Annual Financial Report 2019

Fluxys

shaping together a bright energy future

We are committed to continue building a greener energy future for the generations to come. People, industry and societies all need energy to thrive and progress. Fluxys accommodates this need: we put energy in motion through our infrastructure. We move natural gas while paving the way to transport in our infrastructure hydrogen, biomethane or any other carbon-neutral energy carrier of the future.

Highlights

Shipping traffic hits new highs at the Zeebrugge and Dunkirk LNG terminals

Both the Zeebrugge and Dunkirk LNG terminals handled a record number of ships in 2019. Moreover, the long-term viability of activities at the Zeebrugge LNG terminal was ensured as the long-term contract with Yamal Trade took effect and a new long-term contract was signed with Qatar Terminal Limited for unloading LNG carriers. → page 53

Major surge in small-scale LNG

New developments in the development of small-scale LNG infrastructure and services in Zeebrugge, Antwerp, Dunkirk and Rostock. → page 56

First EUGAL pipeline commissioned

The first of the EUGAL pipelines carrying natural gas south from northern Germany was commissioned in late 2019. → page 59

Transporting the energy carriers of the future

A range of initiatives and projects are under way to shape the energy system of the future: we foster the biomethane and hydrogen markets, an industrial power-to-gas facility is under consideration in Zeebrugge, and CO_2 capture and reutilisation/storage is being bolstered. → page 67

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Message from the Chairman and Managing Director

Fluxys has made 2019 a successful year through good progress in delivering on its strategy. We achieved strong operational and commercial results for our European infrastructure, and our projects to bring additional gas supplies to Europe are progressing well. We also made a number of major advances with a view to growing our business outside Europe. At the same time, we worked hard to press ahead with the energy transition towards a carbon-neutral economy. The Fluxys group also performed well financially in 2019.

The success Fluxys enjoyed in 2019 was down to the employees of the group. Therefore we would like to sincerely thank them for their commitment, professionalism, creativity and flexibility, which are absolutely instrumental to the company's momentum.

At the time of writing, this is once again on full display with the spread of the coronavirus. As we all navigate this difficult crisis period, supplying energy to hospitals, public services, homes and a wide range of industries is more important than ever. We feel real pride in the fact that the men and women of Fluxys are giving their best to vigorously continue, in a spirit of solidarity, delivering safely and securely the essential services of our company to society and our customers.

Stronger together: that has already been amply demonstrated by the coronavirus crisis. With the shareholders, management and employees of the Fluxys group, we stand strong and united in our efforts to meet a basic need of the public, namely to ensure a continuous, safe and reliable supply of energy.

Our **strategy** is focused on drawing on that strength to achieve sustainable growth in the long term. With our infrastructure in Europe, we will facilitate natural gas as a low-emission energy source for as long as necessary, and we aim to do the same in other parts of the world. At the same time, we are making every effort to use our infrastructure to deliver on our role of transporting the carbon-neutral energy carriers of the future.

The way the group has implemented its strategy has had a **positive impact on financial performance**. Partly because the Dunkirk LNG terminal contributed a full year in 2019, operating revenue rose again well above €1 billion. Net profit also increased. Excluding the one-off factors in the 2018 figure, the group's net profit grew to exceed €214 million, an increase of almost €70 million.

With the shareholders, management and employees of the Fluxys group, we stand strong and united in our efforts to meet a basic need of the public, namely to ensure a continuous, safe and reliable supply of energy.

Be fit and grow in Belgium and Europe

The fact that border-to-border transmission customers prefer short-term capacity bookings represents a challenge for our **pipeline infrastructure in Europe**. However, we make sure that our sales organisation smoothly moves with the pace of these developments and our sales teams managed to maintain capacity sales this past year.

2019 was an especially busy year for LNG terminalling. Both the Zeebrugge LNG terminal and the Dunkirk LNG terminal notched up substantial increases in ship movements. Moreover, the fifth storage tank and the associated process facilities at Zeebrugge were completed, enabling the launch of the long-term transshipment contract with Yamal Trade at the end of the year. This past year also saw us sign a new long-term contract with Qatar Terminal Limited for the unloading of LNG carriers. The two contracts ensure the **long-term viability of activities** at the Zeebrugge LNG terminal and provide a stable source of income for many years to come.

