costs are covered by the embedded debt principle in Belgium, while in Germany, the major part of the funding costs are passed through. Looking at the non-regulated segment and Nemo Link, higher inflation could impact the operating cost of the holding, while the higher interest rates could affect the refinancing costs. And in that respect, the 700 million hybrid has the first call date in September 2023, and a 300 million senior bond is fixed until 2028. Finally, with regards to Nemo Link, the cap and floor levels are recalculated annually to consider the average inflation in Belgium and in the UK.

Marleen: Okay. Thanks, Catherine. We'll come back to you shortly to talk about the annual Group results. But we want to close this first part with a video message from the Belgian prime minister, Alexander De Croo. The following is a statement he recorded for the 20th anniversary of Elia, which we celebrated last October.

Alexander De Croo: Over the past 20 years, Elia has not shied away from a challenge: from grid management to managing electricity flows, sometimes even becoming a crisis manager in case of market shortages. In these challenging times, Elia has always showed itself to be consumer friendly and flexible. This is also the way you dealt with the intermittent nature of renewable energy and houw you tackled the recent floods over the summer, where your teams had boots on the ground to repair the damage almost instantly. I know that Elia is ready to take on the future, even more so to shape the future, ready for decentralised grids with huge numbers of input and output currents. Ready for the Internet of Things, with electric vehicles and the many other innovations that are coming our way. The next 20 years will be even more challenging, with more renewable energy and with more supply driven production, where every citizen will also be energy producer. I know that Elia will be at the forefront of these innovations, and it is reassuring for us to know that we can all count on Elia to manage them well. I wish you a lot of luck and a lot of good energy, so that the next 20 years may be as inspiring and succesful as the past 20 ones. Thank you.

Marleen: Thank you, Alexander De Croo, and welcome back. Catherine, you already provided us with some key figures, but I assume that you have many more.

Catherine Vandenborre: Indeed, thank you. I propose we start with the Group's full year results, Marlene. So first, Elia's revenue amounts to 2.9 billion. This represents an increase of 15.6%. This increase was driven by higher revenue in Belgium and in Germany, which was partially offset by lower revenues from Elia Grid International as the international consulting business was negatively impacted by the COVID-19 restrictions. The higher revenue in Belgium was due to a higher regulated profit following the increase of the RAB and higher costs which are all passed through to revenue under the cost-plus regime. In Germany, revenues increased due to the higher energy revenue, which are also passed through, and a higher investment remuneration due to asset growth. The EBIT decreased by 6.6% compared with last year, amounting to 540 million. This is a consequence of three elements. Firstly, the EBIT in Belgium decreased by 10.4 million, driven by lower financial costs and lower income taxes, which are fully passed through as a consequence of the regulatory framework. The EBIT in Germany reduced by 67.2 million. This was the result of increasing staff and IT costs and a peak in the maintenance cycle. Then the contribution from associates was up by 40.2 million, reflecting the very good operational and financial performance of Nemo Link. Elia Group's adjusted net profit increased by 6.6%, reaching 328 million. This result is driven by the very strong performance of Nemo Link, and more than offsetting the decline in the German result. With a net profit attributable to Elia shareholders of 276 million, Elia Group realised an adjusted return on equity of 7.56%. Let's now turn to our regulated asset base, which is, like you know, a major driver of our remuneration. Year over year, the RAB of Elia Group increased by 6.2%, amounting to 10.3 billion at the end of 2021. For Belgium, the RAB increased by 5.2%, while in Germany, it increased by 8.8%. And as you see on the graph, the RAB of Elia Group increased considerably over the last few years. Over the next five years, we are confident that we will be able to pursue an anticipated RAB growth of around 9.5% on average on an annual basis. Let us now turn to the net debt of Elia Group. We carried a total net debt of around 4.9 billion, which represents a decrease of 34.5% compared with last year. This decrease is primarily attributable to the fluctuation of the EEG cash balance, the renewable support mechanism in Germany, amounting to 2.1 billion at the year end. The 2.1 billion will have to be paid back to consumers. As mentioned earlier, the Group invested roughly 1.2 billion in infrastructure. These investments were mainly financed by cash flow from all operating activities. Additionally, ETB issued commercial paper for 60 million, and Eurogrid took advantage of favourable market conditions to issue a €500 million bond, securing its liquidity for the upcoming investment programme. Following this issuance, the average cost of debt of Elia Group reduced by 22 basis points to 1.67%. This is largely to the benefit of society as the cost of debt is mainly passed through. Today, Elia Group only has fixed-rate debt outstanding, and it's Standard & Poor's rating remains unchanged at BBB+ with a stable outlook.

