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# EDITED TRANSCRIPT

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## CORPORATE PARTICIPANTS

**Marleen Vanhecke** *Elia Group SA - Head of Group Communication & Reputation*

**Catherine Vandendorre** *Elia Group SA - Chief Executive Officer, Member of the Management Board*

**Marco Nix** *Elia Group SA - Interim Chief Financial Officer*

**Peter Michiels** *Elia Group SA - Chief Human Resources, Internal Communication Officer, Chief Alignment Officer, Member of the Management Committee*

**Sylvia Borchering** *Elia Group SA - Chief HR Officer 50Hertz*

**Stefan Kapferer** *Elia Group SA - Chief Executive Officer - 50Hertz, Member of the Management Committee*

**Harald van Outryve d'Ydewalle** *Elia Group SA - Head of Procurement*

**Frederic Dunon** *Elia Group SA - Member of the Management Committee, Chief Executive Officer of Elia Transmission Belgium*

**Stéphanie Luyten** *Elia Group SA - IR*

**Yannick Dekoninck** *Elia Group SA - Investor Relations Officer*

## CONFERENCE CALL PARTICIPANTS

**Thijs Berkelder** *ABN AMRO - ODDO BHF B.V. - Analyst*

**Temitope Sulaiman** *Barclays Bank PLC - Analyst*

**Piotr Dzieciolowski** *Citi Investment Research - Analyst*

**Olly Jeffery** *Deutsche Bank AG London - Analyst*

**Mafalda Pompeiro** *Goldman Sachs International - Analyst*

**Quirijn Mulder** *ING Financial Markets - Analyst*

**Wim Lewi** *KBC Securities - Analyst*

**Juan Camilo Rodriguez** *Kepler-Cheveux - Analyst*

**Harry Williams** *Morgan Stanley Research - Analyst*

## PRESENTATION

**Marleen Vanhecke** - *Elia Group SA - Head of Group Communication & Reputation*

Good morning. It's in mid-July. So it's time to have a look at the first six months of the year. This live streamed event will cover Elia Group's half year results. We are honored to have some new analysts joining us for today's events. So welcome to you and I would also like to introduce you to the Group's CEO, Catherine Vandendorre; and the Group's CFO, Marco Nix welcome to the both of you.

What can you expect from us over the next hour or so? We will look back at the Group's most important events and achievements from the past six months. Catherine Vandendorre will delve deeper into earlier Group's growth. The more projects we realize the more people and materials we need. And Catherine will explain how Elia Group is approaching talent management and attention experienced across international supply chains.

Marco Nix will then take us through the financials and the outlook for the rest of the year. And before we can continue, please read through the disclaimer, which is on the screen now. You must take note of this information. And as always, the slides and the script will be made available later today.

Let's start off with some images of the extreme weather that Belgium has recently experienced just over two weeks ago, heavy storm toppled over nine pilots in the Magellan area. It also brought down several conductors, most of which ended up in fields and some of which fell onto around 15

homes. Luckily no one was injured and the security of supply was maintained, but the material damage cost to the local area was extensive and the repair works will take months to complete.

Our thoughts are with the local community that was affected by the storm. The next video explains how our team in Belgium addressed the incident, keeping everyone safe, what's their main priority.

(video playing)

Impressive, the reason why the damage was so extensive and Magellan may be related to a phenomenon known as it downburst. A downburst is the strong downdraft of air that hits the ground and then spreads out in all directions. Will the occurrence of downburst get worse with climate change. It's hard to say. At the end of May, our colleagues from 50Hertz in Germany also dealt with some extreme weather, so called Supercell caused severe damage in Saxony.

A total of 70 pylons went over by the storm and thankfully, nobody was injured and the electricity supply was not interrupted. But these events make us immediately think of climate adaptation. Catherine, how do we make sure that our critical infrastructure is able to continue deliver security of supply amidst these extreme weather conditions.

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**Catherine Vandendorre** - Elia Group SA - Chief Executive Officer, Member of the Management Board

Yeah, that's indeed a very relevant question in this context Marleen. But first, I would like to thank our operational teams for the incredible work they have been undertaking over the past weeks. Keeping the lights on for the benefit of society is indeed what the highest security of supply has never been at Fisken. So I am very proud to have such motivated and dedicated staff in our company. The teamwork they have displayed has been exceptional.

No, to answer your question, Marleen indeed, working on risks plan so that we can adapt our infrastructure so it remains resistant to climate change is high on our agenda. And every good plan starts with the identification of the risks involved. Those risks have all been mapped out, and we have also scheduled an audit of their possible impact on our critical infrastructure. This analysis is also part of our work on being even more closely aligned with the European taxonomy for sustainable activities.

Last year, we worked with an association of German Research Institute. They have specific models which assessed the impact of certain weather phenomena on our infrastructure. On top of that, we are also working on a risk preparedness plan at the European level. In line with the European directive we are setting up collaboration with six other European countries for the electricity sector. To give you an example of what this collaboration could work on a heat wave in Europe or extreme growth might impact several countries at once.

To conclude, we have several procedures in place to manage the risk. Those proceeds we had from crisis management plans to operational procedures such as defense plans and restoration plans. The governance and risk portion of our latest integrated annual report includes a climate-related disclosures section.

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**Marleen Vanhecke** - Elia Group SA - Head of Group Communication & Reputation

Thank you, Catherine. Marco Nix let's briefly revisit that climate change auditor that Catherine mentioned the Group has carried this out last year. Could you share some insights from that reports for us.

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**Marco Nix** - Elia Group SA - Interim Chief Financial Officer

For sure. There are no current indications of an increase in extreme wind speeds that might come as a surprise, given the two incidents we have just experience. Those kinds of incidents have happened in the past, but they are still very rare. What we do know is there's an increased risk of

floods due to the heavy rains. Remember, the floods that we had in Belgium two years ago, there has also been a slight increase in heatwave stress. However, the average signals for cold spells indicate that the risk of these in the future is relatively low.

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**Marleen Vanhecke** - *Elia Group SA - Head of Group Communication & Reputation*

Yeah, that's audits. But what concrete actions have been taken to protect our infrastructure against the climate change.

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**Marco Nix** - *Elia Group SA - Interim Chief Financial Officer*

In terms of floods, we conducted an analysis of substations that face the highest risk, we are moving our critical infrastructure to higher positions in some of our substations. We are also constructing additional walls in several places to prevent water from entering our buildings. We are including heat pumps in our new substations. These can be used to cool our equipment down during heatwave, protecting it from overheating.

Although we do not expect an increase in extreme winds. We are reinforcing some of our pilots, particularly those that belong to the 380 kV backbone. Both in Belgium and Germany, we are undertaking a large investment program which involves the installation of new conductors along the existing corridors that can carry more electricity, stronger pilots needed for this.

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**Marleen Vanhecke** - *Elia Group SA - Head of Group Communication & Reputation*

These are all examples of adaptation measures in the face of climate change. But when an incident happens and infrastructure is damaged, restoration plans are needed to be ready to put this into action, large-scale training and simulation exercises or held. The video on screen now shows one of such training exercises focused on the construction of an emergency pylons.

By testing out different crisis scenarios our teams in the field are prepared to setup and undertake repair works fairly quickly. And coming back to Magellan, where we started Elia is now working on the deployment of a backup line and it involves the construction of five temporary pylons and a backup line should be operational by mid-August. The other restoration work that needs to be carried out across the line that has been damaged will take a few months to complete.

Let's move on to another recent event. Last week Elia Group announced it is investing EUR12.5 million in an international venture capital fund, which is managed by set venture. The fund supports digital innovation in the energy sector. Catherine, this is the very first time that Elia Group is investing in a venture capital fund. What's the rationale behind this decision?

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**Catherine Vandendorpe** - *Elia Group SA - Chief Executive Officer, Member of the Management Board*

Yeah, we are indeed participating in this specific venture capital fund to gain access to an ecosystem of European startups, which are all working on the digitalization of the energy sector. Over the next four years the fund will be invested progressively in European startups that are developing digital technologies and services and are mature enough to be scaled up. The decision to invest in the capital venture fund is part of our overall strategy regarding digitalization.

As you know, we are making digitalization a priority with three objectives. First, to make activities such as system management and asset management, more efficient. Second, to manage the increasing complexity of our business linked to integration of renewables. And third, to unlock flexibility, especially at the consumption site and so by collaborating with promising startups. We will be staying up to date with the latest trends and newest innovations. Also, we have set up a specific internal structure to spread the knowledge required to do startups into or organization.

**Marleen Vanhecke** - *Elia Group SA - Head of Group Communication & Reputation*

Okay. Let's now move on to recent political developments. The European Parliament has confirmed Ursula von der Leyen second term as the EU Commission's President. In her recent speech in which she outlined a vision and plans as the commission precedent from the Leyen announced a new clean industrial deal, which clearly emphasizes the goal of staying on course, to meet the goals of the European Green Deal.

(video playing)

Furthermore, from the leyen emphasize the importance of completing the energy union and faster permitting procedures. Catherine, that sounds quite promising for our business, I would say.

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**Catherine Vandendorre** - *Elia Group SA - Chief Executive Officer, Member of the Management Board*

Yeah, indeed, I think we can see that the long-term goals of the Green Deal are not being questions, of course, to maintain support for the transition, it's clear that the commission will be more focused on competitiveness. My reading is that this confirms that the climate agenda will more than ever be seen as an investment agenda.

Yeah, investment in clean energy infrastructure and technologies will be given priority and will be scaled up. This will, of course, cover great infrastructures and investments in energy efficiency measures and the digitalization of the system. There will also be a focus on reducing administrative burdens, simplifying and accelerating tendering processes, and finally, accelerating the implementation of project to faster permitting procedures.

So the political guidelines that has been presented by Von der Leyen speak to the very heart of our business, and we are really looking forward to supporting the next European Commission in its decision making.

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**Marleen Vanhecke** - *Elia Group SA - Head of Group Communication & Reputation*

Indeed during the first six months of this year, Belgium held the presidency of the Council of the European Union. Several of the events at organized such as the informal energy council were supported by Elia Group. Catherine, what is your overall assessment of the impact of Belgium's presidency on Elia Group.