We also made considerable headway in **small-scale LNG**. Here, we are helping build solutions to achieve positive results right now with natural gas in terms of air quality and climate. By expanding the small-scale LNG chain, we are facilitating the use of LNG as an alternative fuel for shipping and long-distance road haulage.

At the **Zeebrugge** LNG terminal, for instance, the number of LNG trailer loading operations rose sharply, while the **Dunkirk** LNG terminal built a loading station so that LNG trailer loading services can be offered there too. Fluxys and its partner Titan LNG are building a pontoon for ship bunkering in the **port of Antwerp** and the surrounding area, and we have joined forces with Novatek to construct a mid-scale LNG terminal in the **port of Rostock**, with our intention being to make the final investment decision on this initiative in 2020.

Our **projects to accommodate additional gas supplies to Europe** are also progressing well. Construction work on the TAP pipeline in Greece, Albania and Italy is over 90% complete and in Germany, the first pipeline of the EUGAL infrastructure was commissioned in late 2019.

Investing outside Europe

In Europe, Fluxys has developed into a reference partner for gas infrastructure projects and we want to take up this role **outside Europe** as well. For Fluxys, this represents a twofold opportunity, being an additional driver both for sustainable growth and for capitalising on the expertise within the group on a broader geographical basis. In 2019, we refined our analysis of regions where we would ideally like to develop our business, namely Southeast Asia and South America. With an eye to expanding on the Southeast Asian market, Fluxys set up a subsidiary in Singapore in early 2020.

Be the transporter of the future energy carriers

From a **broad societal perspective,** 2019 saw the climate challenge resolutely come to the forefront of the political agenda. In Europe, the prospect was raised of adopting a **European Green Deal** to reduce net greenhouse gas emissions to zero by 2050. There was also a major shift in mindset regarding the way this goal is to be achieved. Securing net zero emissions will not only require large quantities of green electricity but also substantial volumes of green gas. CO_2 capture and reutilisation/storage will have a part to play too.

In recognition of this, policy visions are now moving in the direction advocated by Fluxys and other energy sector players, acknowledging **gas infrastructure's crucial role in the future energy system**. Gas infrastructure is indeed key to reducing greenhouse gas emissions and air pollution at a faster rate and on a broader basis. Gas infrastructure also has great value for the system as a whole: it supplies the energy system with the required capacity, offers a solution for the increasing demand for energy storage and averts the need for significant investment elsewhere in the energy system.

Our refreshed brand identity highlights our ambition to press ahead with the energy transition in an agile, focused manner and pave the way to transport in our infrastructure hydrogen, biomethane or any other carbon-neutral energy carrier of the future.

With that in mind, Fluxys and a wide range of partners in Belgium are **forging ahead with building the future with green gas and CO_2 capture and reutilisation/storage.** Major progress was made on a variety of initiatives in 2019, and a Green Gas Platform was launched within the company. With this competence centre's multidisciplinary team we focus on shaping our role as the transporter of the energy of tomorrow.

For instance, we are supporting the development of the **biomethane chain in Belgium** by actively contributing to the appropriate certification systems. As for power-to-gas, we have joined forces with Colruyt to build **an industrial scale facility** in Zeebrugge to convert green electricity into green hydrogen.

We have also partnered with various ports, industrial players and other gas infrastructure companies on initiatives focused on **importing hydrogen to Belgium** and, at North-West European level, on the **cross-border transport of green hydrogen** from production units to industrial clusters and port areas.

We are also actively exploring CO_2 capture, reutilisation and storage. With this in mind, Fluxys is working with a number of ports in Belgium and the Netherlands. For instance, Fluxys has teamed up with the Port of Antwerp and various industrial players in the port area to determine what infrastructure would be required. The group is also involved in two Projects of Common Interest mapping out concrete solutions for the capture and cross-border transport of CO_2.

In other words, in recent years we have made **major efforts to press ahead with the energy transition** that is needed to tackle climate change and air pollution and we are committed to continuing our progress in that direction. However, our brand identity had fallen out of step with this reality, and so we felt the need to better demonstrate our commitment and show our openness to working together to tackle the huge challenge posed by the energy transition. That is why in 2019, we began preparations for the **refresh of our brand** launched early this year.