Marleen: Okay. That's for the Group, Catherine. Let's zoom in on the Belgian segment. Halfway through the year, we reported that Belgium was well on track to reach its performance targets, and earlier we saw a solid increase in the regulated asset base, as you explained. How does this translate into the year-end results?

Catherine Vandenborre: Belgium continued to perform in line with expectations, Marlene. Let me take you through the key figures. Revenues increased by 19.4%, totalling almost 1.2 billion. As to the adjusted net profit, it increased by 5% to 131 million. What were the key drivers of this increase? Firstly, a higher fair remuneration, up by 6.2 million to 105 million. This was driven by an increase in the regulatory asset base, resulting in higher equity. Secondly, the contribution from incentives and efficiency is increased by 5.1 million, reaching approximately 31 million. This increase reflects a strong operational performance. The net contribution of the incentives also increased as a result of the lower average tax rate. Finally, the result was positively impacted by lower damages to electrical installations. Those positive elements were offset by lower capitalised borrowing costs and higher employee benefits and tax provisions. The lower capitalised borrowing cost is due to a lower average cost of debt and a lower asset under construction compared with 2020. The employee benefits and tax provisions increased since last year. The provisions benefited from a one-off change in planned assets of the defined benefit plan of 3.9 million and a reversal of a tax provision of 1.6 million. In line with the regulatory framework, this resulted in a return on equity of 5.36%.

Marleen: Okay. We mentioned earlier that good progress was made on major infrastructure works in Belgium. We invested more than 370 million in the grid. What was the impact, Catherine, on the financial position of Elia?

Catherine Vandenborre: Well, Elia continues to have a solid capital structure. It has an equity portion slightly above 40% of the RAB. Equity rose by 8%, mainly due to the reservation of the 2021 profit, the revaluation of post employment benefit obligations linked to an increase in the discount rate, and lower allocation of equity towards Nemo Link. The company's liquidity position remains robust. The sustainable revolving credit facility is fully undrawn, while also 240 million of commercial paper remains undrawn. The ETB credit rating from Standard & Poor's remains a BBB+, with a stable outlook. Finally, ETB has a well-balanced debt maturity profile with a weighted debt duration of 6.4 years and an average cost of debt of 1.91% And also, I'm pleased to say that ETB progressed further along on its sustainable finance journey. After a sustainability-linked RCF in 2020, ETB published its Green Finance Framework at the end 2021, paving the way for further Green bonds emission in Belgium.

Marleen: Earlier, we mentioned that Germany remains a core entity of the Group, contributing to around 50% of the Group results. What were the drivers, Catherine, behind 50Hertz' performance in 2021?

Catherine Vandenborre: Yes, so starting with the top line, revenues increased by 18% to reach 1.7 billion. This was driven by higher energy revenues, which will pass through, and a higher investment remuneration from asset growth. The adjusted net profit came in at 165 million, down by 14% compared with last year, and the key drivers of the result were the following. Firstly, higher operational costs, which increased by 35 million since 2021 marked the peak in the maintenance cycle and increased costs linked to the further expansion of our business and digitalisation efforts to manage increasing complexity in system operation. The growth of our activities and the increased complexity of our operation also led to higher personnel costs, increasing by 14 million. Secondly, the ongoing investment programme led to increased asset remuneration, which was up by 9.6 million. At the same time, depreciation costs increased by 10.6 million. Additionally, on the plus side, the financial result improved by 19.5 million, driven by lower interest expenses as a high interest rate bond was refinanced with more favourable conditions in the second quarter of last year. Moreover, we had lower interest costs on provisions due to increasing forward interest rates. Finally, the result benefited from higher regulatory settlements and related provisions, up 3.6 million. And it is important to mention that in 2021, 50Hertz benefited from important one-off regulatory settlements amounting to 29.6 million. This all resulted in a return on equity of 9.85%, excluding hedge accounting, which I will comment on when we move onto the next slide. If we were to exclude one-off effects linked to regulatory settlement and claw backs, the return on equity would have been 8.23. And if we now turn to the balance sheet, we can see that equity increased by 18.2%. Due to a change in our accounting policy, hedge accounting is applied as of 2021 on the contracts entered into by 50Hertz for hedging risks of fluctuation in the expected amount of great losses. This change, which took place in the context of strong energy prices, resulting in a hedge reserve after tax amounting to 250 million and recorded in other comprehensive income, so increasing the equity. However, as the cost for grid losses are almost fully passed through to the tariffs, the fair value of those contracts has no relevance for the current or further profitability of the company, and therefore the hedge reserve is excluded from the regulatory return on equity reported for the German segment. Coming to the liquidity position of 50Hertz, it remains very strong at 3.7 billion, with all revolving and overdraft facilities fully undrawn. In the 2.8 billion cash position, like I already mentioned, an amount of 2.1 billion of EEG cash is included and has to be given back to the consumers. The maturity profile is well balanced with a weighted debt duration of 6.4 years. There has been no change to the rating of Eurogrid. This remains at BBB+ with a stable outlook.

