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EDITED TRANSCRIPT

ELI.BR - Q2 2026 Elia Group SA Earnings Call

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PRESENTATION

Stephanie Luyten - Elia Group SA - Head of Investor Relations

Good morning, and welcome to the half year results call of Elia Group. I'm Stephanie Luyten, Head of Investor Relations, M&A and financial partnerships and here with me are our Group CEO and CFO, Bernard Gustin, Marco Nix. Welcome both.

Bernard Gustin - Elia Group SA - Chairman of the Management Committee, Chief Executive Officer

Good morning.

Stephanie Luyten - Elia Group SA - Head of Investor Relations

Before we start, please take a moment to read the disclaimer on screen. It contains the important information that we kindly ask you to review. As always, today's slides are available on our website, and the full script will also be published shortly after the live stream event ends. Bernard, if we take a step back from the numbers and look at the first half of the year, what are for you the most significant development of Elia Group.

Bernard Gustin - Elia Group SA - Chairman of the Management Committee, Chief Executive Officer

Well, good morning, everyone, and thank you for joining us today. I'm pleased to report that the first half of 2026 has been another period of solid execution for Elia Group. Across Belgium and Germany, our teams continued to deliver strong operation and financial performance, while advancing 1 of Europe's largest electricity infrastructure investment programs. What stands out to me is our ability to combine growth with discipline.

We continue to invest at scale, strengthened our capital structure, a tangible progress on key infrastructure projects and reinforce the foundations needed to support the energy transition and our long-term growth ambitions. These results reflect the commitment and expertise

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of our colleagues across the group who work every day to build the electricity system that Europe will need tomorrow. Before we discuss our financial and operational performance in more detail, it's worth taking a step back and looking at the broader context in which we operate. The world around us continues to evolve at fast pace.

The energy landscape, technology, geopolitics, industrial demand and societal expectations are all changing very rapidly. So if we want to continue creating long-term value, we need to remain closely connected to those needs. Our role is not simply to build infrastructure. It is to understand where society is heading and ensure that the electricity system evolves with it. Increasingly, the energy transition is no longer viewed solely as a climate imperative.

It has become a matter of competitiveness, energy, sovereignty and resilience. Europe's dependence on imported fossil fuels has repeatedly exposed to geopolitical shocks. This has driven up energy costs, weakened industrial competitiveness and highlighted the importance of strengthening energy security.

And of course, the energy crisis demonstrated the strategic value of electrification and renewable energy integration. Both can help reduce reliance on imported fuels, and limit exposure to volatile global markets. Today, around 70% of AU electricity is already generated from homegrown clean energy sources. Yet the electrification of energy demand has remained stuck at 23% for more than a decade.

So clearly, accelerating electrification across industry, transport and buildings is essential. Recognizing this, the European Commission is assessing an indicative electrification target of 46% by 2040. This could reduce the AU's fossil fuel import bill by EUR260 billion a year. Achieving this ambition will require investment at scale. supported by stable and predictable market frameworks.

Now last month, European Union Energy Ministers reached agreement on a common negotiating position for the European grid package. While the legislative process is ongoing, its direction is significant. The package reinforces many of the principles that Elia Group has advocated for years. coordinated infrastructure planning, accelerated permitting procedure, stronger interconnections and deeper cross-border cooperation.

In short, Europe is increasingly recognizing that achieving its climate competitiveness and security of supply objectives requires not only renewable generation, but also the infrastructure capable of transporting clean electricity where it is needed. The message across Europe is becoming increasingly clear. The grid is not a consequence of the energy transition. The grid is a precondition for it. And that creates a substantial long-term opportunity for our group. At the same time, it would be misleading to suggest that the challenge is simply about building more infrastructure.

The next phase of the energy transition is fundamentally about execution. Can we build the required infrastructure fast enough on permitting process keep pace and growing demand -- with growing demand. can supply chain deliver the required equipment, can society support infrastructure development at the scale required and the necessary capital be mobilized and current regulation provide sufficient predictability. These are not separated challenges there are all dimensions of the same execution challenge.

Stephanie Luyten - Elia Group SA - Head of Investor Relations

That's right, a supportive regulatory framework remains a critical enabler of our investment program. If we look first at Belgium, we have reached an important milestone at the end of June with a publication by the Belgian regulator of the final tariff methodology for the 2028-2031 period.

Overall, we see this as a constructive outcome. The regulator has clearly opted for stability and continuity, preserving the key strength of the current framework and providing greater visibility through 2031. Importantly, the framework continues to offer strong incentives to deliver.

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In fact, the number of incentives increases from 16 to 18 with a stronger focus on efficient execution of our growing investment program. In particular, the new incentives encourage projects to be delivered on budget and supported timely reinforcement of the Belgian grid as electrification continues to accelerate.

From a returns perspective, these incentives become even more meaningful and are expected to contribute around 2 percentage points to the return on equity. This ensures strong alignment between shareholder return and a broad set of societal objectives including efficient delivery of the critical infrastructure for society.

Based on current assumptions and as highlighted on the slide, the framework supports an average post-tax regulatory return on equity of around 8%, including the fair remuneration component, incentives and the unchanged or premium. Overall, we believe this framework provides a good balance. It offers investors greater visibility while supporting the significant investment needed to strengthen Belgium's electricity systems for the years ahead.

Marco Nix - Elia Group SA - Chief Financial Officer, Member of the Management Committee

And driven eye on Germany, the regulatory consultation process is still ongoing. Linear continues to engage with stakeholders ahead of the final framework determination expected later this year. While the process is still at trough stage, the proposals already provide great visibility on a number of key principles.

These include a harmonized framework for onshore and offshore activities, a unified return on equity across all assets, a cost-plus model with incentive mechanisms and a standardized approach to capital remuneration and cost of debt. Importantly, the regulator has adopted a comprehensive consultation process, and we remain actively engaged in the dialogue.

The final methodology is expected to be determined in autumn 2026. While the key financial parameters, including return on equity and cost of debt are expected to be finalized during the year '27 ahead of the start of the new regulatory period. At this stage, it remains too early to draw definite conclusions, but we are encouraged by the constructive stakeholder engagement and the recognition of the significant investment needs required to support Germany's energy transition.

Bernard Gustin - Elia Group SA - Chairman of the Management Committee, Chief Executive Officer

Well, let me now turn to a second challenge, which is procurement and supply chain resilience. The scale of infrastructure required across Europe is unprecedented. This puts increasing pressure on specialized equipment manufacturers, engineering resources and critical supply chains.

Over recent years, we've witnessed substantial cost inflation in key technologies, particularly in HVDC infrastructure and offshore equipment. The Princess Elizabeth Energy Island illustrates both the opportunity and the challenge. The strategic importance of the project remains unchanged.

It will serve as the world's first artificial energy island and become a cornerstone of Belgium's future offshore energy system. At the same time, unprecedented increases in the cost of HVDC technology have reward project optimization to ensure affordability while preserving the strategic objectives.

Managing the supply chain realities has therefore become a strategic capability in its own rights. And at Elia Group, our scale increasingly provides an advantage. our infrastructure program spans Belgium, Germany, the North Sea and the Baltic sea allowing us to build long-term partnerships with suppliers and create visibility across the value chain.

Example of this approach can be seen in recent contract award related to Land win 6, our ongoing offshore development and the broader offshore collaboration initiatives in which we play a leading role. These projects contribute not only to the energy transition, but also to the

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development of Europe's industrial supply chain. Land win 6 is indeed a project we are very proud of. And in many ways, it is far more than an energy infrastructure project.

It's one of the largest industrial programs currently being developed in Europe. At a time when the continent is seeking to strengthen its competitiveness and strategic autonomy. projects of this scale drive investment, stimulate innovation and sustain entire industrial value chain. By bringing together manufacturers, engineers, construction companies and technology providers, land win 6 create high-value economic activity and skilled employment.