Our refreshed brand identity is neatly encapsulated in the tagline 'Shaping together a bright energy future': by expressing our role in society in this way, we are demonstrating our commitment to continuing to build a greener energy future for the generations to come.

To deliver on this commitment and for gas infrastructure to develop its fully fledged role in the energy system, a number of **fundamental guidelines** must be incorporated into both European and Belgian policy. For instance, it is absolutely essential that the complementarity between the gas and electricity systems can be fully capitalised on. Switching from emission intensive fuels to gas and electricity is also crucial. Finally, a framework must be created in which innovative technologies and the transport and international exchange of green gas and CO_2 are supported and can be fully integrated into our activities.

At the moment of approving this annual report for submission to the Annual General Meeting, it was largely unclear and **uncertain how the coronavirus pandemic will impact Fluxys' activities and results in the future**. One thing is clear though: the company as a whole will make every effort to continue safely and securely delivering our essential services to society. At the same time we continue to pursue our ambition to press ahead with the energy transition in an agile, focused manner and pave the way to transport in our infrastructure hydrogen, biomethane or any other carbon-neutral energy carrier of the future.

15 April 2020

Pascal De Buck
Managing Director and CEO

Daniël Termont
Chairman of the Board of Directors

Gas infrastructure: cornerstone of a carbon-neutral economy

To address the challenge of climate change, our economy and energy system must be carbon neutral by 2050. We believe that this future can only take shape if we openly and pragmatically enable green electricity and green gases to work together in electricity and gas systems that optimally complement each other. By fully leveraging this complementarity, we can achieve an energy system providing sustainable energy that protects both the climate and air quality, offers security of supply and remains affordable.

The European Commission's proposed European Green Deal confirms this approach. Ensuring that we have enough green energy at all times will mean calling on a carbon-neutral supply of both electricity and gas. Gas infrastructure will be the cornerstone for transporting and storing such carbon-neutral gas, as well as transporting captured CO2 to storage facilities or for treatment ahead of reutilisation.

Gas infrastructure: Three core assets

The key to a successful energy transition is using the right energy in the right way and ensuring that the best possible use is made of the complementary nature of the gas and electricity systems. Gas infrastructure has three core assets in this dual energy system.

Transmission of green gas and CO_2

Natural gas networks currently only transport natural gas, but in the future they could also transport flows of green gas: biomethane, synthetic gas and, under certain conditions, hydrogen. The infrastructure is also suitable for transporting CO_2 as part of the chain of CO_2 capture and reutilisation or storage. This chain is becoming increasingly important in industrial applications which, for example, use natural gas to generate high levels of process heat.