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**Catherine Vandendorre** - *Elia Group SA - Chief Executive Officer, Member of the Management Board*

The Belgium's presidency offer the corporate many opportunities to engage with relevant European policymakers we organized tours of our National Control Centre and Nemo Link converter station. This allowed us to raise awareness of Elia Group and its work and to share some of our attention points with key stakeholders. These include, for example, the importance of the relationship that you have shared with the UK, particularly in terms of energy. In short, the presidency was clearly focused on electricity grids on offshore developments and on international collaboration.

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**Marleen Vanhecke** - *Elia Group SA - Head of Group Communication & Reputation*

And speaking of offshore development, Elia Group and the Danish wind farm developer Ørsted published a joint paper earlier this year about hybrid interconnectors entitled making hybrids happen. The paper was launched during this year's WindEurope conference in Bilbao and in Spain. The paper outlines strategies for overcoming the obstacles which are currently hindering the development of offshore hybrid projects in Europe. Catherine, why are these hybrid interconnectors across Europe so necessary?

**Catherine Vandendorre** - *Elia Group SA - Chief Executive Officer, Member of the Management Board*

Offshore hybrids are a key element for ensuring the success of your hubs green transition. This has been confirmed by industry studies, which indicate that by 2050 up to 80 gigawatts of offshore wind capacity could be connected to two or more markets. Also hybrids are key because offshore wind potential is not spread out equally across Europe. Some countries have a shortage like Belgium and Germany, whilst others like Nordic countries have more offshore renewable energy than they can use. Hybrid interconnectors will therefore help you hope to harness the full potential of its seats at the lowest possible cost. However, as the people hotlines, several buyers lie in the way of development.

**Marleen Vanhecke** - *Elia Group SA - Head of Group Communication & Reputation*

Yeah, since the further development of offshore wind is crucial for the next phase of Europe's energy transition, Elia Group is working on a new viewpoint, which will be explored the subject in some depth, and this will be published mid-October. The viewpoints will be looking at the benefits of offshore wind and will include proposals and recommendations related to planning and financing as well as the strengthening of the supply chain. It's therefore something to look forward to?

Marco, we just covered some of Elia Group project highlights from the first half of the year, but what about the Group's figures?

**Marco Nix** - *Elia Group SA - Interim Chief Financial Officer*

Thanks, Marleen. It's important to mention that the group had a record start in terms of investments. Elia Group invested EUR1.7 billion during the first half of the year, of which EUR458 million in Belgium and EUR1.3 billion in Germany we are well on track and are delivering on our CapEx plan. The key drivers of this investment plan remain the reinforcement of the international internal backbone and the connection of offshore wind to our grid in Belgium and Germany. We are also continuing to digitalize our operations. In terms of financial result, Elia Group achieved a strong performance, leading to an increase in the net profit, Elia share of 11.8% to EUR181.6 million.

Turning to our non-financial KPIs, and at the first dimension of our sustainability program. And now Elia Group has shown has now developed its own Scope 3 carbon accounting platform on the SAP Business Technology Platform. This allows for transparency regarding the carbon footprint of our investment activities and has enhanced the maturity level of our Scope 3 data.

We've been furthermore, lauded for the innovation earlier this year and more important has achieved our group-level target of a minimum of 60% spend. For the seventh time in a row, Elia was recognized as a top employer in Belgium. It's score this year rose to 90%. Elia made most progress in terms of diversity and inclusion and well-being teams. 50Hertz has also demonstrated its appeal as an employer in Germany with over 200 individuals joining the company during the first half of the year.

Finally, we also received the confidence from our shareholders to have authorized capital, allowing the Board of Directors to increase the capital subject to certain conditions. This provides us further flexibility in structuring our future capital raise.

**Marleen Vanhecke** - *Elia Group SA - Head of Group Communication & Reputation*

Yeah, the first half of the year was also quite busy. Concerning financing activities, Marco. Could you provide us with an overview?

**Marco Nix** - *Elia Group SA - Interim Chief Financial Officer*

Absolutely. As illustrated well on the slide, our teams have been very busy. Throughout this period we successfully carried out numerous transactions, raising a total of EUR3.2 billion in the debt capital markets and securing new liquidity of EUR4.2 billion across the group. The proceeds from the green bonds issued by ETB and Eurogrid allocated towards financing the CapEx programs and facilitating the energy transition. We also increased the revolving credit facilities, which are intended to strengthen and enhance the liquidity profile of the Group, thereby making our company more resilient and robust.

Lastly, the issuances by Elia Group are used to finance the group's growth opportunities in energyRe Giga and Eurogrid. Of all these transactions highlight the group's ability to secure funding for financing its growth. They also underscore our dedication to diversify our credit investor base, incorporating sustainability into our financial strategy and maintaining prudent financial management to the benefit of all stakeholders.

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**Marleen Vanhecke** - *Elia Group SA - Head of Group Communication & Reputation*

Thank you, Marco. Let's take a closer look now at the record amounts in terms of the implementation of our CapEx program. On the next slide, you'll see an overview of the past year and it's clear that the investments in the first six months of this year have gotten off to a record start. Catherine what has been the impact of this on the organization.

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**Catherine Vandendorre** - *Elia Group SA - Chief Executive Officer, Member of the Management Board*

Deliver, deliver, deliver. That's our motto, which shows that our ambitious investment program is in full swing. And it's fair to say Marleen that there is some pressure on the organization to deliver its project on time to a high standard of quality and within budget, but that growth didn't happen overnight. We have been able to prepare for it, given that the challenging years we will continue to be significant over the coming years.

And given that we want to keep or further holds manageable. We are focusing heavily on digitalization and innovation, attracting new and talented people to work for us, securing our supply chains, and finally, strengthening our financial foundations.

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**Marleen Vanhecke** - *Elia Group SA - Head of Group Communication & Reputation*

As you mentioned attracting new and talented people to the group and this year, the total workforce is expected to increase to 3,754 employees by the end of the year, an impressive 458 new employees should have joined us. 200 of them will work exclusively in Berlin and to provide those newcomers within appropriate workspace. Our headquarters in Berlin are currently being expanded.

The topping off ceremony was held in April, and this marked a successful completion of the shell construction works. The new building should be ready to host its first employees by next summer. And once ready, the new building will also host a childcare center.

Let's briefly revisit the number of 458 new employees at the next video, our Heads of HR, Peter Michiels and Sylvia Borcharding, but hitting explain how Elia Group is achieving this target amidst a competitive war of talent's individuals.

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**Peter Michiels** - *Elia Group SA - Chief Human Resources, Internal Communication Officer, Chief Alignment Officer, Member of the Management Committee*

We have highly ambitious and stretching recruitment targets, which is, of course, great because we are ready for this. But via also want to do is measure the progress during the year as if you missed at some point, a ramp up, it will be very difficult to catch up later. So we developed with the help of IT some real nice dashboards where we can follow this up in real-time, and these are now used on a daily basis to monitor our progress.

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**Sylvia Borcharding** - *Elia Group SA - Chief HR Officer 50Hertz*

We are so attractive for future talent because firstly, we really have a real purpose with the energy transition that attract a lot more young people than we thought at the beginning of our journey within the growth path here. So this is really, really relevant. And then, of course, the corporate culture is something which you should not underestimate because people want to feel being part of the game. They want to be part and they want to have their opinion included in decision making.

**Peter Michiels** - *Elia Group SA - Chief Human Resources, Internal Communication Officer, Chief Alignment Officer, Member of the Management Committee*

As soon as somebody has signed the contract, they get a link to our intranet system, which, of course blocks holder confidential information, but already gives them access to charts, messages from the executive teams access to all the necessary information they will need for their specific role and that really helps a lot.

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**Sylvia Borcharding** - *Elia Group SA - Chief HR Officer 50Hertz*

For example, project leader, you really have to intensely cope with activities like assuring safety because people might have worked in the different culture in the past, people might not be aware of how important safety is for us. So what we did in the last half year is to adapt very clear to this changes in the organization and to adapt to the growth and to really intensify the safety activities to keep our organization on a very, very high safety level.

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**Peter Michiels** - *Elia Group SA - Chief Human Resources, Internal Communication Officer, Chief Alignment Officer, Member of the Management Committee*

Diversity in the recruitment strategy for me means, of course, having a good balance between male and female talent. And we have specific quota for that. That we for the moment of reaching in our recruitment efforts. But also we need to think beyond male female, for example, we are looking at partnerships with schools that deal with people with autism that could be highly effective in certain roles, for example, data analysts, but also on the other hand, people with disabilities, we have recruited some people that, for example, have to sit in wheelchairs, but we are changing the corporate environment so that these people also fit in and have a place in our organization.

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**Marleen Vanhecke** - *Elia Group SA - Head of Group Communication & Reputation*

And in terms of all the vacancies that needed to be filled during the first half of the year. One-third was filled in by internal people moving to a new position, one-thirds Catarina, that's a lot.

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**Catherine Vandendorre** - *Elia Group SA - Chief Executive Officer, Member of the Management Board*

Yeah, indeed. But that's a positive thing, I believe we are big investors in people. We need employees with high amounts of expertise, and we invest strongly in training them via Elia Group's academies. So if you invest in people, you prefer keeping them internal mobility is an essential part of our retention policy. Currently, we have a turnover rate of 2% compared to the market that's very low, and we want to keep it like this.

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**Marleen Vanhecke** - *Elia Group SA - Head of Group Communication & Reputation*

And let's zoom in now on our home countries. I will kick off with Stefan Kapferer in Germany, a new records in renewable energy integration was achieved during the first half year -- of the first half of this year and some of 50Hertz key projects are well underway.

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**Stefan Kapferer** - *Elia Group SA - Chief Executive Officer - 50Hertz, Member of the Management Committee*

In the first half of 2024, we have once again seen a lot of progress in the German energy transition, with a share of 75% in the first few months of this year. 50Hertz has reached once again a record high of the integration of renewable energies in our grid. And with a 650 megawatt solar park south of Leipzig, 50Hertz has integrated first time ever a solar park to the TSO grid infrastructure and the biggest solar park in Germany till now.



And there is another pioneer aspect of this solar capacity. The solar park is also delivering system services to maintain voltage, not only during the day, but also during the night. But the strong increase in solar capacities we have seen in the last few months is also challenging. DSOs and TSOs, not only to maintain the stability of the system, but also to compensate the financial impact of more and more hours with negative prices.