Recent contract awards linked to the project are expected to support the creation of up 2,000 new jobs in the Rostock region, underlying its tangible economic impact across Mecklenburg, Western Pomerania. And at the same time, infrastructure that is needed for a climate-neutral future is being built. It's a powerful example of how the energy transition can also support an industrial renaissance in Europe.

Now building out the grid through projects of this scale is essential because we are seeing a rapid increase in demand for grid access across both Belgium and Germany. But when people hear the word congestion, they often assume the grid is simply too small. In reality, the picture is more complex.

Many connection requests are submitted long before projects are really ready to move forward. And as a result, requested capacity can significantly exceed the demand that will actually materialize. The challenge is, therefore, not to build more infrastructure it's also to ensure that available capacity is allocated efficiently.

Building the grid for every theoretical scenario would be neither affordable nor efficient. Instead, we need a clearer view of future demand and mechanism that prioritize projects that are mature, credible and deliver the greatest value for society. That's why regulators and system operators across Europe are moving away from a purely first-come, first-served approach.

Greater emphasis is being placed on project maturity smarter management and more flexible connection arrangements. And there, Germany is a very good example. While continuing its major grid expansion program, it introduced a maturity-based connection framework in 2026. Under this framework, projects are prioritized based on factors such as permitting progress, technical readiness, financial viability and system value.

Additional reforms are also being considered to better align new generation project with grid development and reduce congestion costs. Ultimately, the objective is clear, not simply to build more grid but to ensure that scarce network capacity is used where it delivers the greatest benefit for consumers, the economy and the energy transition.

Stephanie Luyten - Elia Group SA - Head of Investor Relations

And that is exactly why, in our view, robust long-term planning is becoming increasingly important. As Bernard highlighted, the challenge is not simply to build more infrastructure but to ensure that investments are aligned with future system needs and deliver the greatest value for society.

In both Germany and Belgium, these investment decisions are guided by formal group development planning processes that translate future energy scenarios into concrete infrastructure requirements. Let us briefly look at where these planning processes currently stand.

Marco Nix - Elia Group SA - Chief Financial Officer, Member of the Management Committee

So starting with Germany, the current network development plan is built around three scenarios that reflect different assumptions on electrification, renewable development and the role of hydrogen. What is encouraging is that all 3 scenarios point towards significant growth in electricity demand. The real debate is, therefore, no longer whether electrification will happen. but rather how quickly it will happen and how much demand will ultimately materialize. This is exactly what the current network development plan process is trying to address.

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The 4 German TSOs have completed a comprehensive scenario analysis and submitted a second draft of the plan to the regulator bias earlier this year. The process attracted close to 1,000 stakeholder responses. These cover topics such as electrification, battery storage, hydrogen, flexible loads and offshore development. Depending on the final scenario pathway, the plan currently points to total grid investments between EUR365 billion and EUR392 billion through 2045. We are currently in the public consultation phase, which remains open until the end of August.

After that, bears are will take over the review process and move towards confirmation of the final network development plan. We expect much greater clarity on the preferred pathway, resulting long-term investments needs during the second half of the year '26 or early '27.

Stephanie Luyten - Elia Group SA - Head of Investor Relations

Turning now to Belgium. The federal development plan is a key planning instrument for Belgium's energy transition. It is updated every four years and looks ahead over a 10-year horizon, providing a long-term view of the infrastructure required to support the country's evolving energy system.

The new plan is being developed in a significantly more complex context than the previous addition published in 2022. In recent years, the energy debate has broadened considerably alongside decarbonization objectives, questions around security of supply, affordability, industrial competitiveness and energy sovereignity have become increasingly important in shaping energy policy choices.

Against this backdrop, the plan seeks to define how Belgian electricity systems should evolve through a combination of electrification, low carbon generation, increased flexibility and stronger market integration, all supported by a robust and resilient transmission network. The draft plan was submitted to the care at the end of June.

Its official advice on the draft development plan is expected to be pushed in late August or early September. A public consultation will follow later this year before the plan is submitted to the Federal Ministry of Energy in 2027 and ultimately approved. The German and Belgium planning exercise point in the same direction.

The energy transition is no longer only a climate story. It is increasingly about competitiveness, affordability and energy security. And regardless of the scenario, the grid remains a critical enabler. That gives us the confidence that the infrastructure we are building today will remain highly relevant over the coming decades.

But of course, identifying the need for infrastructure is only part of the challenge. As Bernard highlighted earlier, the next phase of the energy transition is ultimately about execution. The key question can be -- is can we deliver it on the ground. And that is where we have made significant progress during the first half of the year. Let me start perhaps with the Princess Elizabeth Ireland.

During the first six months of the year, we have completed the fabrication of all Keystones and continued offshore installation activities. By the end of June, 19 of the 23 Kaons have already been successfully installed offshore. This marks another important step in the construction of the world's first artificial energy island. We also continue to advance the island electrical infrastructure manufacturing of the assay modules and offshore cables progressing according to plan.

Let's have a look. (video playing)

Bernard Gustin - Elia Group SA - Chairman of the Management Committee, Chief Executive Officer

I'm always impressed by this video and shows that what we do is technology as its peak. Another major milestone was achieved on Ventas. Following several years of preparation, the environmental permits were granted in April, allowing us to move from planning into execution. With construction work starting this summer. As a reminder, Ventures will provide around 6 gigawatts of transmission capacity through a

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new 380-kilovolt corridor in West Flanders, and will play a critical role in integrating additional offshore renewable energy into Belgium's electricity system.

Beyond Ventilus, we continued to reinforce the backbone of the Belgian transmission grid. During the first half of the year, we commissioned the Masanotti 380-kilowatt transmission line, started reinforcement works on the Vanacorridor and continued progress on the reinforcement between Mercato and Broger. We also reached an important permitting milestone on the Loni AshenGram project. Following the granting of the urban planning permit in May, construction activities are expected to begin in '27.

Stephanie Luyten - Elia Group SA - Head of Investor Relations

In addition to strengthening the transmission backbone, we're also investing in to support growing industrial demand and cross-border exchanges. Good progress continued on backend our new 380,150-kilovolt substation in the port of hand. Once operational, it will provide additional capacity to support industrial electrification in one of Belgium's most important economic regions.

We also successfully commissioned the new Cano Mercator Transmission circuit as part of the Brabo 3 project, this represents another important step in completing the 380-kilovolt loop around the Port of Antwerp and further strengthening interconnection capacity with the Netherlands.

Together, these projects demonstrate that Belgium energy transition is increasingly becoming visible through concrete infrastructure investments. But our execution challenge extends well beyond Germany -- well beyond Belgium. Germany is currently delivering 1 of the most ambitious grid expansion programs in Europe with major developments, both on onshore and offshore. Marco, can you walk us through some of the achievements of 50 hertz.

Marco Nix - Elia Group SA - Chief Financial Officer, Member of the Management Committee

Absolutely. 50Hertz continued to make substantial progress on a range of strategic projects. These projects are strengthening energy security, enabling the integration of renewable energy at scale and laying the foundations for climate neutral economy. And importantly, this progress was evident both onshore and offshore. An important milestone was reached with Austrian free, the grid connection project for the wind anger offshore wind farm.

The offshore platform was successfully installed in abiotic sea around 40 kilometers northeast of the Island Dugan. Once operationally, the platform will collect electricity from the 300-megawatt winter anchor wind farm transform it to 220 kilovolts and transmitted to the new tostitosubstation onshore. This is an important step, not only because swine is progressing towards completion. but also because this is the first offshore platform in embolic Sea for which 50Hertz is fully responsible for construction and operation.