Huge capacity and flexibility

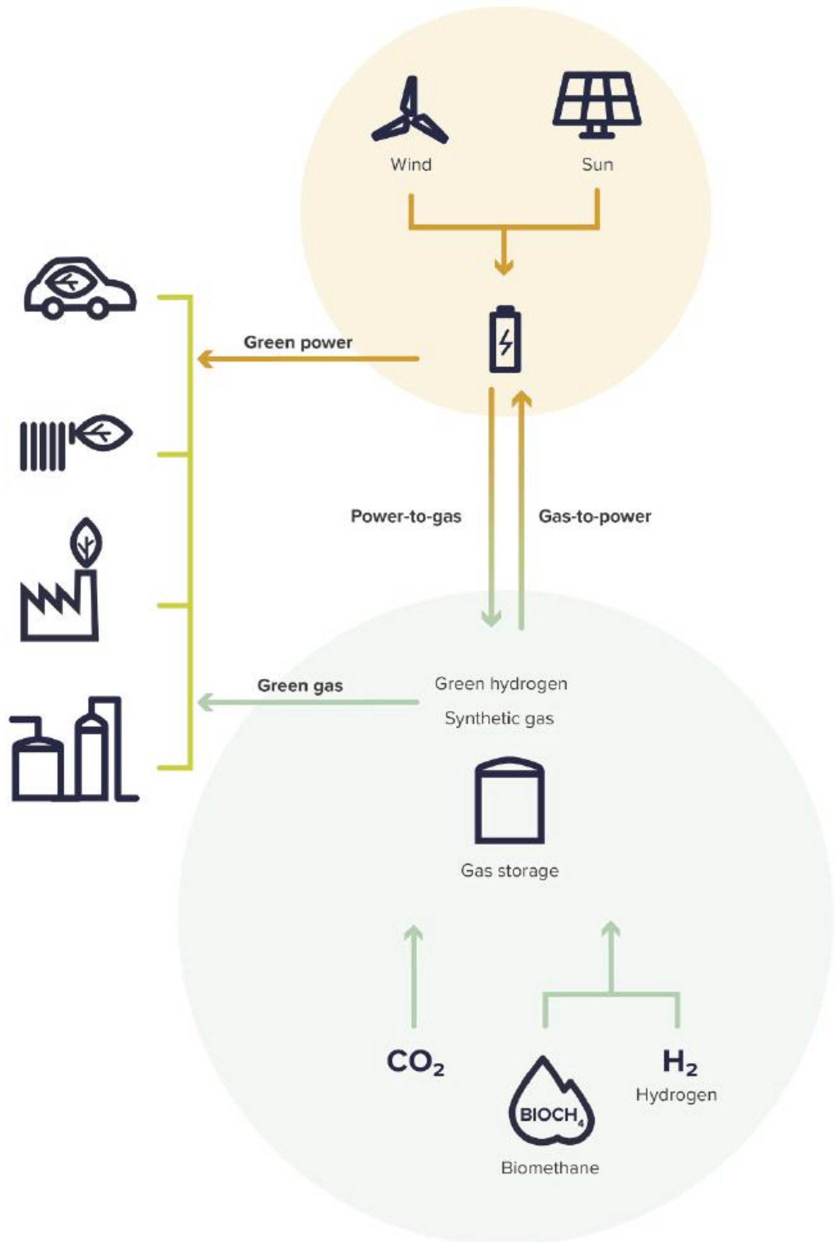
Gas infrastructure offers the energy system of the future the capacity required to supply more low-emission energy to consumers. It also provides the flexibility to accommodate the variability of wind and solar power generation, serving as back-up generating capacity in periods of little wind or sun and offering extensive capacity to store surplus green electricity in the form of gas for relatively long periods.

Cost efficiency

Using existing gas infrastructure to meet future energy needs lowers the level of investment in the energy system as a whole. Gas infrastructure itself is also particularly efficient given the high energy density of gas.

The future energy system

Energy efficiency, green electricity, green gas, CO_2 capture, reutilisation or storage, and optimum interaction between gas and electricity infrastructure are central to ensuring a sustainable, affordable and reliable energy supply. In such a multi-energy, carbon-neutral system, gas infrastructure is key to offering sufficient capacity, storage and flexibility to satisfy future energy demand.



