



PRESS RELEASE | BRUSSELS, 8 December 2023, 7:00 am – Elia Group (Euronext: ELI)

Elia Group presents its short- and medium-term financial targets during its Capital Markets Day

Regulated information

- Elia group reaffirms its strategy guided by the 3 pillars of growth
- Financial policy is reiterated
- S&P Global lowers Elia Group's and Eurogrid GmbH's rating to BBB with a stable outlook and affirms ETB's BBB+ rating with a stable outlook.
- Elia Group provides guidance for medium term financial targets

Brussels – Elia Group is set to host its second Capital Markets Day on December 8, 2023, themed "Future Proofing Elia Group." The agenda will cover discussions on its five-year capital expenditure plan, regulatory advancements, financial outlook, and funding approach. Additionally, valuable insights will be given into its latest digital innovations and sustainability initiatives.

€30.1 billion capex demonstrating a yearly annual growth rate of around 19%

In late November 2023, Elia Group unveiled its new 5-year capex plan covering the period from 2024 to 2028. Today's presentation delves deeper into the specifics, providing a comprehensive overview of the pace and the associated projects for each country.

For Belgium, the capex plan from 2024 to 2028 totals €9.4 billion, strategically allocated to propel sustainable electrification. The emphasis lies in integrating Belgium into the European electricity system through interconnectors, strengthening the electricity backbone, and improving accessibility to renewable energy. Elia Transmission Belgium foresees a yearly Regulatory Asset Base (RAB) growth of around 18% over the next five years, resulting in a total RAB close to €13.5 billion by the end the period (2028).

In Germany, the pivotal groundwork for achieving a carbon-neutral future involves an extensive expansion and transformation of the transmission grid, as outlined in the €20.7 billion capex plan for 2024-2028. This initiative is expected to result in a compound annual growth of more than 25% in the RAB, with a RAB close to €19.5 billion in 2028, computed pro-rata of Elia Group's 80% ownership of Eurogrid GmbH ("Eurogrid").

Reiterating its financial policy

In response to the revised capex program, Elia Group reiterates its financial policy designed to ensure the company's financial stability, maintain access to capital markets, and foster long-term growth and value creation for its shareholders. This policy, consistent with prior communications, is anchored on three key pillars. Firstly, there is a



commitment to achieving a minimum BBB (flat) target rating for Elia Group and Eurogrid, along with a BBB+ rating for ETB, reflecting the strength and stability of our regulated operations, capex profile, and strategic ambitions. Secondly, any form of debt financing at ETB and Eurogrid will continue to be raised separately and independently. Elia Group, ETB and Eurogrid GmbH will continue to fund their activities through a combination of debt, equity, and equity-like instruments to align with regulatory frameworks and gearing requirements. Lastly, Elia Group will adhere to its existing dividend policy, tying it to inflation.

In order to support its growth, Elia Group might in the longer-term explore funding its accretive investments in RAB growth by issuing new equity or equity-like instruments. This will result in a net positive impact on earnings per share¹ for all shareholders, as the RAB and regulated income will grow faster than they otherwise would. Our reference shareholder, Publi-T, remains supportive of Elia Group's strategy and committed to the execution of this plan. Presently, the Group has sufficient balance sheet headroom to fund its near-term contributions to ETB and Eurogrid capex plans with retained earnings and senior debt. Therefore, there are no plans to raise equity for at least the next 12 months.

Rating revision in light of updated capex plan

Today, S&P Global (S&P's) lowered Elia Group's and Eurogrid BBB+ issuer credit ratings to BBB and revised the outlook to stable from negative. The issuer credit rating of Elia Transmission Belgium ("ETB") of BBB+ was affirmed with a stable outlook. The rating actions largely reflect the new CAPEX plans 2024-2028 for Belgium and Germany (respectively). The credit ratings remain consistent with the Group's financial policies which target a minimum rating of BBB for both Elia Group and Eurogrid, as well as BBB+ for ETB. S&P's assessment also considers the agreement to acquire a 35.1% stake in energyRe Giga Projects as announced in early December 2023. Considering all of the above and the new rating parameters set by S&P for Elia Group and Eurogrid, the Group is of the view that both Elia Group and Eurogrid are well positioned under their new rating category with some headroom to support the execution of the capex plans.