It therefore marks another step in the development of our offshore capabilities. It also demonstrates our ability to deliver complex infrastructure and challenging marine environments. At the same time, we continue to advance the next generation of offshore connections. For Osten, 4 application documents were submitted for the remaining route sections. This means that all sections of the project are now undergoing approval.

Osten 4 will be the first 2-gigawatt high-voltage direct current offshore grid connection in the German bodes. Once completed, it will connect offshore wind generation Northeast of Rugen to the transmission grid via the steel substation.

This is a significant step up in scale compared with earlier Baltic offshore connections and reflects the increasing maturity and ambition of Germany's offshore wind expansion. We also reached a major milestone in the North Sea. In June, 50Hertz awarded EUR1 billion contract for the construction of a 2-gigawatt offshore converter system for the North Sea Connector 2 program. This is particularly important because for the very first time, offshore converter platforms of this new 2 gigawatt standard will be built predominantly in Germany.

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North Sea Connector 2 comprises the offshore good connection line with 6, as Bernard pointed out, and the DC-Link DC32, as part of the North Ostling. Beyond the project itself, this is also an industrial milestone. It supports the development of offshore manufacturing capabilities in Germany. It also strengthens the European supply chain for critical energy infrastructure. As Bernard mentioned earlier, supply chain resilience is becoming a strategic capability in its own right.

Projects like this show how grid investments can also contribute to industrial value creation, skilled deployment and technological expertise in Europe. Cross-border corporation also remained a key theme for 50Hertz and therefore, the group during the first half of the year. In January, Germany and Denmark reached an agreement on the Bornholm Energy Island project.

This is the first of its kind hybrid offshore interconnector that will connect offshore wind generation in abiotic sea with both the Danish and the German electricity system. The project is expected to connect 3 gigawatts of offshore wind capacity and will combine renewable integration with cross-border electricity exchange.

Stephanie Luyten - Elia Group SA - Head of Investor Relations

Another example of this cross-border approach is the Baltic German power link. In February, Germany, the Latvia and Lithuania signed a joint declaration of intent to explore a new hybrid electricity connection in the Baltic Sea. The project would connect Germany with the Baltic countries through an approximately 600 kilometers submarine cable and could integrate around 2 gigawatts of offshore wind capacity. The transmission system operators involved have been tasked with developing a technical and economic implementation concept.

A decision on the next steps is expected later this year. While still at an early stage, the project underlines the growing importance of the Baltic sea as a strategic energy region and the role of interconnections in strengthening European security of supply. This is exactly what disciplined execution at scale means for us. It is not only about delivering individual project but about building the infrastructure, capabilities and partnerships that Europe will need for a more electrified, resilient and interconnected energy system.

Alongside our focus on grid development, digitalization and AI, we continue to place a strong emphasis on proactively securing the financial resources needed to deliver our investment program and to support our long-term growth ambitions. At the same time, we continue to assess opportunities where we can lever our expertise and partnerships in support of Europe's evolving energy infrastructure needs.

And this brings me to an important development that we announced this morning our planned investment in Project Tahoe, a subsea interconnector that will connect the U.K. and Germany through wind grid our group project developer. Tarjun is a 1.4-gigawatt HVDC interconnector designed to facilitate cross-border electricity exchanges, strengthened security of supply and support the integration of renewable energy across European markets.

As a regulated transmission assets, it is progressing through the relevant regulatory approvals processes in both countries. What makes this opportunity particularly attractive for us is the partnership structure? CPP investments will be the majority investor and provide most of the capital while wind grid will participate as a minority strategic partner with a 25% look-through stake.

This allows us to contribute our transmission expertise while maintaining a disciplined approach to capital allocation, wins share of the project expected -- of the project equity is expected to amount to approximately GBP 200 million over the construction period, which is expected to last until the mid-30s.

The majority of the project funding is expected to come through project financing, resulting in a measured capital commitment for Elia Group within the context of our broader investment program. In addition to the financial discipline of the structure, the transaction further strengthens our partnership with CPP Investments a long-term partner that shares our conviction in the critical role of transmission infrastructure in the energy transition. Bernard, perhaps you can elaborate how Tecon fits within the overall strategy of Elia Group.

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Bernard Gustin - Elia Group SA - Chairman of the Management Committee, Chief Executive Officer

Yes. Thank you, Stephanie. From a group perspective, Tacon is a very good example of how we can leverage the capabilities we've built over decades as a transmission system operator, beyond our core regulated business in Belgium and Germany. While our primary focus remains the successful delivery of the unprecedented investment programs in our home market, we also see selective opportunities to apply our expertise in developing, building and operating transmission infrastructure in areas that are closely aligned with our core competence.
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And Tarkan fits that framework particularly well. It is a regulated transmission asset. It supports European market integration and the energy transition. and it allows us to participate alongside a trusted long-term partner through a structure that preserves our financial flexibility. Importantly, this is not about pursuing growth for growth.

It's about being selective and investing in opportunities where we can create value through our expertise while maintaining a disciplined approach to risk and capital allocation. More broadly, the transaction illustrates our strategy of combining strong execution in our regulated business with targeted partnerships that allows us to support Europe's energy transition beyond our existing footprint.

Together with CPP investments, we are able to participate in attractive infrastructure opportunities while keeping our focus firmly on delivering the substantial investment programs that lie ahead in Belgium and Germany. This balanced approach enables us to create long-term value for all stakeholders while supporting the development of the infrastructure needed for a decarbonized European energy system.

Marco Nix - Elia Group SA - Chief Financial Officer, Member of the Management Committee

And this also underlines the importance of maintaining a disciplined financial approach as we continue to execute on our investment program and pursue selected growth opportunities. Let me take you through the key financing transactions completed during the first half and how they support the group's financial position. We continue to execute our funding tool kit in a disciplined way.

The key milestone was the issuance of a EUR900 million hybrid bond. This provides attractive non-dilutive equity like funding with 50% equity credit from Standard & Poor's and further strengthen our capital structure. In parallel, we reinforce our liquidity position by signing more than 7 billion of revolving credit facilities across the group.

This enhances financial flexibility and supports the delivery of our substantial investment program. We also continued to diversify our funding sources through additional debt financing initiatives, including in the augur such note issuance at 50Hertz. At the same time, the group's strong liquidity position allows us to repay early the 300 billion term loan maturing in '27.

Overall, these transactions further derisk our funding profile. support our credit metrics and ensure we remain well positioned to fund the next phase of our growth. If you look at the group's debt position, net debt excluding EG increased by only EUR0.5 billion to EUR14.6 billion. This moderate increase reflects the strength of our funding profile. We continue to execute our investment program while maintaining balance sheet discipline.

During the first half of the year, we invested around EUR1.9 billion across Belgium and Germany. This was funded through a combination of operating cash flow, proceeds from the '25 equity raise and disciplined use of that funding. Our financing profile remains robust with an average cost of debt of 3%. Furthermore, our debt portfolio is entirely fixed rated providing protection against interest rate volatility, while our BBB rating with stable outlook from S&P supports continued access to capital markets.

Please note that the hybrid bonds are not reported as net debt as they are accounted for in equity. Let me now take a moment to elaborate on some of the headline figures for the first half of the year. It was another period of solid execution for Elia Group. Across Belgium and Germany, we continue to deliver on our investment program while maintaining strong operational and financial performance.

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As I just mentioned, CapEx reached EUR1.9 billion, reflecting continued progress across our infrastructure portfolio. While investment spending is naturally weighted towards the second half of the year, as it has constantly been the case in previous years, the underlying execution of our program remains on track.

At the same time, net profit Elia Group share increased to almost EUR349 million. We also continue to strengthen our organization, welcoming more than 330 new during the first half of the year. And we made further progress on our sustainability emissions through our sustainability program at now.