Two pillars for shaping the future energy system

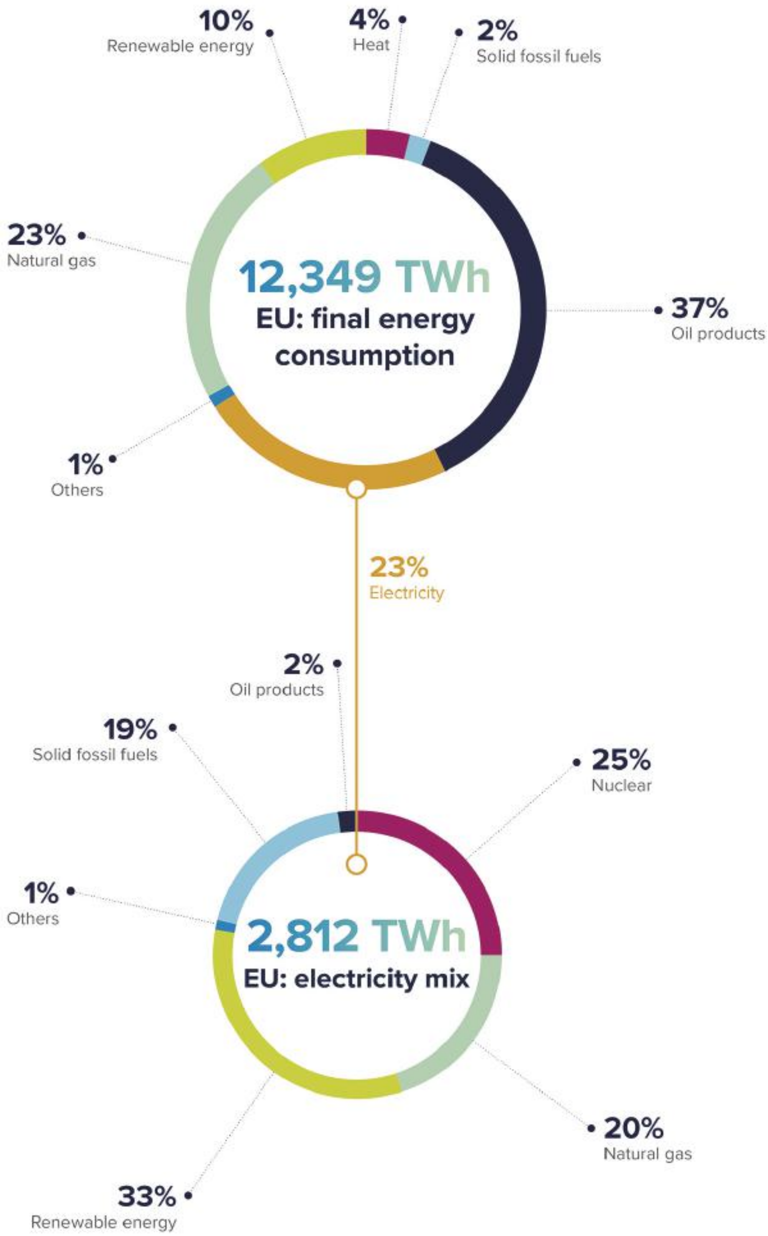
1. Make maximum use of gas infrastructure to transport and store energy

The energy transition is a huge challenge. If we want to spare the climate and tackle air pollution, we need to utilise all the resources at our disposal. This includes making maximum use of gas infrastructure. Gas as an energy carrier and the capacity offered by the gas system are needed to ensure a flexible supply of substantial volumes of green energy to current and future generations.

Supply sufficient levels of green energy

Electricity currently accounts for almost 25% of the energy consumed by homes and businesses in the EU. One third of this electricity comes from renewable sources but a lot of effort is still required for this share to reach 100%.

Greening the remaining 75% of energy consumption poses another challenge. That is why we need gas infrastructure for the transition to a carbon-neutral energy system: today for natural gas, which has a favourable emissions profile in the existing energy mix, and tomorrow for green gas and the transmission of CO_2.



[EC Energy Statistics 02.2020 - reference year 2018]

Using the right energy in the right place

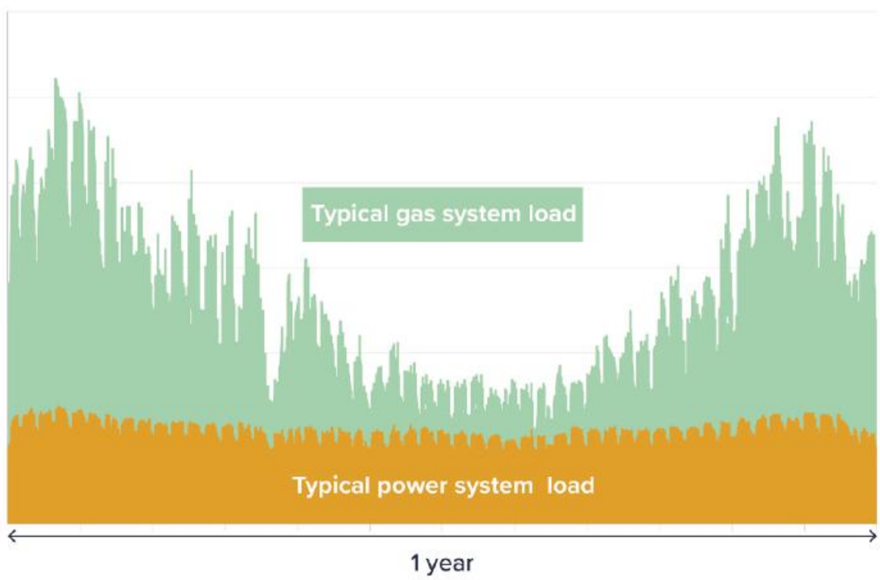
We use energy in a myriad of ways, and gas (natural gas today and green gas tomorrow) is very often the solution indicated.