Marleen: That was financial information about regulated activities in Belgium and Germany. We also have non-regulated activities, like Nemo Link, like other activities. What are their results in 2021?

Catherine Vandenborre: Well, it performed very well. The adjusted net profits came in at 31.9 million, and the key drivers were as follows. Firstly, the contribution from Nemo Link rose significantly, up by 39.7 million. The overall availability in 2021 was 99.1%, making it one of the highest performing assets in the world. In addition, the market price spread increased compared with last year by €8/MWh. This followed from the strong nuclear availability in continental Europe and increased gas and carbon prices in the UK, and consequently, Nemo Link's total contribution to the Elia Group's result increased to 47 million. Second segment's result benefits from lower negative regulatory settlement following the 2020 salary review by the CREG and also reduced operating loss of re.alto, reflecting tide cost control measures and initial fee income. Finally, Holding costs increased by one million due to higher operating costs driven by business development activities.

Marleen: Okay, last element before turning to the outlook. Elia Group's dividend policy. What can we expect there?

Catherine Vandenborre: Yes, we will propose increased dividend, amounting to 1.75 euro per share to the General Assembly. This represents an increase of 2.34%, in line with inflation, and takes into consideration our CapEx plan and our commitment to executing our organic growth strategy.

Marleen: Okay. We still need to cover the outlook for 2022. It's your last slide for today, Catherine.

Catherine Vandenborre: Yes indeed, and we can see that Elia Group is confident that it will be able to realise an adjusted return on equity of between 6.25% and 7.25% for 2022. This return depends on the return on equity of the regulated activities in Belgium and Germany, but also of the non-regulated activities, including Nemo Link. So let's look at the three segments. In Belgium, we remain confident about being able to achieve a return on equity of 5-6%, while investing around 425 million. In Germany, we aim to achieve a return on equity of 8-10%. As mentioned earlier, this return excludes the effect of hedge accounting and further contracts for grid losses, which are accounted through our CI, the other comprehensive income. In 2022, 50Hertz intends to invest approximately 850 million. For the third segment, we expect it to make a contribution of between 10 to 15 million to the Group's result. This will strongly depend on the performance of Nemo Link given its contribution to this segment. On a final note, I would like to point out that is guidance. Obviously, it doesn't take into account any potential M&A transactions. It's now back to you, Marlene, and to you, Chris, to conclude the presentation with some investment guidance.

Marleen: Thank you for your comprehensive presentation of the annual results. We want to enter this section with a video message from Lutz-Christian Funke, the Secretary General of KfW Banking Group, the German investment bank, our partner with whom we own 50Hertz. The following is also a statement recorded for the 20th anniversary of Elia, which we celebrated last year.

Lutz-Christian Funke: The last 3,5 years we were allowed to share with you in our partnership at 50Hertz. A collaboration which we feel is on one hand very focused and efficient, and on the other hand, even more importantly, very open minded and trustful. Bringing energy to the people and industry, a more and more tremendous task. So we are honored to stay with you together in a close partnership, realizing German and European energy efficiency in the coming years, because time is of the essence.