Let us now take a more detailed look at the financials for the first half of the year. The adjusted profit for the period increased by 26% to almost EUR411 million, reflecting strong performance across all segments. Belgium and Germany continued to benefit from asset growth and higher underlying returns driven by increased interest rates, while the contribution from our international and holding activities also improved.

Our third segment previously referred to as the nonregulated and among segment has been renamed international and holding activities and will be presented as such going forward. Profit for the period amounted to almost EUR420 million. This includes a EUR9 million positive one-off item related to the fiscal year '23 after Elia Group successfully challenged the discretionary tax treatment that had previously applied when combining the group contribution regime with the dividend received deduction regime for that year.

After noncontrolling interest and hybrid remuneration, including the newly issued hybrid net profit attributable to Elia Group shareholders reached EUR348.7 million.

Stephanie Luyten - Elia Group SA - Head of Investor Relations

If we turn to the profit evolution in Belgium, adjusted net profit increased by 25.8% to 163 million. The main driver was the higher fare remuneration, up by 21 million. This reflects the continued growth of our asset base, the full year benefit of the 1 billion equity injection completed last year and higher regulated returns driven by the higher Belgium risk-free rate. We also saw a positive contribution from incentives, reflecting again another solid operational performance over the first half of the year.

While the growing level of assets under construction led to higher capitalized borrowing costs. In addition, the regulatory review of the SALT 2025 resulted in lower rejections. All these positive effects were partially offset by the one-off tariff coverage of the costs linked to the capital increase that benefited last year's results. Overall, the results demonstrate the continued strength of the Belgium regulatory framework and our stability and ability to translate sustained investment growth into earnings growth.

Moving now to Germany. Adjusted profit for the period increased by almost 21% to EUR250.8 million. This growth was mainly driven by the continued expansion of the regulated asset base with the execution of the investment program. In addition, the higher equity remuneration rate compared to last year provided further support to earnings. These positive drivers were partially offset by higher depreciation and operating expenses, both consistent with the business undergoing substantial growth.

Financing costs also increased as additional debt was raised to support the investment program, although this effect was partially mitigated by the capitalization of borrowing costs on assets under construction.

Overall, the message remains unchanged. Continued investment and asset growth are translating into higher earnings and demonstrate the strength of the German growth platform. And finally, turning to our international and holding activities. The adjusted net loss improved significantly, decreasing by EUR8.6 million to minus EUR3.2 million. The main driver was a stronger contribution from the Holdings segment, which improved by EUR11.5 million, following the hybrid issuance and the group's strong liquidity position, the EUR300 million term loan maturing in 2027 was repaid early.

This resulted in lower net financing costs, while the cost of the hybrid are accounted for in equity. The holding also benefited from a 6.8 million tax deduction following last year change in law with regard to group contribution, while operating costs increased further. The positive

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evolution was partially offset by higher project development expenses at wind grid reflecting continued work on future growth opportunities. Nemo Link continued to perform very strongly operationally. maintaining 100% availability, while its financial contribution was marginally lower due to the regulatory cap mechanism and lower power price spreads.

As a result, the adjusted profit for the period amounted to a small loss of 3.2 million. Profit for the period, however, reached 5.7 million benefiting from a 9 million positive one-off tax item linked to a successful claim on the fiscal year 2023 tax declaration following changes in the Belgium tax law. Marco, let me now hand back over to you for the outlook for the remainder of the year.

Marco Nix - Elia Group SA - Chief Financial Officer, Member of the Management Committee

Thank you, Stephanie. Following the first year half -- following the solid first half year performance, were, of course, reiterating our full year guidance and continue to expect the net profit Elia group share to range between EUR690 million and EUR740 million. This guidance includes the hybrid costs.

For Belgium, the higher OLO rates observed over recent months support our expectations to deliver adjusted net profit towards the upper end of the EUR290 million to EUR320 million guidance range. We also remain on track to invest around EUR1.7 billion in the medium good in '26.

In Germany, we expect adjusted net profit to range between EUR585 million and EUR625 million based on a regulatory equity return base rate of 3%. Full year investments are now expected to amount to around EUR4.8 billion. compared to our previous outlook. And as mentioned earlier, this reflects a modest reduction driven by product-facing effects, optimized payment schedules and procurement efficiencies across several major offshore projects. Importantly, the underlying investment program and long-term growth trajectory remain unchanged.

Finally, turning to our international holding activities. We now expect this segment to contribute around breakeven to adjusted net profit in '26 compared with our previous expectation of a loss between EUR10 million and EUR30 million. This improved outlook is mainly driven by lower holding financing costs and a stronger contribution from Nemo Link subject to continued availability, Nemo Link alone is expected to contribute around EUR30 million this year.

Bernard Gustin - Elia Group SA - Chairman of the Management Committee, Chief Executive Officer

Before we conclude, I would like to say one last thing. we have talked today about investments, infrastructure, digitalization and growth, but none of it happens without people. In particular, I would like to thank our colleagues in the field. the technicians, operators and project teams who are out there every day, making sure the system runs safely and reliably while building the grid of tomorrow.

With the exceptional temperature we are experiencing across Europe this week, that's not always an easy job. Yet they continue to show up with professionalism, commitment and a strong sense of responsibility.

Electricity is one of those things people rarely think about when it works. It's simply there. And that's exactly how it should be. But behind that reliability are thousands of people working together across Belgium and Germany, often out of site, but never without impact. That's why I'm generally proud of what we achieved in the first half of this year.

Not only the projects we deliver or the milestones we reach, but the way our teams continue to make things happen every single day. So my sincere thanks to all our employees, partners and stakeholders. The month ahead will bring challenges but also tremendous opportunities. And if the first half of the year has shown us anything is that we are stronger when we work together. Thank you.

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QUESTIONS AND ANSWERS

Stephanie Luyten - Elia Group SA - Head of Investor Relations

Thank you, Bernard. In the meantime, Jan de Koning, Head of Corporate Finance has joined us. So I suggest, we can start now with our Q&A. Let's see, we have a first question coming from UBS.

Wanda Serwinowska - UBS AG - Analyst

Hi, good morning. Three questions, if I may. The first one is, Marco, on the 2026 CapEx, you treatment by EUR300 million for a number of reasons how much of EUR300 million is moved into '27, '28, how much is basically gone because you deliver CapEx cheaper than you anticipated. Question number 2 is on the 50Hertz EBITDA in H1. It looks a bit lower. When I look historically because historically, you were closer to 50%.

If I take roughly EUR700 million of H1 and compared it to consensus, I get closer to 40%. So can you please help us understand what happened in H1 and the last 1 is on the ongoing regulatory review in Germany. there haven't been any milestones since May, I think, but can you please comment on any talks with the regulator, any takeaways from the workshops that you attended since May? And where do you see the largest pushback from the regulator?

Marco Nix - Elia Group SA - Chief Financial Officer, Member of the Management Committee

So it's already a long list of questions, but all of them valid. Maybe to CapEx, it's indeed the fact that several reasons led us to the revision of the guidance. As a rule of pump, I would name it like this, 1/4 round of the reduction is affecting this year due to savings and the other 3/4 are more for the next years to come, not only push back into the next year or the year after, it was really, in particular, in connection with Len6 the announcement kind of rescheduling, which is being allocated over longer term. So it's not simply a shift from one year to the other.

So from that perspective, you potentially need to spread it a little bit over a longer period. Regarding the EBITDA at 50Hertz is indeed right that in the past, we often saw higher results in the first half compared to the second half due to the ramp-up of the operational costs, which play less and less a role to be fair.

On one hand, it's still a valid track. But we are prudent in the consideration of FX from commissioning. And as we have a huge commissioning expected end of the year on an Austrian free project, that's something which is not reflected in the current results, not proportionally but will affect the year-end results once we are able to commission.