- Heating: gas technologies such as fuel cells and cogeneration units produce at high efficiency both heat and electricity, providing a solution to relieve the electricity system.
- Gas is the indicated solution for high-temperature heat in industrial processes.
- Raw material: Industry requires gas as a raw material for the production of fertilisers, among other things.

Offering sufficient capacity

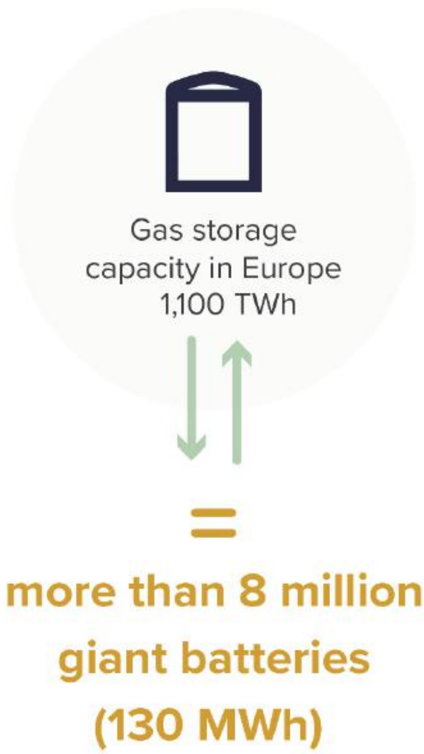
Gas infrastructure plays a crucial role in today's energy system when it comes to offering sufficient energy supply capacity. It can also seamlessly take on this role in the carbon-neutral energy system of the future.

Peak capacity – With regard to heating, gas infrastructure has been built to provide the peak capacity needed for high demand in winter.



Electricity generation – The gas system is ready to step in, where required, when nuclear and lignite- or coal-fired power plants are decommissioned and is primed to continue providing back-up for the increasing variability of green electricity generated by wind and solar energy.

Storage and flexibility – The need for storage and flexibility is growing as the energy system continues to evolve into a carbon-neutral complex that must be capable of capturing excess green energy. As a result, extensive and cost-efficient gas storage capacity is becoming increasingly important.



Getting instant results

Thanks to gas infrastructure, major steps can be taken now in terms of heating, mobility and heat demand in industry to reduce CO_2 emissions and air pollution immediately. Specifically, switching to natural gas significantly decreases local emissions of particulate matter and other air pollutants such as nitrogen oxides, and makes CO_2 emissions drop as well. CO_2 emissions will fall even further as more green gas flows into the gas system.

With regard to **heating and heat demand in industry**, the way to go is utilising efficient gas technologies such as condensing boilers, gas heat pumps, fuel cells or gas-fired CHP technology, which generates both heat and electricity.

When it comes to **mobility**, natural gas vehicles are an excellent complement to electric vehicles. They are suited to longer distances as they have great autonomy, and their affordability opens up greener driving to a substantial section of the population.

Gas-fuelled buses and commercial vehicles address the issue of particulate matter in urban areas, and liquefied natural gas (LNG and bio LNG) is a promising alternative solution when it comes to heavy freight and shipping, making them more sustainable.