So more flexibility is needed batteries, electrolyzers, power to heat these are the needs for the energy system in the next few years. Commissioning of grid infrastructure is key for integrating and transporting more renewables in our electricity system. And there we have seen a lot of progress in the last few months. In our DC project, Southeast link, we have started to tunnel under roads and railways as preparatory measures for the construction.

When we look at the Nordring Berlin, it is now fully commissioned. And also the drilling of the Kabeldiagonale here in Berlin has made a lot of progress more than 50% of the whole distance it drilled now, but also offshore projects are doing well. Ostwind 3, we started with the construction work at the landing point and also the preparatory measures for the new substation has begun. And Ostwind 2 was completed ahead of schedule.

So the next wind farms in the Baltic Sea can be connected to the German grid, and also in the North Sea, our projects are picking up speed. 50Hertz has awarded Siemens Energy and Dragados with a project for LanWin 3 offshore substation and converter for an amount of close to EUR3 billion to integrate two gigawatt of electricity from LanWin 3 project to the German grid.

However, we have seen setbacks beyond our control. Mid of June, the storm has destroyed to 380 kV power line, which are running in parallel in the southeast of the control area of 50Hertz, 17 pylons were damaged. Luckily no one was hurt and we have not seen any loss of load, but it's obvious with our limited resources we have now to reconstruct also these two, 380 kV power lights, so more work to be done by 50Hertz.

And we have seen another decision of the Swedish government. We are disappointed about it. 50Hertz was working with Svenska Kraftnat on the Hansa PowerBridge project, we are convinced that all interconnectors in Europe will strengthen single market for energy. So Swedish government now decided to stop this project.

But for the future of an energy system, which is based mainly on renewables, a highly connected grid infrastructure between European member states is strengthening and not weakening the energy system. That's the reason why we at the Elia Group ETBS 50Hertz are convinced interconnector projects are a relevant part of the future of our grid infrastructure.

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**Marleen Vanhecke** - *Elia Group SA - Head of Group Communication & Reputation*

Stefan Kapferer, mentioned that the contract for the offshore grid connection system LanWin 3 has been awarded and this is the first project that 50Hertz is undertaking in the German North Sea. The contract is worth EUR2.9 billion. Marco, could you provide us with some more details about the agreement that has been reached with Siemens and Dragados?

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**Marco Nix** - *Elia Group SA - Interim Chief Financial Officer*

It's a so-called EPCI contract that will connect a two gigawatt offshore wind farm to the mainland. On land LanWin 3 will be connected to the North Ostwind. A new HVDC transmission line, which will be built. The high-tech components for the converters will only be manufactured in European production sites. The offshore platform will be built by Dragados on a yard in Spain.

For those who are interested in technical innovation. The converters will be configured in accordance with the new two gigawatts standard that was agreed upon by Germany's transmission system operator. Cables will have a voltage level 525 kV, meaning they will be able to transport large amount of electricity with low level of losses.

**Marleen Vanhecke** - *Elia Group SA - Head of Group Communication & Reputation*

And it's not the first time that 50Hertz has entered into a big contract. Last year, a major deal was signed with cable suppliers in KT and Prysmian Group. These contracts cover to the construction of at least 3,500 kilometers of submarine and land cables. It was the largest single commitment undertaken in 50Hertz history worth EUR4.6 billion. And given the current context and the pressures that supply chains are under. It is crucial to close these contracts on time. Let's find out more from our Head of Procurement in the following video.

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**Harald van Outryve d'Ydewalle** - *Elia Group SA - Head of Procurement*

The market has changed drastically since a couple of years, since their willingness to accelerate the electrification in Europe. And as a consequence of that, we see an increase in the prices. We see a lot of capacity in the supply chain and also a shift from a buyer's market to water supplies market. I mean by that, the suppliers are dictating their rules during the negotiation of a contract.

We see all the other European TSOs that have massive investment plans. They all go to the same suppliers, the same factories in Europe. And next to that, we have also some private players that are going to electrify their production process. And in that respect, they also need to go to the same suppliers. We first start with defining accurate forecast within the company, what do we need in the coming 10 years?

Next to that, we are identifying what are the assets the activities are there at risks, where we believe that there is some scarcity on the market. And next, we are defining some mitigation measures. So we order much more in advance or we enter into a partnership with the suppliers like we did in Germany last year, indeed, with a long-term, let's say, DC cable contract.

So keeping the cost under control today is a real challenge, but we have some levers in order to achieve that. First, we can onboard new suppliers that have a different market funds than the historical suppliers. Next to that, we can also work on what we expect from our suppliers on the technical specifications. As an example, the usage of language is an important, let's say, topic that we are imposing from a security point of view and usage of the local language in Germany in Belgium.

But if we move towards the usage of English, then we are opening the market because we are relieving one of the constraints from a supplier to participate or attend. It is definitively an advantage to be part of and hope in today's market circumstances. Why, because we can benefit and we can pull the volumes together. So we have more power in the negotiation with our suppliers. And next to that, we can benefit from the flexibility that the contract offer.

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**Marleen Vanhecke** - *Elia Group SA - Head of Group Communication & Reputation*

Yeah, and let's now move from Germany to Belgium in June, elections were held at the regional and federal levels, and this led to a shift in terms of the coalitions that are likely to be formed. Catherine, what the actions are currently planned in this regard.

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**Catherine Vandendorpe** - *Elia Group SA - Chief Executive Officer, Member of the Management Board*

What we will certainly continue to do is to provide recommendations and insights to Belgian policymakers. In oral memorandum that was published ahead of the Belgian elections. We provided advice for policymakers about hands of topics such as security of supply, the energy mix of the future, the need for flexible consumption, the developments of offshore wind, electrification of society and the further development of the electricity grid.

So there is a lot of work to do on both the short term and the long term. In September Elia's will publish Belgium electricity system blueprint for 2035 till 2050. The application will provide insights into the country's options regarding its future energy mix.

**Marleen Vanhecke** - *Elia Group SA - Head of Group Communication & Reputation*

That is certainly something to look forward to. Thank you, Catherine. And that brings us on to the overview of the past six months in Belgium. Let's start with an update about the Princess Elisabeth Islands our flagship project.

**Frederic Dunon** - *Elia Group SA - Member of the Management Committee, Chief Executive Officer of Elia Transmission Belgium*

In Belgium we are progressing well on the organization of the energy transition. Currently 250 construction sites allocated across Belgium, one of the most complex project we are working on is our flagship project. the Princess Elisabeth Islands, the world's first artificial energy islands, work on islands 23 foundations, which are known as caissons began in September of last year.

Each day around 300 staff work on site to construct them. The caissons are large concrete building blocks, which will form outer walls of the islands. It takes about three months to build one. Later this year the first blocks will be moved into position 45 kilometers of the Belgian Coast, where preparatory work for the island has been finished.

The Artificial Island will be key for the success of the transition in Belgium, to emphasize its importance to our country, a delegation from the Belgian government to visited the site. Belgium has long been a pioneer in offshore wind development. By continuing to innovate we are consolidating our position as a leader in the area and securing our future.

Elia has now also awarded the contracts to several international consortia for the AC infrastructure, which will be installed on the islands. These contracts are worth around EUR1.5 billion. The contract scope of the installation of 330 kilometers of cables and installation of five substations. The process for the award of DC infrastructure contracts is ongoing and is expected to be finalized by the end of the year.

Integrating massive amounts of offshore electricity requires the onshore rig to be reinforced. Elia is therefore working on the development of the missing links, Ventilus and Boucle Du Hainaut. The environmental impact report for the later has been submitted. We are also strengthening the width to enable electrification of society.

We are working with industrial clients across the country to anticipate their future needs. We are doing it in close cooperation with distribution system operators. This will be important for ensuring that the grid is reliable and just like in Germany, it will be an important driver for economic growth. However not all activities are going to plan. In January, a subsea cable connecting the rental wind farm to the mainland suddenly failed.

The cause of the fault, which was located near the transformer platform, is still being investigated. The repair work was complex and challenging due to weather conditions, 400 meters of cable were replaced. Despite the incident, wind generation was not compromised, since the affected wind farm is connected to Elia's Modular Offshore Grid via a second cable.

In total four wind farms are connected to the Elia's plug-at-sea. This meshed offshore grid configuration mean that green electricity could still be generated and transmitted back to shore throughout the repair work. The electricity output of the four wind farms was slightly lower during short periods of very high winds to prevent their export cables from being overloaded.

Despite this, another on and offshore wind record was broken in the first two months of this year. It clearly shows the advantages of our meshed offshore grid. We are also not far from reaching a new solar record over the past year or 2.6 gigawatts of new solar panels have been installed across Belgium. Along with the high level of availability of the country's nuclear fleet this summer, this might cause big surpluses of exited.

Market parties have been given this information as part of our summer outlook so that they can prepare themselves. To support the system in the long term, however, it is vital that more flexibility is unlocked from across the system. We continue to emphasize this and support the steps different actors as taking to ask realizing this, we can rely on the strong support from the supplier's federation.

For the first time, they've expressed their public support for more flexibility. I would like to end by mentioning a new study that we will be publishing in September. Belgium's Electricity Blueprint for the period 2035, 2050. It will provide insights about Belgium's energy mix of the future.

Over the next two decades, Belgium economic will undergo a shift from running on fossil fuels to optimizing carbon-neutral resources and aiming for maximum electrification. The most transformative changes to make this happen still lie ahead. Deciding what energy sources Belgium will rely on in the future is crucial for the further development of low-carbon technologies and THE GRID.

Anticipation is critical for the development of project, which have long lead times. It will be a complex and critical process, which the next government we'll be responsible.

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**Marleen Vanhecke** - *Elia Group SA - Head of Group Communication & Reputation*

Yeah, Frederic already referred to it when the current issue, especially during the summer months, is a negative electricity prices.

The next slide clearly demonstrates that during the first six months, more negative prices occurred of more hours than they have done in previous years. This is mainly due to the increase in solar energy, in its summer outlook Elia highlighted the problem of overproduction or incompatibility. Elia called on the market parties to stay vigilant over to summer months? Catherine, how did the market respond to this call for action?