Marleen: It's time to look at the long-term outlook. The Belgium CapEx programme for the next five years is now on screen. Chris, what big trends are likely to appear?

Chris Peeters: Well, what you can see is that we have a CapEx plan for the next five years of four billion. In that is, in the first period, mainly replacement and reinforcement. As shown, we are reinforcing the backbone, an important part of the investment. What we see as of 2023, is a second wave of important investments. What is in there? Firstly, the island we talked about, but also Ventilus and Boucle du Hainaut, two projects which are very important for the energy transition in Belgium. They'll quantify an important amount. The Ventilus project 620 million over that period, and the Boucle du Hainaut project will be in there for 565 million, of which 250 million in this period.

Marleen: That's for Belgium. And then the long-term outlook for Germany?

Chris Peeters: Well, in Germany, you see as well an increase of the CapEx. It amounts now to 5.6 billion for the five period... five-year period, that has to do with the SuedOstLink corridor, where we will start the building of that corridor, an important investment programme in the biggest project we've ever had in Germany will happen. The second thing is we will also start the SuedOstLink+ project, which is what we called before the empty pipe. The empty pipe will be filled with a two gigawatt cable. It will not be complete in the period, but it's an important project for the future. Then in offshore, the Ostwind 2 project will be finalised in this five-year period and, as well, the connection of the Ostwind 3 project. More importantly, the Gennaker project, a project which was not on the map a few years ago, will be fully delivered. It's a 900 megawatt new offshore investment, therefore having an important contribution in the coming period.

Marleen: To briefly summarise the outlook, Elia Group's CapEx plan amounts to €9.6 billion for the next five years. I would say, Chris, busy times are ahead of us.

Chris Peeters: Yes, I'm very, very happy when I look at what we have done over recent years and what we have ahead. We have positioned ourselves more and more as a central player in this energy transition. We've already done many things. We went more international. We have refurbished the Group into a group that is a real group now, integrating much more the TSOs that we have, but also the new activity that we are developing now. On top of that, we have invested massively into digitalisation. We're ready for that more complex future. So you see here a very proud CEO, because I have a very competent team and we feel confident about the future we have ahead.

Marleen: Yeah, a proud, but also very enthusiastic CEO.

Thank you, Chris. Ladies and gentlemen, we've shared a lot of figures with you and received a lot of clarification from Catherine and Chris. I suggest we now move on to the Q&A session. Yannick Dekoninck, our Investor Relations Manager, will guide us through this. Yannick, could you share the first question with us, please?

Yannick Dekoninck: Thank you, Marlene. I will now give the floor to Olivier Vandewoude from KBC, who can maybe ask his first questions after that presentation.

Olivier Vandewoude: Yes, thank you. Good morning, Catherine and Chris. Thank you for the presentation and taking my questions. The first one is about Belgium. There is discussion recently going on that nuclear production facilities might stay open. If that should be the case, could it impact your investment plan going forward given that a lot of the investments are based on the fact that electricity production would actually be more decentralised instead of centralised? So what are your views on that and what could the impact on the investment plans for Belgium be?

Chris Peeters: Yes, okay. So the overall impact on the investment plans will be quite limited because anyhow, in this energy transition, we have to prepare for a future with more renewable integration, so those projects will happen anyhow. You might have some slight changes, because if you look at the nuclear exit plan, there is a number of replacement capacities that need to be integrated into the grid. Therefore, of course, some great investment needs to happen. So those might change depending on the scenario that the government will choose in the end. But in the end, this is a very small part of the overall investment programme ahead.

Olivier Vandewoude: The second question, if I may?

Yannick Dekoninck: -Yes, go ahead, Olivier.

Olivier Vandewoude: Yes, thank you. It's about WindGrid. The press release states you are looking into projects in Europe and beyond. You mainly mentioned the US in that presentation. Do you also have other regions? Why is the US so important, apart from the fact offshore wind capacity will increase a lot there? That's also affecting other regions, so are there advantages in the US, or do you maybe see that you have certain advantages in US over other regions? Why is the US so important?