But even though we are good on track and quite confident that we will reach it. The recognition of that effect, the so-called hockey stick effect will be happening once we are able to commission technically that asset. Last but not least, on regulatory side, it's indeed right that there's no official announcement between the last publication and the public consultation and next step.

However, we are in constant talks to the regulator, discussing several kind of designs, in particular on the VAC model, that's still work in progress. Like you can imagine the kind of underlying rates, how it is being reflected in the VAC model, the cost of debt considerations, whether there's a rating consideration or not.

These are elements which are up and running as we talk. However, one big item is still outstanding, and that was the discussion on incentives, and there's likely that beat launch process in the course of the month of September. which is usually a public consultation. And that will be for our understanding the next visibility step then in that kind of discussion before a kind of fixing at year-end of the framework is going to happen. So hopefully, that gives you a little bit more color on the three items.

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Stephanie Luyten - Elia Group SA - Head of Investor Relations

I see the next question is coming from Oddo des.

Unidentified Participant

Great performance in Belgium, thanks to the return of the project or the acceleration in Energy Island project probably. But coming back on Germany, can you further specify the delay in CapEx? You explained now, it's primarily Lanvin 6 related. It's not also oint-3 related. And can you further clarify when you then exactly expect commissioning of course, win 3 to happen, is there somewhere in November, December.

And that's the key reason why you are cautious in your recognition of the project in H1 already. Then can you maybe give an update on your U.S. investments? What is happening there? What is the progress there? And certainly, can you maybe give an update on what is expected from the second interconnector between Belgium and the UK.

Marco Nix - Elia Group SA - Chief Financial Officer, Member of the Management Committee

Okay. Maybe I'll pick one first. So on -- it's indeed the fact that we can confirm that ostelf will be commissioned end of the year. So you named November, December, we hope for to do it a little bit earlier to derisk a little bit that midnight effect, but that was the main reason not to consider it for the time being. KB has been laid, a connected platform is installed.

So installation work is finished, but commissioning testing is starting. And usually, it takes 6 weeks, maybe more depending on the findings there. So from that perspective, we are prudent in that guidance at this stage and the consideration in the figures. But yes, the CapEx revision has mainly been caused by the question on Lineman 6 and the shift in the yards in laundering free as well. So as likely with the announcement on Lonmin 6we will go with the Lanvin free projects to the to the yard in Rostock as well.

So that will be a shift from the Spanish yard to the German yards. And there are some savings connected to debt, but on the other hand, some rescheduling as well that was the main reason for this program. I would name it like this caused by this program, which led us to the revision of the guidance on the CapEx numbers.

Bernard Gustin - Elia Group SA - Chairman of the Management Committee, Chief Executive Officer

Well, on the U.S., as you know, we are basically following three projects at the moment, plus continuing our activities over Energy giga. The two projects that are onshore are so green and clean fast New York, and there is one offshore project, which is called leading light wind. I think we continue to very closely monitor the development of these underlying projects.

And at the moment, at least on the two onshore project, it's premature to provide an updated fair value assessment at this stage because not a lot has changed. And as you know, in the United States, there is a big share coming up with the midterm. So we will see much clearer after that period.

However, I was reading no later than yesterday in the handers breath that the green energy is booming in the US despite what we might think because, of course, the AI-related needs are very important. And of course, the quickest way to build up generation is via renewable. So while we think that -- and there is a clear federal government approach against the renewable, there are still a lot of developments happening on that side, which I think can be comforting.

On leading light wind, which is the offshore project, as you know, it's a project that was subject to a potential reimbursement of the lease acquisition costs of that project. We have a rather small stake in that project. And at the moment, we are still trying to assess the consequence if this reimbursed process would happen because, on the one hand, where we have to see how it's -- what are the proceeds with it, knowing that we have a very small stake in there. Energy has only 12.5% and I remind you, we have 25% of Energy.

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And secondly, you know that while there are negotiations with the federal state, there are also individual states that basically see this process of reimbursement. So I think it's too early to draw conclusions at the moment. But as you can imagine, we are following that very closely. On the Princess Elizabeth Island and the DC part, so the Nautilus interconnector.

But I think on our side, as we said, we've worked on a renewed basically design that allows to have substantial savings versus what we had initially planned while keeping the main aspects of the project. And now we are, of course, waiting for -- it must be part of the federal development plan.

And so we are waiting for the government and the regulator to confirm the project. I must say I'm prudently but rather optimistic that the project will happen because it's a key project for Belgium energy strategy.

And as I commented during the video, I think, as Europeans, we must be very proud that those type of projects, boom or Princess Elizabeth high happen because it's really high technology. It's the future of Europe. And as Elia Group, we are very proud to be part of those two projects that are really flagship project for Europe.

Stephanie Luyten - Elia Group SA - Head of Investor Relations

The following question is from Morgan Stanley ahead.

Arthur Sitbon - Morgan Stanley - Analyst

Hello, yes, thank you for taking my question. The first one is just on the on the net profit guidance for 2026. So obviously, you have increased your divisional indication for the other division. You're indicating you will be in the upper end of the range in Belgium. So I was just wondering as a result of these two changes, why didn't you increase your guidance at the group level as well?

Are there any negatives in other parts of the business that maybe have been missing? Or is it just that you're being conservative at this stage? So that's the first question. The second one is just on Germany, given you have less CapEx for the year, I imagine that can have a bit of an impact on your allowed revenues for the year. So -- and here, you didn't change the guidance on net profit in Germany. So I was wondering if there was an offset in there on the positive side to offset that impact.

Marco Nix - Elia Group SA - Chief Financial Officer, Member of the Management Committee

Maybe I'll start and then let Janik to complement on that one. So the profit for the shareholder, which we're guiding on is including the cost of the hybrids and the better performance of the operating entities gives us some flexibility in approaching the market on the hybrid side. And we took momentum to derisk the funding while executing on our tool kit. what has some costs, but the headroom has been used to lock in favorable cost for the future. So on behalf of that year.

So from that perspective, we took the momentum with the higher range of profit to be achieved in operations and launched the hybrid issuance, which is now, of course, something we need to pay for, and that is reflected in the profit which is then left for the shareholders.

So that's maybe the comparison between both. On the German CapEx, we must admit that the EUR200 million revision doesn't play a big role to be honest, in the results itself usually, you get remunerated only for half of that over the year and then 40% on that 1 with a rate of 6%. So this few millions usually is something which has been offset by the higher underlying return rate at all. So from that perspective, we are confident to stay within the guidance as this is something which could be absorbed by the evolutions in the business itself?

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Arthur Sitbon - Morgan Stanley - Analyst

And just as a quick follow-up on the first question. because you're referring to the cost of the hybrid. But if I remember well, when you presented the guidance initially, you already had a bit of a delta between your -- the sum of your division or target and the net profit for shareholders. So I thought the cost of the hybrid was already or at least some sort of financing measures was already included in the initial guidance.

Marco Nix - Elia Group SA - Chief Financial Officer, Member of the Management Committee

That's right, but the timing was a different one to be fair. So as we were relatively cash long at the end of the year. So from a liquidity perspective, there was no need to approach the market. and that was indeed a more opportunistic move in spring this year.

As we saw quite still favorable conditions before the windows are going to close, and that's why we entered the market from a liquidity perspective and from a store perspective, something later the year would have been more economically being favorable in that regard. So that's the mismatch you may refer to.

Arthur Sitbon - Morgan Stanley - Analyst

Thank you very much.

Stephanie Luyten - Elia Group SA - Head of Investor Relations

The next question comes from ING. Derik?

Dirk Verbiesen - ING - Analyst

Following the previous question. If I add the different components on your updated guidance and also appreciating the comments on the hybrids. But still I arrive at the higher end around EUR740 million any way I look at it. So maybe clarifying -- maybe that requires some further clarification if I'm missing something in the composition of the guidance.