Providing medium term guidance

The performance of regulated activities in Belgium and Germany will be predominantly influenced by the expansion of the RAB and the evolution in the risk-free rate (Belgium) and the base rate (Germany) considering the revised regulatory remunerations. For Belgium, throughout the regulatory period from 2024 to 2027, we anticipate achieving an average IFRS Return on Equity ranging from 7% to 8%. These estimates take into account the outlined investment plan and an average risk-free rate of 3.2% over the period. In Germany, looking at the entire regulatory period spanning from 2024 to 2028, we anticipate achieving an average IFRS Return on Equity ranging from 8% to 10%, using a base rate of 2.79% for the regulatory return on equity.

¹ Earnings per share: Determined by dividing the net profit attributable to the owners of ordinary shares by the weighted average number of ordinary shares outstanding during the year.

Anticipating investments at ETB and Eurogrid levels over the next 5 years, we expect the net profit Elia Share², to experience a compound annual growth rate of around 20%, based on current interest rate projections. We anticipate achieving a double-digit growth in earnings per share over the next five years.

Financial outlook for 2024

For 2024, **Elia Group** anticipate that the net profit Elia's Share, will range between **€335 million and €385 million**. This points towards an **Adjusted Return on Equity** (ROE adj.³) of between **7% to 8%**.

- **In Belgium**, we aim to achieve a net profit ranging between €200 million and €230 million, factoring in a Belgian 10- year OLO of about 3.3% for the year, while also planning to invest roughly €1.4 billion in 2024. The realisation of this investment programme is always prone to external risks.
- **In Germany (100%)**, we aim to achieve a net profit ranging between €245 million and €275 million, factoring in a base rate of 2.79% for regulatory return on equity as proposed by the BNetzA, while also planning to invest roughly €3.3 billion in 2024. The realisation of this investment programme is always prone to external risks.
- **The non-regulated segment and Nemo Link**, which comprises the return of Nemo Link, the return of the non-regulated activities (mainly re.alto, EGI and WindGrid) and the operating costs inherent in the management of a holding company, is expected to report a loss to the Group's result in the range of -€35 million to -€45 million. Nemo Link is expected to contribute around €25 million, contingent on the availability of the interconnector. The operational activities of the Holding, other non-regulated activities like EGI and re.alto, the development of WindGrid, as well as funding costs for EnergyRe Giga Projects, will likely result in a loss ranging from -€40 million to -€45 million. The Group will utilize balance sheet headroom in 2024 to finance its contribution to the Eurogrid capex plan, leading to funding costs of approximately -€20 million to -€25 million euros for the existing and new debt, depending on the evolution of the interest rates.

The presentations and recordings from the Capital Markets Day are made available on the [website](#).

² Net profit Elia Share (Net profit attributable to owners of ordinary shares): Net profit – non-controlling interest – hybrid securities.

³ Determined as the result attributable to ordinary shareholder/Equity attributable to owners of ordinary shares adjusted for the value of the future contracts (hedging reserve).

About Elia Group

One of Europe's top five TSOs

Elia Group is a key player in electricity transmission. We ensure that production and consumption are balanced around the clock, supplying 30 million end users with electricity. Through our subsidiaries in Belgium (Elia) and the north and east of Germany (50Hertz), we operate 19,349 km of high-voltage connections, meaning that we are one of Europe's top 5 transmission system operators. With a reliability level of 99.99%, we provide society with a robust power grid, which is important for socio-economic prosperity. We also aspire to be a catalyst for a successful energy transition, helping to establish a reliable, sustainable and affordable energy system.

We are making the energy transition happen

By expanding international high-voltage connections and incorporating ever-increasing amounts of renewable energy into our grid, we are promoting both the integration of the European energy market and the decarbonisation of society. We also continuously optimise our operational systems and develop new market products so that new technologies and market parties can access our grid, thus further facilitating the energy transition.

In the interest of society

As a key player in the energy system, Elia Group is committed to working in the interest of society. We are responding to the rapid increase in renewable energy by constantly adapting our transmission grid. We also ensure that investments are made on time and within budget, with a maximum focus on safety. In carrying out our projects, we manage stakeholders proactively by establishing two-way communication channels between all relevant parties very early on in the development process. We also offer our expertise to different players across the sector in order to build the energy system of the future.

International focus

In addition to its activities as a transmission system operator, Elia Group provides consulting services to international customers through its subsidiary Elia Grid International. In recent years, the Group has launched new non-regulated activities such as re.alto - the first European marketplace for the exchange of energy data via standardised energy APIs - and WindGrid, a subsidiary which will continue to expand the Group's overseas activities, contributing to the development of offshore electricity grids in Europe and beyond.

The legal entity Elia Group is a listed company whose core shareholder is the municipal holding company Publi-T.

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