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**Catherine Vandendorre** - *Elia Group SA - Chief Executive Officer, Member of the Management Board*

The answer to this question is so far so good Marleen. And so market parties are indeed responsible for ensuring the balance between supply and demand in their respective areas. Elia provided them with all information they need to be prepared and meet the responsibilities. Market parties are responding very well to a call and they are voting over production.

In the long run the answers to the situations such as this will of course, be more an automated flexibility. The good news is that both the energy sector and policymakers are aware of the problem. So I see this as a wake-up call for more flexibility.

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**Marleen Vanhecke** - *Elia Group SA - Head of Group Communication & Reputation*

We have provided our audience with updates about many topics so far, Catherine, but there is still one question missing what about the New Elia Group's CEO?

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**Catherine Vandendorre** - *Elia Group SA - Chief Executive Officer, Member of the Management Board*

Yeah, indeed, and the process for finding a new CEO is ongoing and progressing well. But the Nomination Committee and the Board haven't taken a decision yet. We expect to have more news to share with you after the summer break, it goes without saying that as soon as a decision has been taken, we will announce the name of Elia Group's new CEO.

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**Marleen Vanhecke** - *Elia Group SA - Head of Group Communication & Reputation*

Yeah. So we have to wait a little bit more. We have to be a little bit more patience. Luckily, we don't have to wait for the figures Marco the financial figures. It's your turn now what can you tell about the group's results.

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**Marco Nix** - *Elia Group SA - Interim Chief Financial Officer*

Indeed, Marleen, let me walk through our half year results. Elia Group reported strong results across all segments. The Group revenues amount to EUR1.9 billion, a slight increase compared to prior years. And Belgium revenues increased by around 16% as revenues were mainly impacted by a higher regulated net profit increased depreciations and increased net financial cost.

In Germany, revenues decreased by around 7%, mainly due to lower energy prices impacting revenues from incentive regulation and energy revenues. This was partially offset by increased revenues from offshore surcharge due to ongoing offshore investment. The rise in other income due to the higher staff levels to manage the investment program added to that.

Elia Group's net profit rose by 9.6%, reaching EUR218.8 million ETV's profit increased by EUR15.5 million, mainly due to higher fair remuneration and performance incentive. Meanwhile, 50Hertz transmission had a stable net profit of EUR112.3 million, driven by asset growth and higher base year revenues although the lower regulatory return on equity on assets prior to '24.

The non regulated segment and Nemo Link recorded an increase of EUR3.9 million due to the higher contribution of Nemo Link despite higher costs incurred and the financing of the energyRe Giga transaction. Post non-controlling interests and hybrid costs, the net profit Elia Group share increased by almost 12% to EUR181.6 million, resulting in a double-digit EPS growth per half year.

Let us now turn to the funding of the Elia Group, debt issuance backed by operational cash flows remained the main source of funding in '24. As of the end of June, our net debt, excluding EG was about EUR10.8 billion, indicating a 19.8% increase from the year end. This increase is largely due to our first half investments of EUR1.7 billion.

Additionally, the Group's investment in energy regear was financed through debt, which pushed the Group's cost of debt up by 69 basis points to 2.8%. Our current outstanding debt is primarily fixed rate, with the exception of EUR300 million term loan that is fully hedged at 3.5%. The credit rating of the Group remains unchanged at BBB flat with a stable outlook.

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**Marleen Vanhecke** - Elia Group SA - Head of Group Communication & Reputation

Yeah, that's for the group. You have mentioned strong results across the three segments. Let us maybe first zoom in on Belgium.

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**Marco Nix** - Elia Group SA - Interim Chief Financial Officer

Sure. We touched on the revenues earlier, so let us go straight to the net profits. The adjusted net profit in Belgium increased by 18.7% to EUR98.6 million. First, the fair remuneration increased by EUR14.8 million, driven by the increased [RAB], higher return on equity and increased equity. As you know, a new regulatory period started in Belgium, we have an important change. That means our equity remuneration now includes a new valuation mechanism that is linked to the average 10-year Belgium government bond debt holder. The average 10-year OLO is expected to be around 3%, surpassing the fixed 2.4% risk-free rate that was applied during the preceding regulatory period.

Second, ETB also saw an increase in incentives, up EUR1.7 million due to the solid operational performance. We also saw higher capitalized borrowing cost up by EUR3.9 million from more assets under construction. However, this was slightly offset by higher regulatory settlements and the reversal of provision for the influence of the incentive down by EUR4.5 billion from the '23 solid overview.

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**Marleen Vanhecke** - Elia Group SA - Head of Group Communication & Reputation

Yeah, you already mentioned the expansion of the asset base and also the issuance of the bond this year. What has been the impact of this on ETBs financial position so far.

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**Marco Nix** - Elia Group SA - Interim Chief Financial Officer

We begin the year by issuing a second green bond for ETB and strengthen our liquidity position with a new sustainability-linked RCF of EUR1.26 billion. ETB maintains a balanced debt maturity profile with all outstanding debt carrying a fixed coupon. The average cost of debt increased by 31 basis points to 2.3%. ETBs liquidity situation is solid with both the sustainable RCF and commercial paper remaining fully undrawn as of the end of June. ETB's credit rating remained unchanged at [INR2] plus with a stable outlook.

**Marleen Vanhecke** - *Elia Group SA - Head of Group Communication & Reputation*

Okay, that was Belgium. Now let's shift our focus to Germany. A new regulatory period has started there. What has been the impact of this on the first half of the year.

**Marco Nix** - *Elia Group SA - Interim Chief Financial Officer*

This period is characterized by an equity valuation for new assets, which is now linked to a base rate and the risk premium. Why for investments made before '24 the asset fixed rate established X under for the period. For these assets, the return on equity post-tax is set at 4.13%. And for investments as of January 1, '24, and expectations are close to 5.7%.

The result came in flat year over year amounting to EUR112.3 million. This was largely a result of a couple of key factors. Firstly, there was an increase in base year revenues of EUR22.2 million. This was due to the updated cost allowance that came with the start of the new regulatory period and is covering the EUR17.2 million higher costs we face.

Secondly, the growth in assets led to a higher investment remuneration of EUR10.1 million, but this has been offset by higher depreciations and financial costs.

Let us have a look at the liquidity. In '24 you will wait later, further steps in strengthening its liquidity position in line with its investment plan by continuing to tap into the bond market. We issued a dual tranche of green bonds totaling to EUR1.5 billion. We also increased our liquidity at the start of the new year by securing new revolving credit facilities worth EUR3 billion.

As a result of these transactions, the average cost of debt rose to 2.8%, which is a 79 bps increase compared to the end of '23. As of June 24, Standard & Poor's rates. Your Group's credit rating as a BBB flat with a stable outlook.

**Marleen Vanhecke** - *Elia Group SA - Head of Group Communication & Reputation*

Okay, let's say now shift to the third segments, the non-regulated segment. And Nemo Link, what highlight can you share with us?

**Marco Nix** - *Elia Group SA - Interim Chief Financial Officer*

Solid results also for our third segment, with the net profit increasing by EUR3.9 million, bringing it up to EUR7.9 million. This primarily resulted from several key factors. Firstly, there was a higher contribution from Nemo Link amounting to an increase of EUR11.5 million. With the start of the new five years assessment period, Nemo Link contribution was currently not restricted by its cumulative cap as this was the case in '23, resulting in a higher net contribution for the group despite the lower revenues. Nemo Link has operated at 100% capacity since the start of the year.

Secondly, there was an increased contribution from EGI due to the improved margin management, which added EUR1.1 million. However, these gains were partially offset by a few factors. There was a higher cost for the holding, which increased by EUR8 million. This was primarily due to the higher funding costs associated with the acquisition of energyRe Giga and the financing of the organic growth in Germany.

Lastly, WindGrid contributed negatively with EUR2.5 million. This includes the equity pickup contribution from energyRe Giga, which currently has various projects under development. Elia Group has entered the market with a term loan and the senior bond to finance its organic growth in Germany and its investment in energyRe Giga. As previously announced, the Group intends to allocate EUR480 million of debt to fund the equity contribution into Eurogrid. After these two transactions, the cost of the holding for the debt stands at 3.8% with a weighted debt duration of 5.9 years.

Regarding liquidity, both CP and RCF commercial paper and revolving credit facility were completely undrawn at the end of June.

**Marleen Vanhecke** - *Elia Group SA - Head of Group Communication & Reputation*

Yeah. And last but not least, we still need to cover the outlook for 2024. What can we expect there?

**Marco Nix** - *Elia Group SA - Interim Chief Financial Officer*

Indeed, based on a strong performance in the first half year, we have revised the full year net profit range guidance upwards. We project that by the end of '24, the net profit share of Elia Group will range between EUR355 million and EUR395 million. This points towards an adjusted return on equity of between 7% and 8%.

Examining the different segments, in Belgium, we aim for net profit between EUR200 million and EUR220 million factoring in Belgium, 10-year all off around 3%. We plan to invest roughly EUR1.4 billion. In Germany, we aim for net profit between EUR260 million and EUR290 million, factoring in a base rate of 2.79% for regulatory return on equity, while investing roughly EUR3.3 billion.

The non-regulated segment at Nemo Link is expected to report a loss to the Group's result in a range between minus EUR30 million and minus EUR35 million. While Nemo Link is expected to contribute around EUR30 million profit depending on availability of the interconnector, the operational activities and project funding of the holding and the other nonregulated activities like WindGrid and energyRe Giga will likely result in a loss ranging between minus EUR40 million and minus EUR45 million.

Finally, the group secured its funding for the German CapEx plan and other funding needs pointing towards a funding cost of around minus EUR20 million. As usual, this guidance do not consider any potential M&A transactions.

So in summary, a strong first half year with solid results led us to lift up the net profit guidance towards year end. This is based on the ramp-up of the CapEx projects in the first half year, the proactive funding of this CapEx plan and a strong operational performance despite some challenges. All of these factors contribute to our confidence in achieving these targets.

**Marleen Vanhecke** - *Elia Group SA - Head of Group Communication & Reputation*

Thank you, Michael. Before we move on to the Q&A, Catherine, I would like to invite you to share some final thoughts with us. What will be the points of focus in the second half of this year?