Chris Peeters: Yes, so if you look at the US, it's at its starting point to go into offshore wind, and it has the combination of the typical US large plans, so they're right away going into hundreds of megawatts, even the gigawatt kind of renewable offshore wind farms that they want to integrate, combined with a relatively weak onshore grid. So you need to have somebody that is able to have the full integration of this renewable energy into the system. So it's not only about laying cables at sea, about building platforms, but it's also understanding how you integrate that into relatively weaker systems than we are used to having in Europe. Therefore, of course, the expertise we have as an operator of an onshore grid in two different countries with all the complexity that has, gives us an advantage compared to players that are purely only project execution. So that is one. And as we are at the start of this, the earlier that you are, the more, of course, you are able to benefit on building that position. Learn in the early phase, then scale it up later on. That's why we have this additional focus next to Europe on the US as we speak, because most of those standards will already be happening in the coming months and years.

Catherine Vandenborre: And maybe to add, let's say, a more financial aspect to that, Olivier, there is also a fact linked to the stability of political and regulatory framework that we want to have in the countries where we potentially invest. In that context, Europe and the US fit perfectly this requirement for sufficient stability, protecting the value of the investment over the long-term.

Olivier Vandewoude: Okay, thank you. That was actually part of my third question as well. I would like to get to get an idea, have you been looking at projects in preparation of WindGrid? And why did those projects not go through, for example, until now? Just a bit of flavour on why you decided not to participate in certain tenders? Or do you have certain criteria that you need to match for projects?

Chris Peeters: So what we have done so far is we have basically done more exploration, trying to understand how the dynamic of different approaches works, seeing what kind of role that we play. Can we play a separate role in infrastructure? Do we have to partner with others? It depends a bit on the market we're looking at. That was an important part of our preparation work. And we did a scouting, which is still continuing these days, about what is the potential of the US market as well? And could we do a potential partnership or M&A over there to really have boots on the ground? We think that is absolutely necessary once we start to invest. So this was really more the preparation phase. Now we will have our new CEO coming in on the 1st of April, and that will, of course, accelerate the speed in which we will develop those projects. Of course, that said, those projects still need to be built. So don't expect a huge CapEx outlay in the next year or in the first years afterwards. It is first making sure that we win projects or that we shape projects to our hands, and that we're based on that, and can later do the execution of those projects and potentially then operate or sell them off at the end.

Olivier Vandewoude: Okay. Thank you. Then maybe one last question to finalise it. It's mainly about interconnectors and the transition of energy from wind farms to the coast. I know you can't be involved in energy production anyhow, but can you be involved in storage? Or will WindGrid not do projects related to that?

Chris Peeters: No, so storage as well is excluded, especially in the European framework. I don't think we've analysed the US framework yet. It's not part of the project now. So today the focus is really on integrating the energy into the onshore grid, having the submarine cables that bring it to shore, +and the platforms comparable to Denmark or those we have in Germany to bring the different windmills of the farm to that central point and then bring it to shore.

Yannick Dekoninck: Thank you for those interesting questions. We'll now give the floor to Juan Rodriguez from Kepler Cheuvreux. Please, Juan, go ahead.

Juan Rodriguez: Thank you and good morning. Thank you for taking our questions. I have a couple on my side. The first one is on guidance, more specifically on 50Hertz. We see that you're signalling an 8-10% return on equity, which seems broken in line with your 2021 performance. But can you please walk us through the bridge from '21 to '22, and more specifically, it seems below the 9-10, 9-11% that you were targeting for the period CMD last year. Is that also why the Group guidance is below the 5-7% target? So this will be my first question. It's on 50Hertz. Thanks.

Catherine Vandenborre: So I will take both the question on 50Hertz and the overall question on the guidance. I think if you want to compare 2021 with the 2022 guidance, there are two elements to have in mind. The first one is indeed on 50Hertz. First in 2021, we had a peak in the maintenance activities, but we also had a number of one-offs, approximately €30 million, regulatory one-offs that, of course, we don't expect to come back in 2022, to come back in the same magnitude in 2022. The 9-11 guidance that we gave is a guidance on average on the five-year period, and then we guide more specifically year on year when the time comes for it. Second, more generally on the overall guidance, Nemo Link has had a very exceptional year in 2021, with a performance of 47 million net profit, Elia shares, so 50% of the total net profits of Nemo Link. And you know the mechanism of regulation of Nemo Link, there is also a cap mechanism, which is a cumulative cap over five years. In 2022, we could possibly reach the cumulative cap, and so the 47 million that we had last year, we don't expect to repeat it, to reiterate it, in the same magnitude in 2022 because of the cumulative cap. And so those are the two elements which explain the guidance for 2022 compared to 2021.