And then the more recurring question, I think, is the midterm outlook for your CapEx now that the network development plans, there's becoming some more clarity in Germany, maybe also in Belgium. So being at a EUR6.5 billion run rate on CapEx as it is in the current plan. you're getting close to that also in this year. What -- also for modeling purposes beyond '28, what is a fair assumption going forward? And I hope you can share some insights here.

Stephanie Luyten - Elia Group SA - Head of Investor Relations

Maybe on your question on the guidance. It's true that if you can, the three segments that you will end up higher, but you shouldn't remember to forget to take out the 20% that is linked to KFW obviously so you should take that out. And then you have now the hybrid cost is around on an annual basis, EUR57 million. So that's where you should come out in the guidance.

Marco Nix - Elia Group SA - Chief Financial Officer, Member of the Management Committee

On a good development plan. As we stated it's still ongoing. And there are a couple of legislative procedures, in particular, in Germany, running, which set a theme for one or the other part, in particular, with an eye on the big DC links, whether they are being executed via overhead line or fully underground cables, which play a significant role in the difference of the costs connected to that one. And of course, the offshore scenario to be chosen is one of the elements which are essential for building up our plans.

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That being said, we stated several times that the CapEx will not go down from that perspective. If you make the maths on the previous plan, or the Kung plan, which is running 24 to 28 with a total CapEx of EUR31.6 billion, which we announced. Then there are EUR7.5 billion left to be executed in the next two years to come. and likely that this number will not be lower on the plan, which we are announcing beginning of next year. So from that perspective, we are not giving that clear guidance right on a new CapEx plan for the time being, as there are too many very significant unknown items outstanding. However, we can confirm that the group will further grow in the future.

Stephanie Luyten - Elia Group SA - Head of Investor Relations

And we hope to be able to announce something at the latest -- at the Q4 results next year.

Dirk Verbiesen - ING - Analyst

Oh yeah, that would be very helpful. Thank you.

Stephanie Luyten - Elia Group SA - Head of Investor Relations

Then we can go now to the next question from Citi, Piotr.

Piotr Dzieciolowski - Citi Infrastructure Investments LLC - Analyst

Piotr Dzieciolowski from Citi. So I wanted to ask you about this, smaller CapEx in Germany. Is it a one-off? Or there is some real across into the future periods. You said some of it is some cost savings on the CapEx level. So how does this -- would that -- shall we extrapolate it into the future periods as well? And then on the grid development CapEx plan, in that future period.

I wanted to ask you, do you see a scenario that the CapEx runs really higher, so accelerates from EUR7.5 billion so that you would have to go back to the current equity, you have to like raise equity or use more hybrids or because the way I think about it if the CapEx stays flat, the whole structure of Elia slowly starts to degear kind of if it's vice 28 and the CapEx stays flat, the incremental the 7.5 billion vessels that kind of a growing base becomes smaller, better than to finance. So how do you think that playing out in beyond '28?

Marco Nix - Elia Group SA - Chief Financial Officer, Member of the Management Committee

Where we change a little bit the concept in that regard. And of course, our intention is to lend on a certain run rate. So this has been mentioned already in one of the questions. whether this run rate will be slightly higher or lower, it depends, of course, on the regulation and the ability to finance that.

There are some discussions still running in the regulatory system, whether there is a kind of cash consideration for the TSOs, which helps us then to fund more of the CapEx out of cash flows, like for this shortening depreciation periods. That's one of the debates which just running it's not disclosed, but that could help to file the plan.

So in general, we are more spoken in that regard that, of course, affordability is not only a subject of the consumer. It's a subject for ourselves as well. So -- and from that perspective, we are -- we want to build a comprehensive plan, which is considering all the constraints which you may have, and that's consisting on supplier markets, our own workforce. and our financing capabilities, knowing that, of course, they are request to execute infrastructure in a certain way.

But what we are going to do is, for the time being, with Declan, which is outstanding, shaping a little bit the project was already up and running in terms of scheduling in term of payment milestones on an annual basis to make sure that we are in certain boundaries. And so

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from that perspective, coming back to your first question, the savings you potentially will not see in the total envelope as we likely will accelerate other payments to earlier stage to make sure that there's a balance which is destressing the entire profile long term?

Piotr Dzieciolowski - Citi Infrastructure Investments LLC - Analyst

Okay, thank you very much.

Stephanie Luyten - Elia Group SA - Head of Investor Relations

Okay, then we can go to [Wim].

Wim Lewi - KBC Securities (Budapest Branch) - Analyst

Hi, good morning, I hope you can hear me. Yes, I'll limit myself to questions on the carton. I've got five small of them, very quick answer questions. So I'll just pose them one by one, I suggest -- so first, Stephanie, if I understood it well, you're going to invest GBP 200 million, and that's the total equity consideration?

Stephanie Luyten - Elia Group SA - Head of Investor Relations

Correct over the period going to the mid-30s.

Wim Lewi - KBC Securities (Budapest Branch) - Analyst

Yes, yes. So if I get it right, about 170 million at the completion and then the rest at the end, okay? Now like I said, three small questions. Secondly, the -- you obviously have a lot of experience negotiating with the U.K. regulator. Will this be something like a Nemo style remuneration system?

Stephanie Luyten - Elia Group SA - Head of Investor Relations

Yes, indeed, it's a regulated asset. As we said, it will be regulated on the one hand under a Kapan floor for 50% of the project and the other 50% will be operating under the German regulation, so a rarer remuneration.

Wim Lewi - KBC Securities (Budapest Branch) - Analyst

Okay. Fine. Then on the final, let's say, total CapEx, I think commissioning could be something like 2033. Can you give an idea what the total amount of CapEx spend will be, so we can have an idea on the leverage or the eventual level?

Stephanie Luyten - Elia Group SA - Head of Investor Relations

Yes. So the estimated total cap expense would be below GBP5 billion, I would say, and it's more foreseen towards mid of the 30s, I would say.

Marco Nix - Elia Group SA - Chief Financial Officer, Member of the Management Committee

'35, yes.

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Wim Lewi - KBC Securities (Budapest Branch) - Analyst

Okay. And then fourth on cross-selling because obviously, you have an equity stake. You have a lot of experience in building these interconnects. Is there maybe a profit opportunity for other divisions and thinking on consulting wise that you can realize on top of this project.

Stephanie Luyten - Elia Group SA - Head of Investor Relations

Well, absolutely. That's -- the purpose of this project is, first, we see that in Europe, the North Sea developments are very important, and we certainly want to be part of it, but we want to be also very strict on our financing discipline. So here, it's really an opportunity for us to be part in a very exciting project, but next to a very strong financing partner and where we focus on what we are good at, and what we are good at is basically building operating transmission systems.

And that we will do, of course, by using the resources of win gates, but also, for example, the resources of GI which is our consulting arm, and so that we can really participate to the development of interconnectors in the North Sea while limiting our financing exposure and concentrating on what we are good at, which is basically the management of transmission infrastructure. It's also, as you mentioned, a way to have NIMO-type of regulation. And you know how Nemo contributes to our results, and we are very happy about that. And it's also a way to diversify our source of revenues.

Wim Lewi - KBC Securities (Budapest Branch) - Analyst

And then last question is really a bit on the -- maybe on the technical side because obviously, I noticed that you have the North Ostling plant. Is there any timing linked to the North Ostink? And is that where it will connect into and that it follows on to that project?

Marco Nix - Elia Group SA - Chief Financial Officer, Member of the Management Committee

In that regard, it's not the case, the tack-on link will be connected to the grid of Tenet. So -- and from that perspective, there's no link to the Norton and the technology is slightly different as we are talking about a 1.4-gigawatt interconnector while not Ostling is being executed in a 2 gigawatt standard. So from that perspective, there's a difference in technology as well, but there's no direct connection.