**Catherine Vandenborre** - *Elia Group SA - Chief Executive Officer, Member of the Management Board*

Yeah. We have defined five points of focus. CapEx delivery remains the main focus along with the strengthening of our financial foundations; talent management and supply chains are important areas of focus in terms of achieving our ambition; and finally, digitalization to unlock the flexibility in the system is important. Also after the election, we will invest in building relationships with the new policymakers at Belgium and European level, on new studies on the future energy mix in Belgium, and the future of offshore development will certainly be interesting areas to explore and discuss with them.

**Marleen Vanhecke** - *Elia Group SA - Head of Group Communication & Reputation*

Yeah, indeed, the second half of the year is presenting itself as a busy, but interesting as always, I would say. I suggest that we now move on to the Q&A section. In a moment, we'll do a position switch because Yannick Dekoninck, Head of Capital Markets will take my place during the Q&A session. Stéphanie Luyten, our Head of Investor Relations, will guide us through this Q&A session. Stéphanie, could you already share the first question with us, please.



## QUESTIONS AND ANSWERS

**Stéphanie Luyten** - *Elia Group SA - IR*

Yes. Good morning, Marleen. (Conference Instructions)

ABN-Ambro, Thijs.

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**Thijs Berkelder** - *ABN AMRO - ODDO BHF B.V. - Analyst*

Congrats, great presentation. Despite let's say, all the problems you commented with the storms. My first question is primarily on net debt. Net debt at first half was slightly higher than consensus. Can you again, you give guidance for where you expect to end the year previously, you said around EUR13 billion. Is it now more likely to come to EUR13.5 billion or EUR14 billion.

And related to debt, can you also maybe give guidance on what we should expect from the EEG cash in the coming months?

In the [UHD] price in Germany on how [defensive yourself] is this level of around, let's say, EUR500 million now the level we should to look for?

And maybe final question for now. I'm missing in this press release or in this presentation, a repeat on your required equity for the coming years as well as on the expected timing of that equity raise. Is it a busy changing or is it still as it was before?

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**Yannick Dekoninck** - *Elia Group SA - Investor Relations Officer*

Thank you, Thijs. I propose I take the question on the debt and then give the floor to Marco for EEG and equity. So indeed, as for the end of year, we expect to end the net debt of around EUR13.3 billion. So quite close to the indication we have provided during our Capital Markets Day. On your question on the EEG, Marco?

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**Marco Nix** - *Elia Group SA - Interim Chief Financial Officer*

Happy to take it. As recently government decided on an extra budget and '24 and on the budget on '25 already and both includes a significant lift up of the amount foreseen for the EEG funding. So that something we are still can count on that. The difference between the market price and the subvention scheme will be equalized by the government. Meaning that in terms of projection towards year end and mechanism which we currently have in place, which includes a slide liquidity call it will continue as it is today. So your indication that there is a kind of surplus at the end of year one which we are relying on estimates and this has not been changed and the funds are available to in degree.

Furthermore, on the net debt, Yannick already pointed out that potentially both entity will we maintain active on the debt markets, So both ETB and Eurogrid while we are confirming that we are not tapping into equity market in '24 so that's still valid. As we recently achieved the authorization, we are now working on with the Board of Directors on a concrete plan. As there are several aspects to consider. One is of course, the deployment of the capital efficiency as something which is a huge driver, which we are following. Of course, market capacity is another one; momentum too. And all these aspects are considered in the plan. So it's too early now to announce how we are going to tap the market.

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**Stéphanie Luyten** - *Elia Group SA - IR*

Thank you very much. I think Thijs that answered all of your questions.

Barclays, Temi.



**Temitope Sulaiman** - *Barclays Bank PLC - Analyst*

Congrats on your on a strong set of results this morning. I've got two questions. Please, one on guidance, and I think you partly answered the second on capital ratings.

On guidance, just on Germany, looks like your assumptions for CapEx and the base rates are the same time from the CMD earlier this year. Is it fair to assume the kind of the step-up in the net profit majorly comes from incentives or are there other things to kind of think about on that side?

And just on the capital raise, I get you're still looking at the plans and thinking about a number of things. Is -- do you have an idea of timing as to when you would have completed that process, fully understand [nothing of the raise] itself isn't happening this year, but as to when you'd come to the process of thinking through your options. When do you think that might be? Thank you.

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**Marco Nix** - *Elia Group SA - Interim Chief Financial Officer*

Well, maybe to pick up the guidance and on Germany, it's fair that we increased mainly the guidance of Germany, which comes from two main factors. On one hand, as we pointed out, the strong operational performance rather robust, something we rely on. And we do see even though we incorporate already some amounts for the storm damages that we are continuing to outperform the base year revenues in that regards. Furthermore, down the road, the effectiveness of the new staff hired to charging to the investment programs is suffering contributing to that performance as well. So that's one of the fundamentals.

And the second one is in terms of the CapEx that we are optimizing the schedule to some extent it can benefit from certain optimization in particular in relation to the commissioning dates in several projects as this is contributing to the results significantly as being fast in commissioning is benefit for both for cash generation and profits.

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**Catherine Vandendorre** - *Elia Group SA - Chief Executive Officer, Member of the Management Board*

In terms of the capital increase, I will take it this time. So the basically the answer is no change here compared to what we have said in the past. No change in terms of timing, like Marco mentioned, you probably have seen in the past that we have utilizations in terms of the authorized capital, but that there was also a date in authorization, which makes that at the earliest capital increase could take place in 2025, which is confirming what we said in the past in terms of timing.

In terms of amounts, no change here is neither. We are still contemplating over the five years, perhaps something between EUR4 billion to EUR4.5 billion in equity or equity-linked instruments like we said in the Capital Market Day. We'll take into consideration, of course, profitability, which is an important element, knowing that these funds needs to be invested in the investment. This that will be built over the five years time period. And we'll also like Marco just said, consider the market capacity. At the moment that we believe there is something more concrete, we can inform the markets about we will do.

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**Stéphanie Luyten** - *Elia Group SA - IR*

[Bernstein, Bartek].

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**Unidentified Participant**

Hey, thanks for taking my questions. Just a few a very short one, technical ones on the storms and overall the climate change, what are the regulatory mechanisms guaranteeing that you are getting back all the costs incurred during the storms. I mean, are there regulatory mechanism guaranteeing that you are getting back 100% or other mechanism like insurance payments, which make your basically even on a, let's called climate change impact on the results?

Secondly, if we look at your procurement, you spoke a lot about this, but could you actually tell us how much of your FY24, FY28 business plan is already procured. And consequently also, if there's any CapEx overrun, would it be 100% reflected in Europe or you're actually running a risk of underperformance on your CapEx.

And maybe last question on this capital increase, not asking about the timing, but asking about your, thinking if there was a strategic or industrial player wanting to engage in you as a minority participant, would you consider this or is it something you're absolutely excluding? Thank you.

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**Marco Nix** - *Elia Group SA - Interim Chief Financial Officer*

Okay. Let's start in order you raised the question then flip to storm damages. It's fair to say that there's no clear answer on that one. As a partly we -- potentially we'll suffer from that. So in particular, in Germany, we already embedded a certain cost which we potentially need to carry. On the other side on the replacement, we are relatively confident that these costs will be considered as a -- within the asset base as we are usually capitalize, a huge a portion of that replacements. So there's a mix answer in that regard.

So furthermore, down the road, the insurance payment is something which potentially we have a look at in Belgium. As in Germany, these old lines are not insured anymore as the book value is zero on these lines, and we decided a couple of years ago not to insure anymore. Mixed answer as well. So there will be something we need to carry within the system.

On the other side, we do have some buckets where we can allocate the cost too and are confident that there is a coverage connected to that.

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**Catherine Vandendorre** - *Elia Group SA - Chief Executive Officer, Member of the Management Board*

Maybe if I can add for Belgium, because you described the situation mainly for Germany. So for Belgium, the lines in question were insurance and so based on the current insurance policy, we'll first have to do everything we can to recover the those amount from the insurance company.

Second, in case of new investments to be done and after the deduction of the payments of the insurance companies, this will enter the hub. And the costs that we can do in urgency are seen as an OpEx cost and are, let's say, entering in the amount of the OpEx cost like the where mentioned in the past at the moment of the first guidance. So we don't expect for Belgium a strong impact on the profitability of the company after this effect. That's for the first question.

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**Marco Nix** - *Elia Group SA - Interim Chief Financial Officer*

Then maybe you pick up the CapEx overrun as currently -- as long as we can give evidence that these costs are market-based and that's one of the main reason why we are using public tender procedures on that one. All the costs are considered in the [rep], So there's no cut on that one as there's no budget logic. So it's a consideration in the [rep] and the basis of the remuneration and the depreciation will increase by these costs. That's the situation we are both in Belgium and in Germany on the CapEx side.

On the procurement, I think the commitment is increasing year by year. So usually the frontier is, of course, much higher committed and we are now entering into additional commitments over the year. So far, the total disclosure, which we have made by end of last year was around the EUR12 billion on the EUR30 billion CapEx program and this is further increasing.

But of course, it's moving all the time by one year at -- with the land wind, for instance, the commitment is going up significantly, knowing that not all of these costs will accrue in the five years horizon. So it's a little bit hard to say how much of the EUR3 billion will be affecting the five years horizon. But taking the effect that until '30, '32, this project shall be finished. You can assume that a significant portion will be added to our commitments. And that was one of the major reason to increase the liquidity sort of revolving credit facilities as this needs to be backed from the rating standpoint by available liquidity. So and then the question on -- do you want to --

**Catherine Vandendorre** - *Elia Group SA - Chief Executive Officer, Member of the Management Board*

Question of overrun. So in case that we would spend some more on the investment that was initially budgeted. I think on this first, we need to demonstrate to both regulators that we are acting in a professional way so that we do everything possible to buy at market conditions, which we are doing by definition by organizing tenders when we contract for materials, but also for works by third parties and provided, of course, that we can demonstrate this -- the cost linked to the investment. The amount that we pay to suppliers will indeed enter the regulated asset base in both regulation.