Juan Rodriguez: Excellent. Quite clear, thank you. A second one on my side, if I may? It's on your inflation adjustment within the tariff mechanism. Given the recent movements that we've seen in inflation over recent months, will all of the upside tick that we see in inflation be adjusted to 2022 tariffs, or may we see some of it passed on through 2023 in terms of tariff adjustments?

Catherine Vandenborre: Yeah. There are two things to have in mind. The first, what's the impact on the net profit? The second, what is the impact on the tariffs, and so on the cash. In the presentation, I gave some explanations on the impact, on the inflation, and possible higher interest rates on the CapEx, on the OpEx, on the cost of financial debt. And from this presentation, you can conclude that it's passed through. So there was really a mechanism by which the costs of the company, the OpEx costs, are inflated year after year in Belgium, in Germany. CapEx, they are taken into consideration in the RAB from the first euro cent that is spent. So in case there is inflation being applied on CapEx as well, it will be covered by the RAB mechanism. So from a net profit perspective, it's immediately passed through. From a cash flow perspective, basically, the tariffs are not modified every year. They are modified according to a schedule which is defined by the regulator, which is not the same in Belgium as it is in Germany. In Belgium, we have a reset of the tariffs every four years. So in order to have the cash impact compared to the budgeted amount, you will have to wait for the reset of the tariff. And in Germany, the mechanism is a little bit more complex. It might be, depending on the type of cost, one year, two years, or even a little bit longer. So net profit, full neutrality cash, depending on the timing of the reset of the tariff, which can indeed be a little bit longer than just some months.

Juan Rodriguez: Okay, excellent. Quite clear. A last one on my side, not to take too much time on the floor as I see that there are more questions. It's on the net debt, and especially on the EEG mechanism in Germany. We saw that there was a positive one-off, as well, in 2021, from additional cash in from higher prices on top of the reimbursement. So in 2022, can we expect some of these to be paid back, so to speak, or what do you expect in terms of this in 2022?

Catherine Vandenborre: Yeah. I think... You need to see the cash linked to EEG as not being part of the cash of the company. So it has to be seen as being completely neutral from a cash perspective, but also from a rating perspective. So the EEG, let's say balance is not considered for the credit matrix, and so for the rating of the company. So in case there is an excess, let's say, of cash, it has to be paid back to the consumers. In case there is a deficit, which happened in 2020, it has to be recovered through the tariffs of the next period.

Juan Rodriguez: Okay, so just to follow up, we can... we can imply that this will be paid back in 2022?

Catherine Vandenborre: Yes, so the... the 2.1 million that you see has to be paid back. Of course, in 2022, there will be a number of fluctuations compared to the budget, and we'll see at the end of 2022 what the situation is. Is it an excess? A deficit? But that's completely neutral for the value of the company and for the rating of the company Eurogrid.

Juan Rodriguez: Excellent. Quite clear, thank you.

Yannick Dekoninck: Thank you for the interesting questions. Maybe Quirijn Mulder from ING. Do you have any pending questions left?

Quirijn Mulder: Good morning, everyone. Can you hear me? Yes. That's fine. I have a couple of questions. The first question was a remark from... from Catherine on the regulated and the net debt treatment, Let's see. Can you maybe elaborate on that, what you mentioned there? What the impact of the regulatory framework will be on the net debt treatment? That is my first question. Then with regards to...

Catherine Vandenborre: -Could you please... Could you be a little bit more explicit? Yes, sorry, Quirijn, could you be a little bit more explicit? Impact of regulators on net debt?

Quirijn Mulder: Exactly, you said something about 2024, the new regulator situation there, and that it might also have an impact on the treatment of the net debt. Some... There was a remark. There was a sentence in your presentation.