Wim Lewi - KBC Securities (Budapest Branch) - Analyst

All right, thanks a lot for taking my questions. Thank you.

Stephanie Luyten - Elia Group SA - Head of Investor Relations

Let's now go to the questions from Goldman Sachs, Mafalda.

Mafalda Pombeiro - Goldman Sachs Group Inc - Analyst

Morning, everyone. Thanks for taking my questions. I have two. The first one, I think, Stephanie, you mentioned you would be -- if you would be in a position to -- on your plan beyond '28 at the full year results, hopefully, early '27. Do you have any idea with -- until what year could you be?

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Are you thinking guiding us towards and then the second question is, I mean, based on what you know today, what's the level of financial flexibility you think you will have at the end of your current plans by the end of 2028. And what is the level of annual CapEx growth, you think your balance sheet can cope with beyond that without compromising your leverage target magic.

Stephanie Luyten - Elia Group SA - Head of Investor Relations

So on your first question, we -- I believe once we have the clarity on the regulation, the grid development plans, we are looking then to roll forward our CapEx plan in line with the regulatory period. So it will be '27-'31 most probably. However, we're still waiting to get all the final figures, et cetera, but that is the -- that would be the aim. We would then do that most probably through a Capital Markets Days as well yes. And then maybe for the financial questions --

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Marco Nix - Elia Group SA - Chief Financial Officer, Member of the Management Committee

That's honestly, one of the reasons that we are not guiding at this stage is, of course, the financial flexibility heavily depends on the visibility on the regulatory framework and the components included in there, of course, what we're working on is the execution of the CapEx program as this is giving us a favor as well. That's one of the items which we know a little bit better, even though it's exposed to external factors.

But from that perspective, we are not in a position today really to guide you on that kind of elements you asked for. However, as we said, the likelihood that the group will further grow is there. And of course, our intention is to land on a certain plateau, which is still affordable for the group. And that means, of course, from the financial capabilities perspective as well from -- as from the rating perspective and from the kind of growth which is appreciated and absorb for the group?

Stephanie Luyten - Elia Group SA - Head of Investor Relations

So the next question will be from Sachin Basti.

Bartlomiej Kubicki - Sanford C Bernstein & Co LLC - Analyst

Hello, good morning, this is [Kubicki] Bernstein Sue. I would also like -- and apologize for lack of the camera, but it simply doesn't work. Also three questions if you don't mind. Then firstly, on those -- again, I will come back to the CapEx savings, but I will come back to the savings per se. And because I think Mark, you mentioned is like 1/4 of this 300 million is savings.

What is going to happen with those savings? Is it something which is basically 100% served with the customers? Or are you incentivized by the regulator to keep -- to actually to have those savings and you can keep some of them for yourself. That would be question number one.

Question number two, on the -- when you presented the plan, not the plan, but the kind of -- you did a capital increase last year, you also mentioned the potential for disposing of some of the assets. So if you can update us on that, and I would be more specifically interested in the Bergen NTT because I think you had to do some changes to the company lows in order to allow for a potential disposal as I'm not speculating here or anything. I just wonder where you are at this stage in terms of being ready for selling these.

And the third question is more like a curiosity because obviously, you are issuing hybrids. A lot of network companies are issuing hybrids to fund the growth. But you are putting the hybrids on the, let's say, holding company level, not only the OpCo company level. And I just wonder whether any discussions with the regulator either in Belgium or in Germany. so that they would remunerate you for hybrid sitting on the opco level, and then you will move hybrids into opco level. So consequently, this will mean probably higher allowed cost of, let's call it, debt.

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Marco Nix - Elia Group SA - Chief Financial Officer, Member of the Management Committee

So maybe starting with the easiest one. So indeed, the savings are fully passed through to the consumers. So that's currently nothing which we can keep even not partially. Might be a discussion in regards to any incentives we're putting in on the other side. The framework so far is protecting us against cost increases.

So from that perspective, it's more than fair that this is given back at this stage to the consumer. So that's a little bit the ambiguity where we are in, but we currently take the order of magnitude are more in favor to take the protection instead of the opportunities as, of course, we are talking about high scale CapEx numbers, and we are not always able to really generate savings, but where we do see the opportunity, we, of course, jumping on that one as our merit is, of course, generating new flexibility in using means otherwise in investing into projects, which are then up and running.

And hopefully, sooner being commissioned. That's our intention that we are going to take a portfolio optimization. As I said, in the total CapEx number, you potentially will not see this amount over the period where we have given visibility on. Maybe starting from back on our toolkit. It's still valid.

So all funding options, which we have disclosed in '25 are valid options. We are working on all of them. And one of the example is, of course, the execution of the hybrid as a non-dilutive solution to raise equity-like instruments. That being said, a discussion on issuance hybrids on an OpCo level is, for the time being, a tricky one, in principle, we could do that.

But the likelihood that we are not able to charge the entire cost into rural regulatory system is relatively big. there might be change in the future on the German side, less on the Belgium side, as the embedded debt principle in Belgium is still in favor of the cheapest race. And of course, straightforward senior bond is a cheaper instrument compared to a hybrid issuance.

In Germany, that heavily depends on the final configuration of the VAC model. So that could bring this instrument back on the table. There's a discussion on that for me this is a good thing to consider currently in the setup of the group, we do see more favor in doing on a group level, also on a topco level for 2 reasons. On 1 hand, we are not able with the ring-fencing which we have put in place to upstream the full equity credit then up to the entire group once we are issuing on OpCo.

And secondly, as you mentioned, there's currently, no real scheme in place, which ensures the coverage of the costs connected with the hybrid. So that's for this regulatory period that is set in stone, whether the new regulation leads to a kind of change in our financial policy in that regard that a little bit the subject of the final setup of the regulation. So that's maybe the third question connected to the second.

As we said, disposal of an asset is something which we are not excluding. Currently, due to the fact that the CapEx plan is backloaded, there is no need to enter the market with that one. As, of course, on 1 hand, we have plenty of money. The capital structure is quite healthy. rating has been confirmed. We have the time to consider the next step.

We are working on all of the options to be fair. Yes, for straightforward, the opening of the capital of the subsidiary in Belgium, adjustment of the electricity law is being needed to grant governance rights. Meanwhile, there are a couple of instruments in place, which are not necessarily required. So from that perspective, there is other complexity to be managed, but that opens a little bit the floor to other instruments which might consider at a certain point of time.

But no decision has been made. We are working on that one to have all the means available so that we have ample flexibility to choose once it is being needed, one of all the other instruments to make sure that the funding is being served in a proper and sufficient way.

Bartlomiej Kubicki - Sanford C Bernstein & Co LLC - Analyst

Perfect, thank you very much. Thank you.

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Stephanie Luyten - Elia Group SA - Head of Investor Relations

The next question comes from Kepler, Juan.

Juan Rodriguez - Kepler Cheuvreux SA - Analyst

Hey, hi, good morning, thank you for taking our question. Most of them have been already answered. But I would just want to clarify this hybrid is included on the guidance because at the beginning, you said you all options were included. Now you said that -- you signaled that, okay, some of the parameters in Belgium and the holding costs have been on the upper side, but now you're including hybrids on 2026 guidance.

Do we have any hybrids included on '27-'28 on your budget. That's what I would like to clarify from now. And what will push you from a minority stake disposal over hybrids in the second on all these financing options toolkit that you have available.

Stephanie Luyten - Elia Group SA - Head of Investor Relations

I think what we try to see on the guidance is that our current guidance that we initially put in the market includes actually all different kind of financing options. And that's why we don't have to revise the guidance because different scenarios were taken into account as Marco explained to event for the fact that we did a hybrid because the market was there very opportunistically.