Of course, with the increasing amounts we can expect a higher scrutiny from the different regulators, we can expect to have to justify everything. But as a principle in the regulation is very clear, the investment that we need to do for the benefit of the entire society, that those investments are entering into regulated asset base. That's for your question on a possible overrun. So covered in the regulatory mechanisms.

And then as a last question on possible minority investor, I would answer that at this stage and having in mind the five years' time horizon, we don't exclude any scenario. I'm, of course not seeing anything for the short term. But if you look at the situation over the five years, that's a scenario that we are not a priori excluding.

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**Stéphanie Luyten** - *Elia Group SA - IR*

City, Piotr.

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**Piotr Dzieciolowski** - *Citi Investment Research - Analyst*

Hi. Good morning and thank you for the presentation this morning. I have a couple of questions around your rising capital strategy. So firstly, I wanted to ask you about the TenneT. We've seen that the transaction with German government failed and potentially the asset may end up in the market, would that change your strategy because essentially you compete for the same pool of capital. So and therefore, are you 100% sure that 2025 is the first time you're going to raise capital and why do you lock yourself into this timing? So that would be on the TenneT.

And second, is the constraint around the timing of your capital increase related to the finances of your main shareholder? And can you give a bit of a clarity on the situation on this front?

And finally, a small technical question. So you gave us a guidance on the year end net debt, but what is kind of a financing rate you expect on this EUR13.3 billion? Thank you very much.

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**Catherine Vandendorre** - *Elia Group SA - Chief Executive Officer, Member of the Management Board*

So thank you for your question. The last one, if you could repeat. The first and the second question, we have clearly understood, but the last question was not completely clear to our in the whole.

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**Piotr Dzieciolowski** - *Citi Investment Research - Analyst*

Yes, I just wanted to understand what is the financing rate you expect on the EUR13.3 billion net debt? How much it will increase farther from current level?

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**Catherine Vandendorre** - *Elia Group SA - Chief Executive Officer, Member of the Management Board*

You start with this one and then --.

**Yannick Dekoninck** - *Elia Group SA - Investor Relations Officer*

Yes, I think that overall, at group level in our press release we've indicated what is currently our average cost of debt. I think that quite clearly mentioned as well. We still need to do some financing this year in a relatively limited size at a level of ETB, but we also need to come back later this year at Eurogrid.

Now when we look at the current lease rates, we are on the market considering that ETB is rated BBB+ rating. We are expecting a rate which is in the magnitude of the 3.5 percentage for Eurogrid as it's rated BBB, we expect that it will be slightly higher. Although we still need to determine what would be the maturity at which we are issuing. And so that will also be considered depending on the market conditions.

**Catherine Vandendorre** - *Elia Group SA - Chief Executive Officer, Member of the Management Board*

On the question on the capital increase, so on your first question, there were two part. It was a part on the timing and it was passed on let's say TenneT impact in terms of capital increase that we can do. In terms of timing, I think only a statement that we gave is that there will be no capital increase in 2024. That's something that we confirm once again today. That's something also that you have seen probably in the provisions for the authorized capital where the first date by which we could do a capital raise is in the year 2025.

Do we look at Evolution regarding the TenneT file? Of course, when you need to go into the market for raising capital, you need to look at the environment and what is coming around of you. We are doing that, of course. That being said, we believe that the profile of the Elia Group is slightly different, while a little bit more diversified in terms of regulatory risks while we acknowledge at the same time that there are massive needs for capital in both companies and in other TSOs as well. And that's something that we need to take into consideration when we start reflecting on the right timing and the right amount for doing the capital increase.

In terms of our main shareholders, so the [Publi-T to name], they remain very committed to the strategy of the company. That's something that we are repeating and that they are confirming both -- after both. They are also very committed to subscribe to capital increase. So that's something that we said in the past and that we confirm for the moment that there will be an operation in the market.

**Piotr Dzieciolowski** - *Citi Investment Research - Analyst*

Thank you. Very clear.

**Frederic Dunon** - *Elia Group SA - Member of the Management Committee, Chief Executive Officer of Elia Transmission Belgium*

[Degroof, Chad] Are there any questions from the side of Degroof?

Deutsche Bank, Olly.

**Olly Jeffery** - *Deutsche Bank AG London - Analyst*

Thanks very much. Two questions for me, please. So the first one is still focusing on potential capital raise. First part of that is if the incoming new CEO, whoever that may be, would that have any bearing on when the timing of the raise happens?

And second question around the equity raise is, how is your thinking in terms of would you rather -- we spoke about previously how your capital, your CapEx plans increased materially towards the end of the plan? And so then ideally, you might look to raise potentially in two tranches, one at the start of the plan and perhaps more larger amount at the end of the plan, given the CapEx phasing. Is that the right way we should think about it or is that still up for debate?

And then the last question I have is on the Eurogrid. How much equity you planning to push down and inject into that business this year? If you can providing the detail, that would be helpful. Thank you.

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**Catherine Vandendorre** - *Elia Group SA - Chief Executive Officer, Member of the Management Board*

So I will take your first two questions looking at the team because maybe you want to answer some of them as well. But so I will --

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**Marco Nix** - *Elia Group SA - Interim Chief Financial Officer*

Probably we can complement, (multiple speakers)

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**Catherine Vandendorre** - *Elia Group SA - Chief Executive Officer, Member of the Management Board*

Indeed, and then you can complement afterwards and take the last one. So in terms of capital increase, I think that the amounts and the sequencing of the capital increase are really driven by the funding of the CapEx plan rather than on considerations linked to one person. Of course, the new CEO will look at the situation, will understand -- have to understand everything. But honestly, I think that the highest behind the capital increase are very much linked to strategy of the company and are very much linked to the investment program that we have both in Germany and in Belgium. So I don't expect a material impact linked to that.

Second element, second question that you raised was about, let's see if you do a capital increase, is it something that maybe you will do in one shot. Is it something that you will spread a little bit over the period? So like we said, it's not something on which we have taken a firm decision to do. I think it was Marco's first statement.

That being said, there are indeed a number of considerations which are quite high on the agenda and especially two considerations that we are already named. The first one is profitability. And like you know, the profitability is linked to the investments and so the timing by which those investments are done. And the second is market capacity. So starting from the current market value, market capitalization that we have, what is a market capacity from the market. So that will be taken into consideration. And once again, once there is a clear and concrete information to mention, we will come with this information. Then if it's okay for you, I will give the floor to Marco.

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**Marco Nix** - *Elia Group SA - Interim Chief Financial Officer*

Yes, Eurogrid, the question on the capital injection this year, I think in the course of the presentation, we named the number which has been raised via the debt issuance of the of the Elia Group this year of EUR480 million are [foreseen] to push down into equity of Eurogrid. And if you take the 20% portion of KfW on top of that are you ending up with the [EUR600 million]. And as we got confirmation that the German government and KfW is following that, this is a size you can effect as an injection in the German segment this year.

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**Olly Jeffery** - *Deutsche Bank AG London - Analyst*

Thanks very much.

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**Stéphanie Luyten** - *Elia Group SA - IR*

I see now that Degroof managed to get his headset working. So Chad, please go ahead.

**Unidentified Participant**

Thank you, Stéphanie. So I just have one question. It's regarding the DC investments you did weeks ago. So I really want to understand actually what's the ambition with the DC portfolio of Elia? What do you expect target in terms of five, for instance, sell?

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**Catherine Vandendorre** - *Elia Group SA - Chief Executive Officer, Member of the Management Board*

Yeah. So first element in terms of ambition is to get access to new technologies, new surfaces, new developments, so handling digitalization of the electricity market and so increasing the possibility to unlock the flexibility. So managing in different ways, many consumption of electricity.

You know that's something that we have already discussed in the past that with the increase of renewable in the market at the generation side, there is really a need for managing the electricity system in different way, looking at balancing the system in different ways and in that context. Making sure that consumption is made much more valuable than what it is to the today. Today is absolutely key and the way to go there is by increasing the digitization in the electricity system, so increasing connectivity, data capture, algorithm, and building an ecosystem that will lead to unlocking this flexibility.

That's what we want to do. We want to remain ahead of all technological developments. We have built a very specific structure to make sure that the knowledge that we can gain to the participation to a number of committee within the fund. That is knowledge is brought back within the entire organization with a number of people who have been identified and who are responsible for bringing these on this information back. But so first is to make sure that we have all the necessary knowledge to optimize the flexibility and the unlocking of the flexibility in the system.

The second element, of course, is that by doing this, we remain informed about the best startups which are active in these markets, and we can more easily do a number of contract which those startups or possibly in a further take small participation in order to make sure that those developments linked to unlocking the flexibility that those developments are accelerated.

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**Stéphanie Luyten** - *Elia Group SA - IR*

You have just a follow-up question?

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**Unidentified Participant**

Just on -- my second question was about the expected target size once in the future in the VC portfolio of Elia. So today, it's EUR12.5 million invested as a first investment in VC. But what do you expect in the future? You'll see like other investment or?

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**Catherine Vandendorre** - *Elia Group SA - Chief Executive Officer, Member of the Management Board*

No, it's not something --. So for the time being, let's first build the connection with those startups. Let's first make sure that we can indeed benefit from the knowledge that are developed by those startups and bring it back within the company.

Let's first make sure that we indeed do a number of operational contracts to support the unlocking of the flexibility and then we will reassess the position. But in the next two years, you can consider that the amount that we have and the investment that we have done is the only one that we will do.

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**Stéphanie Luyten** - *Elia Group SA - IR*

Goldman Sachs. Mafalda.

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**Mafalda Pombeiro** - *Goldman Sachs International - Analyst*

Hi, thank you, Stéphanie. I have two quick questions, if I may, on Germany regulation. The first one would be just to confirm if there's any parameter there is still pending on this side? And if so, what would be the timeline for it to be fully finalized?

And the second one is whether you earlier have any expectations of engaging in further discussions about a potential review of the ROE for the existing assets? I'm asking this because some of your peers since in the past keen to engage in further discussions and would like to understand what's your stance here? Thank you.

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**Marco Nix** - *Elia Group SA - Interim Chief Financial Officer*

Maybe I'll pick it up and Yannick you can add on. So for the offshore scheme, the final determination of the return rate is outstanding. However, there's a consultation running and includes the same rate which we already presented, and we do not expect that this is subject of a change. So it will include 4.13% [post-tax] for assets prior to '24 and [5, 7] around for the new assets that may need tackling.