Catherine Vandenborre: What we have in terms of evolution of the financial costs and the way the financial costs are covered by the tariff, and especially in Germany, you have a situation where today for offshore, it's a cost-plus mechanism. So in case of changes in the financial conditions of the debt, there is a full coverage. For onshore, there is a mechanism which is so that for, let's say, the debt which is included in the finance of the base year, it's covered, it's kind of passed through. And for the debt which is linked to investment measures, this debt has to be, let's say, concluded at a level of interest rates which is below a given reference by the regulator. So the regulator sets a reference, and we need to conclude the debt below this level of reference if we don't want to suffer from a negative impact. That's what I meant by this regulatory element. So it's not on the net debt as such, it's on the financial costs and the coverage of the financial costs by the regulation.

Quirijn Mulder: Okay, thank you. Then about the market in Germany. So the Energiewende was for 2023, so what is the idea about this progression here? Because it looks to me that... that, let's say, the Germans are behind schedule, so maybe there's something more you could tell us about what is the impact of the progression there? And then my final question is with regards to the 9.6 billion CapEx. That excludes, in my view, Nautilus. Is that correct?

Chris Peeters: Okay, maybe I'll take the first part on Germany. So what you see is, for the projects that were approved by the government, we are on schedule, so there are no delays as we speak, but it's true that if you look at the overall Energiewende, especially now the targets that they've set themselves for 2030, 2035, let's not yet look at 2045, a lot of new investment needs to happen. So we expect that, in the acceleration of the Kohleausstieg, combined with the targets they've set themselves in terms of reaching this Net Zero by 2045, then, indeed, that they need to further accelerate. And we've seen that by the indication that they will put more weight on looking for additional offshore zones in the Baltic Sea, that is one of the things we see happening. We also expect there's more to come, but it is, of course, very difficult for us to say now. The government is just in place, working on the plans and seeing how they move forward with that in the coming period.

Catherine Vandenborre: And then on... If it answers your question, which, I believe, I will take the last one on Nautilus, Quirijn. So, Nautilus is well included in the plan. The fact is that Nautilus is expected to be commissioned, let's say, of course, beyond 2026. And so, the portion of the CapEx linked to Nautilus in the plan that we presented might be relatively minor, but I will come back to you with the exact figure we have in that five-year time horizon regarding Nautilus. Which is... Yes, sorry, go ahead.
Quirijn Mulder: No, go ahead, sorry.

Catherine Vandenborre: No, the only thing I wanted to say is that the Triton Cable, on which we gave more information, is not included in the five year plan. So Nautilus is included, but Triton is not included.

Quirijn Mulder: Because it looks to me that if Triton is a very expensive one, that is a 600 kilometre length, I think. Is that correct or not correct?

Chris Peeters: No, it's indeed. So we're still studying what the exact trajectory we'll follow will be. There's a discussion that we will have the cable between the two artificial islands, the one on the Danish side and the one on the Belgian side. That would connect for the first time those islands. It's about 600 kilometres between those two points. And so therefore we estimate, but it's a very early estimate. We're still working on, let's say, very early plans of that. It's little bit more than two billion, so 2.3 to 2.4 billion, but very hard to really, let's say, give a precise figure because a lot depends, of course, on, firstly, where are the landing points? On the island? On land? That will affect the length of the cable and the kind of infrastructure we need to develop. These are at a very early stage. The reason we don't have them yet in our plans is we have not yet talked about them in our Federal Development Plan, which we typically do to get assurance the government wants to go in this direction. We now have this covering element where the government has this bilateral with the Danish around the energy collaboration we will have. But it needs to be made concrete to the projects thanks to the study work that we are doing with Energinet now.

Catherine Vandenborre: And on the amount that you mentioned, and like you say, it's still preliminary, I think it's the entire CapEx amount for the cable, not the Elia share.

Chris Peeters: It's not Elia's share. Typically, we will have 50%. But depending on where you take it, is it the island, is it the on-land point that's integrated, in that 50% that we have, that could change in the amount that goes to Elia.

Quirijn Mulder: Okay, thank you. And thanks for the good results.

Yannick Dekoninck: Are there still any pending questions from one of the analysts? No, I think that, Marlene, we can close the analysts' call and thank everybody for having a participated.

Marleen: Yeah. Thank you, Yannick. If there are no further questions, I suggest we bring this presentation to a close. Thank you, Chris, Catherine, for your contributions. A recording of this presentation, along with the slides, will be made available on our website later today. Thank you for being with us and stay safe.

Catherine Vandenborre: -Thank you. Bye-bye.