And hence, we don't need to adjust the guidance because we had that already at different options were included and hence, we can reconfirm the guidance.

Marco Nix - Elia Group SA - Chief Financial Officer, Member of the Management Committee

And we haven't guided to '27, '28 if I'm not mistaken. So that will be updated with the year-end results of '26 and for the year '27.

Stephanie Luyten - Elia Group SA - Head of Investor Relations

Yes, and our EPS guidance that we have guided at the Capital Markets Day, obviously, that is still standing.

Juan Rodriguez - Kepler Cheuvreux SA - Analyst

If I may follow. So in your EPS guidance for 2028, do you have any high rates included for '27-'28?

Stephanie Luyten - Elia Group SA - Head of Investor Relations

We have all different financing options included in that guidance. So it works under different scenarios, the guidance we've given because we have said that we will have an EPS growth that is double digits.

Juan Rodriguez - Kepler Cheuvreux SA - Analyst

Okay, thank you very much.

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Stephanie Luyten - Elia Group SA - Head of Investor Relations

The next question will come from Deutsche Bank.

Olly Jeffery - Deutsche Bank AG - Analyst

So just a few here. So the first one, with regard to the CapEx being lower in Germany, I know it's taken up some of the call today. And you mentioned Lavin 6 being a primary driver of that. Do you have any other types of assets that you're bringing on '27 or '28 were the same kind of pushing out the CapEx potentially could occur there any discussion happening on any of those other assets?

Or should we consider this just a one-off with Lavin 6 and then we've spoken about the grid development plan in Germany quite extensively, but just to reaffirm with your current understanding of how that's developing, but most of the changes there you expect to see in the back half of the 2030s rather than the front half the 2030s.

That's been the messaging previously, if I'm not mistaken. And then the last question, to the extent which you can comment on this, but it might not be a lot -- with regard to the WACC for the next regulatory period and how that might be calculated with conversations that you've been having, any other thoughts you might have on the risk-free rate or the 4 bits Adesto those conversations are evolving to what they might look like until any crumbs you can give would be helpful. Yes, I'll leave it there.

Marco Nix - Elia Group SA - Chief Financial Officer, Member of the Management Committee

I'm not sure whether I catch your second question, but maybe I'll start with the first one. So in regards to the CapEx program, which we have disclosed between '24 and '28, we reiterated still the target to execute EUR31.6 billion as we, of course, following a portfolio approach, which might lead to some reshuffling of payments from one year to the other to make sure that we are not destressing the year after, which we have not disclosed but we make sure that there's a constant execution which is absorbable for the group.

So from that perspective, even there might be some bigger investments underway, which might trigger some rescheduling. We will do other rescheduling to make sure that this is being compensated or balanced to a certain degree. So as we meanwhile, have entered into main commitments for the project, which have an impact on the three years horizon, which has been left in terms of execution. The likelihood that there are others were requiring that reshuffling is not that big.

But as I said, once it has been happening, we will look into the schemes of the big projects running to make sure that there's a kind of compensation of that one to lend on the number which we have disclosed. And I maybe take the third one and then we look how we are going to answer your second question. On AWAC, it's still a little bit open, I must say. So there are several streams being followed. Currently, likely that there will be a 40-60 split on equity and debt. That's our sure.

On the equity side, there's a big debate. What is the underlying risk free rate. That's one. Second, what is the better factor to consider as there are different kind of consultations in a scientific scene, which say it must be higher or lower that's a debate which is running and that finally gives a number, which is likely higher than the number which is currently applicable for the existing assets, what is 4 percentage points post-taxes how big data will look like.

So that's one. The second, on the debt side, it's a little bit dissimilar of its kind. as, of course, the first question is, will it be a scientific rate, which is a kind of benchmark? And if so, which kind of benchmark is being used? Is it 10-year, 20-year issuance of German industry issues or something different.

And of course, the longer it is, the more favorable it is for us as we are a long-term holding company, and we are striving for long-term financing. That's our argument. But of course, you can argue that, for instance, a 10-year reference is more liquid to absorb and that's why regulator is more in favor on that one compared to a longer term. But these are debates which are running. There's an extreme that we are lending in a cost-plus mechanism what I don't believe, but at least it's not fully off the table.

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So from that perspective, it's really hard to predict what the final outcome will be. as, of course, bids on top of in favor to make a rating adjustment of that scientific grade, which is something we appreciate. But wondering how this will be administrated as this will potentially not fully absorbable from their perspective.

So there are a couple of instruments, which might lead to trend outcomes and maybe then later on to different kind of optimization or positioning. So on that perspective, it's really hard to guide you on, but that gives a little bit the room of Minerva, which we are talking about for the time being. And of course, we appreciate the kind of constantly evolvement on that one. But to be fair, there's a little bit of back and forth, sometimes in that debate.

So we are still cautiously optimistic that there will be a result which enables us to perform at least as we have done in the past. That being said, there needs to be a couple of elements being fixed over the next months. And hopefully, prior to the launch of the discussion of incentives, there will be a little bit more robust visibility on these kind of elements.

Stephanie Luyten - Elia Group SA - Head of Investor Relations

And maybe coming back to your second question, Ali, can you repeat? Sorry, I didn't catch it neither.

Olly Jeffery - Deutsche Bank AG - Analyst

Yes. Sorry, I was just talking about the German grid development plan. And what you said on this previously, if I remember this correctly, is that you mainly expect the impact to be in the second half of 2030, so the first half of 2030 is not necessarily too dissimilar to what we've seen previously. Is that still right that where we expect to see changes is probably the back half of the 2030?

Stephanie Luyten - Elia Group SA - Head of Investor Relations

It will depend a little bit on which scenario will be chosen. So you have scenario A, B and C, and that will determine a little bit the profiling. And as today, that scenario has not yet been chosen for us. It's a bit hard to really communicate yet on where the higher peaks are going to be?

Marco Nix - Elia Group SA - Chief Financial Officer, Member of the Management Committee

So to give you an example, if the government decides for a scenario, which is consisting of lower offshore capacity. And of course, likely that one project is being taken out of the portfolio, which otherwise would be directed to 50Hertz. And the time line will be adjusted in that regard. If this is not going to happen, then of course, we are relatively soon being forced to launch a tender, which is requiring payments once we are awarding a company to provide the cables and the offshore converter platform on that one.

So these kind of elements are really essential to make sure that we know the path. We know which kind of execution models we are entering in to make sure that we can build up on that one, our maps and our plans in terms of execution and in terms of financing.

Olly Jeffery - Deutsche Bank AG - Analyst

And just coming back to your WAC comments, is the 40 basis point adder, is that still a live debate as to whether that could or could be included or not?

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Marco Nix - Elia Group SA - Chief Financial Officer, Member of the Management Committee

That's a fair question. At least we are keeping it alive. Currently, there is no discussion around that to be fair. That's not being said, it's debt, but of course, as I said, there is a back and forth on that debate. Could be something which pops up again with the discussion on the incentives, as this will be something which is likely more dedicated to the transmission system operators.

So from that perspective, I could tactically understand a little bit the view on Bina are not to include it in the general debate on return rate. However, that could be a way out in granting a higher return for the entire industry, where they do see maybe more need for companies like us who are exposed to an extraordinary situation in terms of CapEx requests compared to the size of the company. So -- but as I said, it's not fully debt, but it's currently nothing which I do see in the papers there.

Olly Jeffery - Deutsche Bank AG - Analyst

Got it, thanks very much.

Stephanie Luyten - Elia Group SA - Head of Investor Relations

I think we are at the end of today's live stream event. I think I want to say a big thank you to everybody that has contributed to today's presentation. Thank you, Bernard, Marco, Yannick, I wish you all a very nice day, and see you soon.

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