The second question, we of course, are in discussion with the regulator. But so far there's no real movement in that regard. We claimed against that in the highest court of Dusseldorf. And potentially we are ending up in a decision at the highest court in [Katsua]. However, this has not been visible for the time being as I think the negotiation is being scheduled beginning of next year. So it's still running, but we don't expect immediate action of the [v-nets] on the return rates.

What is still open for electricity sector is the general productivity factor to be said. But this is of minor importance for the German entity as usually both the rate is relatively small, it has been 0.9% last time. That's something we still apply for the time being, but we expect taking the mechanism into account that the number will not be higher than it has been the case before.

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**Yannick Dekoninck** - *Elia Group SA - Investor Relations Officer*

But I think it's very complete, Marco and reconfirm also Mafalda that for Belgium, everything is fixed. So no changes are anticipated there.

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**Stéphanie Luyten** - *Elia Group SA - IR*

[ING, Quirijn]

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**Quirijn Mulder** - *ING Financial Markets - Analyst*

Yes, good morning. On your CapEx plans. So is it correct that we can expect an update at the end of the third quarter somewhere? Can you report that is that is that correct? And what about second Nemo Link, is there any progression to mention there in the non-regulatory business?

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**Catherine Vandendorre** - *Elia Group SA - Chief Executive Officer, Member of the Management Board*

Could you be more precise on your last question, what is it exactly.

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**Quirijn Mulder** - *ING Financial Markets - Analyst*

I think there was consideration of a second line between Belgium and UK. So it's a maybe that's a little bit further off, so that was my question and I have another question later on.

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**Marco Nix** - *Elia Group SA - Interim Chief Financial Officer*

Do you want to start?

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**Catherine Vandendorre** - *Elia Group SA - Chief Executive Officer, Member of the Management Board*

With Nautilus then. So Nautilus is indeed a project that we have in the pipe for a new connection between the UK and Belgium. It has been a first contemplation of the project by of Jim that ended of I think it was in March or April this year. Based on the outcome of this consolidation, we have reworked a number of topic, like, for example, the landing of the connection points at the UK site, just to give one example. And there is, currently, as we speak, seven consolidation that holds based on which we expect to have all the feedback of the market by the end of the year at the latest.

So basically, we are continue to work on this interconnection, which remain quite key for a country like Belgium, like I said during the presentation. Belgium is a country which is short in renewable energy. We have a scarcity in terms of renewable energy. So it's extremely important to interconnect the country with order which are longer in terms of renewable energy, that's something which remains very high on the agenda.

That was for your second question.

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**Marco Nix** - *Elia Group SA - Interim Chief Financial Officer*

In terms of CapEx update, I think we do not see any reason to deviate from the practice which we have done in the past. So I think it's right to expect some updates on that in connection with the Q3 figures. As we do see that the ramp-up of the CapEx program is progressing in accordance to the plan, that's that something which we will consider in the announcement which we are going to make then the course of the Q3 figures with an outlook to the years ahead of.

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**Quirijn Mulder** - *ING Financial Markets - Analyst*

My other question is about energyRe Giga. How's the progression there? I think they were going to deliver a project sooner -- quite soon as in 2026. Can you update us on that development there?

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**Catherine Vandendorre** - *Elia Group SA - Chief Executive Officer, Member of the Management Board*

Yeah. So in terms of project done by energyRe, I would say it's progressing according to the plan. So what we announced is that some of the project that we are in the portfolio of the company would be expected to be completed and commissioned in 2026. And that's still something that we have in the plan. Just as a reminder of there where three big projects in the portfolio of energyRe. Two of the three are related to onshore transmission line and one is relating to offshore.

And so what was in the plant was the commissioning. And so the sell-down of very small project linked to the onshore transmission investment. So progressing according to the plan. For the offshore part, of course, we have this upcoming election in the US, which have pushed every actor active in the offshore development to slow down a little bit the expenses and the OpEx, and that's also something that we have done. So we are looking carefully at the situation there and we are managing the spending on the offshore project, which is in the portfolio, the one with the smallest value. Nevertheless, we are progressing in terms of authorization on this project as well.

We received I think it was in April or May, so a little bit earlier the PPAs on this project, a Leading Light Wind. So at the site of the news, we have some clarity. The prices linked to the PPAs will be subject to inflation and special inflation taking into consideration also the cost of material until the commissioning of the project. But for the rest of the expenses to be done, we are, of course, cautious like any other actors active in the offshore business for the time being in the US.



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**Quirijn Mulder** - *ING Financial Markets - Analyst*

Thank you.

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**Frederic Dunon** - *Elia Group SA - Member of the Management Committee, Chief Executive Officer of Elia Transmission Belgium*

KBC, Wim.

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**Wim Lewi** - *KBC Securities - Analyst*

Yes, hi, good morning. Thanks for the informative presentation. I've got three questions. I'll start with one for Marco or Yannick on the capital increase. So on the Capital Markets Day, you explained that you could also resort to equity light products to finance. Maybe you can give some more insight like have you thought about which preference -- what kind of products that could be talking about hybrids or convertibles? And maybe if you can give some insight on how that decision process would work.

So in '25, which way, depending on market conditions you could go.

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**Yannick Dekoninck** - *Elia Group SA - Investor Relations Officer*

But I think that in detail, we included -- we said that equity-linked instruments could be part of the capital raise sitting. I think there the authorization that we have in place also allows us, for example, to use and convertible bonds. So a hybrid or convertible bonds could be part of our strategy. But like Marco already said, we are still looking today at what are the best options considering on the one hand, the market capacity and that we see in the equity, but also what are the best realization of that equity considering the growth of our CapEx plan.

So today, we cannot clearly give you guidance, how it would be structured as such, but those options like a hybrid or a convertible could be part of the structuring.

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**Wim Lewi** - *KBC Securities - Analyst*

Okay, thanks. And I've got two smaller questions for Catherine, if I may. Catherine, you mentioned that there -- the elections in Belgium resulted in a likely change in coalition. Can you elaborate a little bit on what that means for Elia and also this morning, I read in the newspaper that there is already pressure on the CEO of the Port of Antwerp, which you know very well. Is there any relation between the elections and the new CEO at Elia. Is there anything that let's say you have to consult or that you have to await certain -- positions to be put in place.

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**Catherine Vandendorpe** - *Elia Group SA - Chief Executive Officer, Member of the Management Board*

Okay. So on the first elements, so the result of the election in Belgium have led to a center height how presentation or at least forces are more center height than what they have been in the past. You know that Belgium is a country where we have on the one hand, a federal government and then on the other hand, the number of regional government. As we speak there is already one regional government in Wallonia and discussions are ongoing at the other level. So the federal level. And the hidden level for doing a governments, but expectations are indeed that it would be more center height than what it was in the past.

What would be or could be the consequences for Elia, I think that energy policy is, of course, very important to any government. In the past, it was very much driven by the willingness to reduce CO2 emissions. But what we have seen in the recent years, the last two years, after the war in Ukraine, is that the electricity change here, is that the energy agenda becomes also driven by a willingness to ensure competitiveness for the industry and becoming more independent from a position, I guess and then it was in the past.

And so all in all, I don't expect an impact if it's behind your question on the investment plan that we have published last year in November last year because everything which is included in this plan will, of course, on the one hand, reinforce the independency in terms of security of supply and on the other hand, contribute to the competitiveness on the industry.

On the longer run, but there I'm after 2035 when you might expect, and that's something that we already are seeing, today in the newspapers, you might expect some discussion on what's the ideal energy mix for Belgium. But it's really in the very long run because, you know, the decisions that we take today will be implemented taken into account, all the permitting, ordering of materials and so on at best in 10 years from now.

So after 2035, you can expect to once again, discussions on best energy mix and in that context that we will publish the blueprint that I mentioned during the presentation, which has the intention to really assess a number of options, different options with cost linked to all those options. So for sure, an interesting lead in the context of a new government.

On your second question on the possible link between the election and the appointment of the CEO. I am very clear, it's completely disconnected. So there is a process which has been initiated by the Board of Directors and the Nomination Committee based on which headhunter, well known with a very good reputation, has been identified and selected. This hadn't conducted conducting a first selection of candidates, which are then proposed to the Board of Directors. And so there is no link with the results of the election, neither with the timing of the formation of the government.

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**Wim Lewi** - *KBC Securities - Analyst*

Thanks. That's clear, if I may just one last on the flexibility team, which you stressed and also the picture you showed on the negative energy prices due to the solar power. You say, okay, we need to find solutions. Obviously you might have some ideas on that, is there anything you can share is it about batteries, is it about dynamic pricing or -- anything in this?

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**Catherine Vandendorre** - *Elia Group SA - Chief Executive Officer, Member of the Management Board*

Yeah, all of that is all of that and also making the consumption more flexible. So like often sector, there is no one solution that fits all, you need to work on different solutions. And so currently, what we see is that with the massive investments in solar panels that have happened on the last months, there is a huge production of solar energy in December that is combined with nuclear units, and that can exceeds at the moment that the consumption is low. And so especially in the weekends that can exceed the some of the consumption plus the export capacity that we have.

So as we speak, it's a possibility. So it's not yet a situation that has occurred on the last the last weeks or less days. Although in April at one moment, we were very close to a situation where we had too much of production compared to the consumption and the export capacity. So they are on the short term, a number of solutions that have been implemented and there are solutions for the long term.

On the short term, the solutions which have been implemented are very much linked to the management of the consumption. But often this solar capacity is connected at the level of distribution and not at the level of transmission. And so we need to be in contact and to contact the distribution system operators so that they can take actions to avoid an excess of production of solar capacity at certain moment of time. And that's what has been agreed upon between TSOs and DSOs. That's for the short term.

Of course, for the longer run, we want to work on market-based solutions, not only solution where you ask customers to interrupt the consumption or generators to interrupt the generation, but really market based solution. And those market based are, of course, storage. That's one element. It's, of course, making sure that the moment of the consumption is automatically adjusted based on price signals showing that the energy is the very cheap at certain moment of the time so that there is some flexibility in the consumption that is organized. And so that's part of the solutions we are working on together with an ecosystem. Of course, it's not something that we are doing alone.

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**Wim Lewi** - *KBC Securities - Analyst*

All right. Thanks a lot for taking my questions.

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**Stéphanie Luyten** - *Elia Group SA - IR*

Kepler Cheuvreux, Juan.

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**Juan Camilo Rodriguez** - *Kepler-Cheveux - Analyst*

Hi. Thank you. Yes, I have actually two follow-up questions, if I may. The first one is on the comments you made on the market capacity consideration of the equity financing. There is a clear equity overhang that is weighted on your share price performance and therefore on your market cap. So how is the group looking at this risk? And could the group in that sense, accelerate the funding to remove or reduce this uncertainty from the market? So that is the first question.

And the second one is on the top management roles. Can you please provide on when can we expect an update over the final decision of this CEO position and therefore, the CFO as well. Thanks.

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**Catherine Vandendorre** - *Elia Group SA - Chief Executive Officer, Member of the Management Board*

We will start then with the last question. So in terms of when can we expect an update, I would say after the summer break. So likely in September, we will be able to give you an update on the name of the new CEO, the goal of the Board of Directors like I was saying was really -- as from the beginning and is still today to onboard the new CEO by the end of the year at the latest.

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**Marco Nix** - *Elia Group SA - Interim Chief Financial Officer*

In regards of the equity raise, I think we mentioned all the aspects already and of course, the size market capacities, we said that the market conditions are something to consider as well. And overhang as part of the conditions which we are considering knowing that, of course, all the other aspects like profitability are important one, too. So therefore, we will make up our plans and continuing that what we already have stated that we are carefully elaborating our options to come with a plan of which is then feasible to cover all these aspects, which we mentioned. There's none superior to others, well so.

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**Juan Camilo Rodriguez** - *Kepler-Cheveux - Analyst*

Okay. Thank you, very much.

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**Stéphanie Luyten** - *Elia Group SA - IR*

Morgan Stanley, Harry.

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**Harry Williams** - *Morgan Stanley Research - Analyst*

Yes. Thanks for taking my questions. Most of mine have been asked, but maybe two quick ones. Firstly, had an interesting section on procurement in the presentation and you mentioned some assets and activities that you think it more at risk of bottlenecks or competitive pressures, if you just elaborate on which assets those that might be? That's the first.

And then the second one on Nemo. The EUR30 million kind of guide to the full year seems somewhat conservative given the strength in H1. Just wondering if you can provide any more color on that. Is that a conservative estimate based on a normal year, if we therefore saw kind of repeat of PFQ, a fixed much long would we see a much higher number? Just some color there'd would be great. Thanks.

**Marco Nix** - *Elia Group SA - Interim Chief Financial Officer*

Yes, maybe just started for the procurement and then Yannick can take over the Nemo Link question. To be blunt, it's more or less all the typical electrical equipment, which we are talking about. Starting with the most important one is of course transformation as it's shunt reactor, HVDC components, cables, which are scarce in the market and where we have really a tight supplier market. And we are working on one hand, extending the supplier base horizontally. But of course, going in particular in the big ones like the big offshore connections down into the sub-supplier set to unlock the potential to get delivered there and to make our best that there's an efficient solution coming out of it.

So to answer your question, it's quite a broad set of things which we need to take into account. As we do see sometimes in relatively small equipment pieces, scarcity while in bigger ones, we don't. But we do see the other way around and other specific assets as well and transforms, I mentioned it's really rare goods.

**Yannick Dekoninck** - *Elia Group SA - Investor Relations Officer*

And then to tackle your question on Nemo Link, indeed, Nemo Link had a very strong contribution of the first half, driven by a 100% availability of the interconnector. Now if you look at the second half of the year, there are some planned maintenance. So there will be some outages of the cable, but also we need to look how the result of Nemo Link will evolve compared to the five year assessment period knowing that if the revenues are above the cap, that than the allowed revenues will be restricted. And so these elements have taken into consideration in the guidance that we have given of EUR30 million for the remaining of the year.

**Harry Williams** - *Morgan Stanley Research - Analyst*

Very clear. Thanks.

**Stéphanie Luyten** - *Elia Group SA - IR*

Bartek, Please go ahead.

**Unidentified Participant**

Yes, I do. Thank you very much.

Just one thing on this guidance in Germany and what you mentioned that partially translates to stronger operational performance. I just wondered two things here, whether this is something sustainable? So consequently could lead to higher earnings in the future as well. So whatever element of ROE outperformance we are assuming here, we should upgrade it throughout the curve?

And also whether this is an impact of inflation indexation of OpEx in Germany, as we all know that the FY22 or 2022 inflation had an impact of on allowed OpEx in '24, it was, I think, around 6%. So consequently, there could be quite high OpEx allowance, upward indexation, and thus the operational performance. Thank you for this.

**Marco Nix** - *Elia Group SA - Interim Chief Financial Officer*

You named a few of the items, of course, inflation adjustments is part of the story, that's true and that's something we are benefiting if we are managing to maintain the cost below the increase of these inflation. And currently adjustment is at the 3% as we usually have a two year time delay, and it's the fact that the higher inflation will be applicable next year and the year after which we faced the previous years. That's something we are benefiting from. However, in terms of return rate, taking the total amount compared to the asset remuneration into account, it will not play

a major role. It will help us to outperform the regulatory scheme. That's true. If this is pushing up by 0.5% return rate, I would doubt on that one. So I think that's not marginal, but it's neglectable compared to the level of the CapEx program.

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**Unidentified Participant**

Thank you.

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**Stéphanie Luyten** - *Elia Group SA - IR*

Thank you, Bartek. Then I have received a few quick questions in writing from our analyst at BNP Exane who couldn't join, so I'll read them out. So the first question is linked to the OLO and where do you see the 10-year OLO going for the end of the year? And how -- and if we could give some indication of the sensitivity in terms of net income and the same would be applicable for the base rate in Germany?

His second question is linked to the CapEx execution. And if we see that there could be any risks of falling below the announced guidance?

And then a last one is on permitting. We have made quite some progress in Germany in permitting. Can we give an update on the permitting in Belgium? Thank you.

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**Yannick Dekoninck** - *Elia Group SA - Investor Relations Officer*

So I will maybe take the question on the OLO. So the OLO as given -- as mentioned in the guidance, we foresee an OLO of around 3% on average for the year. If you look at the first six months of the year, we were around 2.96%. So I think we are quite confident there in our guidance. In terms of impact, 10 basis points as in '24 on ETB. And net profit impact of around EUR1 million on the net result. If we look then in Germany, in Germany, we factor in a base rate of 2.79%. If we look at the first six months of the year, we were around the 2.7% that Marco, has I indicated there.

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**Marco Nix** - *Elia Group SA - Interim Chief Financial Officer*

It's the other way around too, sensitivity in Belgium is a little bit higher than in Germany. It's EUR2 million in Belgium and EUR1 million in Germany on a 10 basis points.

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**Yannick Dekoninck** - *Elia Group SA - Investor Relations Officer*

Okay.

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**Marco Nix** - *Elia Group SA - Interim Chief Financial Officer*

So CapEx execution. So of course, we do see a strong ramp up in the first half year. We never spent that much money and we never progressed it well on the projects. So we knowing that, of course, our profile is back loaded in the course of the year. And this is longer way to go in terms of total spending as we expect a total of EUR4.7 billion to be spent over the year.

But we do see ourselves well on track in that regard so that there are still some risks to be managed, no doubt on that, but we do see them under control so that we can confirm the guidance which we have given in terms of CapEx spending over the year.

In terms of permissions, in Belgium, I would say it's quite close to the big flagship projects where there's ongoing debate. However, we assume in our CapEx outlook, which we have given, some of the debates some of the discussions, and the time is connected to that. So it's based on best estimate, not on best possible the timeline there. And this is something we do see -- having some room for improvement, no doubt on that.

However, at least for the first backbone, we are progressing for Boucle du Hainaut, I don't know whether if -- I don't know the (multiple speakers)  
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**Catherine Vandendorre** - *Elia Group SA - Chief Executive Officer, Member of the Management Board*

Yeah. So I think what you said is completely true. If you want to compare the situation in Germany and in Belgium as a general statement, I think we can see that, we have not seen in Belgium the type of measures that have been taken in Germany and which allowed policy -- a strong push of permitting procedures in a number of project. That's -- so we remain working on permitting like it has always been done, but there is no administrative actions that have been implemented in order to ease or in order to accelerate the permitting. That's one element.

That being said, most of the big efforts are dedicated towards those three big projects that are contributing on approximately 60% of the investment plan in Belgium and which are the islands which are Ventilus and which are Boucle du Hainaut. On the island, we have already received a project that are necessary and we are progressing. Like you have seen in the video. So we are progressing quite well in building the first steps of the island.

On Ventilus, we received a little bit earlier this year an important -- or we went to an important step in the permitting process. So we received what we call the group, and that's something which was foreseen at the moment that we received in the plan. So no, the efforts are indeed focused on Boucle du Hainaut, where the new Energy Minister at the Walloon level will have to take a number of decisions in the next months. For the time being, the file is being looked at by the administration. And we are in dialogue with the administration. And of course, we will start a dialogue with the representatives of the ministers in Wallonia as soon as the holiday period is behind us.

**Frederic Dunon** - *Elia Group SA - Member of the Management Committee, Chief Executive Officer of Elia Transmission Belgium*

Thank you, Catherine, and thank you Marco, and thank you, Yannick for answering all our questions. I think that brings our Q&A session to an end. If you would have any further follow-up questions, you know where to reach the IR team. We're always happy to set up a follow-up call. And with that, I hand it back over to the studio to Marleen.

**Marleen Vanhecke** - *Elia Group SA - Head of Group Communication & Reputation*

Okay. Thank you, Stéphanie. If there is no further questions. I suggest we bring this presentation to a close. Thank you, Yannick, Stéphanie, Catherine and Marco for your contributions. I thanks also to our colleagues behind the scenes, Helen, Catherine, and Maryline. We'd also like to thank the Director [Yande Holer] and a whole technical team who was here in the studio today.

Ladies and gentlemen, thank you for joining us and enjoy your summer break.

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