2. Focus on green gas and innovative gas technologies

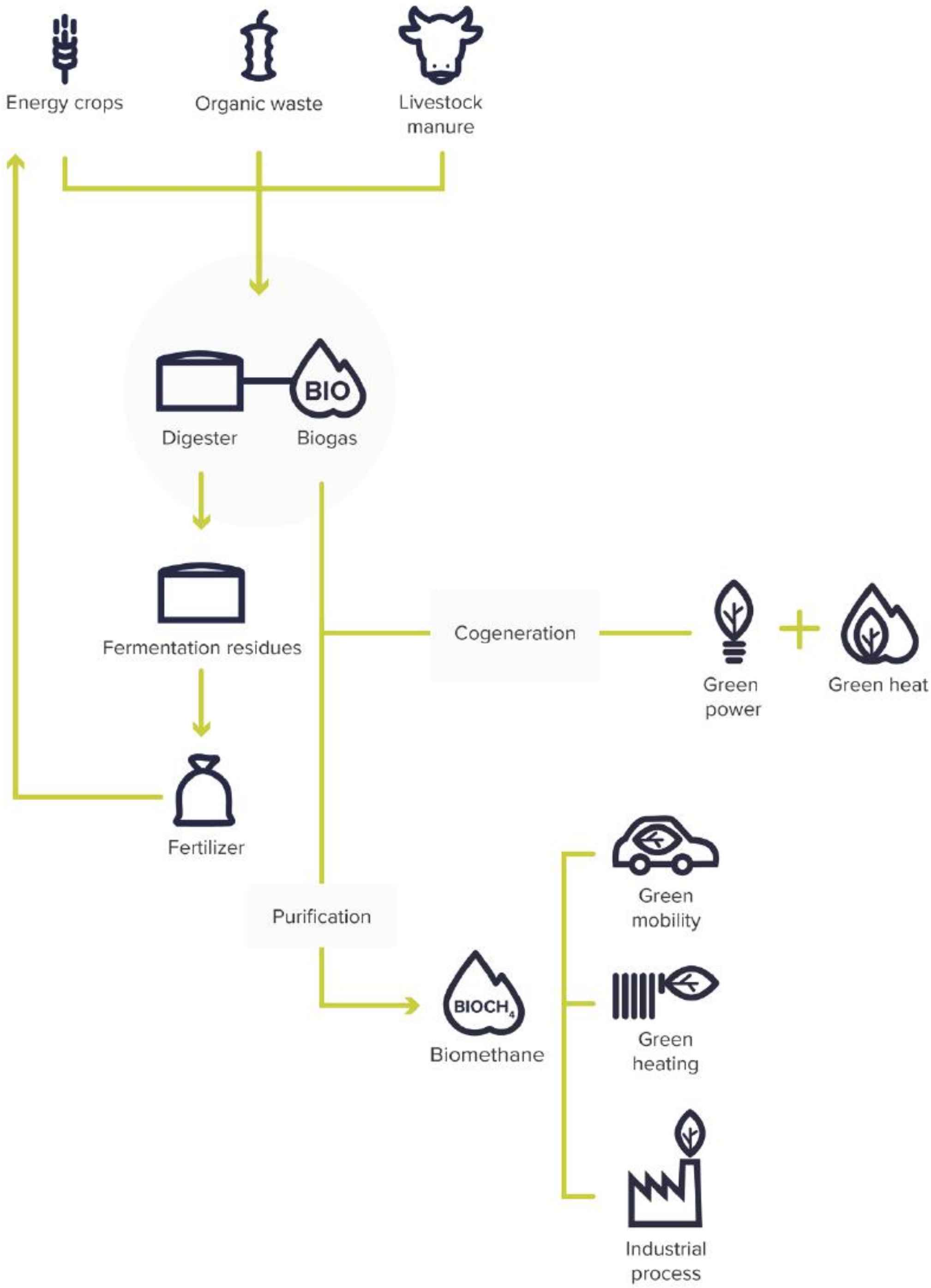
The energy of the future must be carbon neutral. As well as renewable sources like wind and solar energy, green gas will be part of a sustainable energy mix. Green gas may refer to biomethane, synthetic gas or green hydrogen. There is also the potential of so-called 'blue hydrogen' as a carbon-neutral energy carrier. This is hydrogen produced from natural gas, where the released CO_2 is captured and reutilised or stored.

Gas infrastructure and innovative gas technologies are key to making green gas available as an additional carbon-neutral energy source to homes and businesses. Gas infrastructure will also be an important link in the chain when it comes to capturing CO_2 in some processes and transporting it for reutilisation or storage.

The potential of biogas and biomethane

Biogas is carbon neutral and is extracted from organic matter such as sludge, garden waste, the remains of fruit and vegetables, or animal waste like cow manure. If biogas is purified into biomethane, it can be transported via the existing natural gas systems without restriction. Cross-border exchanges of biomethane should be encouraged by developing an international system of guarantees of origin.

Biomethane has significant potential in Europe. A Gas for Climate study ('The optimal role for gas in a net-zero emissions energy system'; see also page 66) shows that the current annual EU production level of around 20 TWh can be scaled up sustainably to more than 1,000 TWh (current natural gas demand is around 5,000 TWh).



More about the development of the biomethane market in Belgium can be found in the section 'Transporting the energy of the future' on page 67.

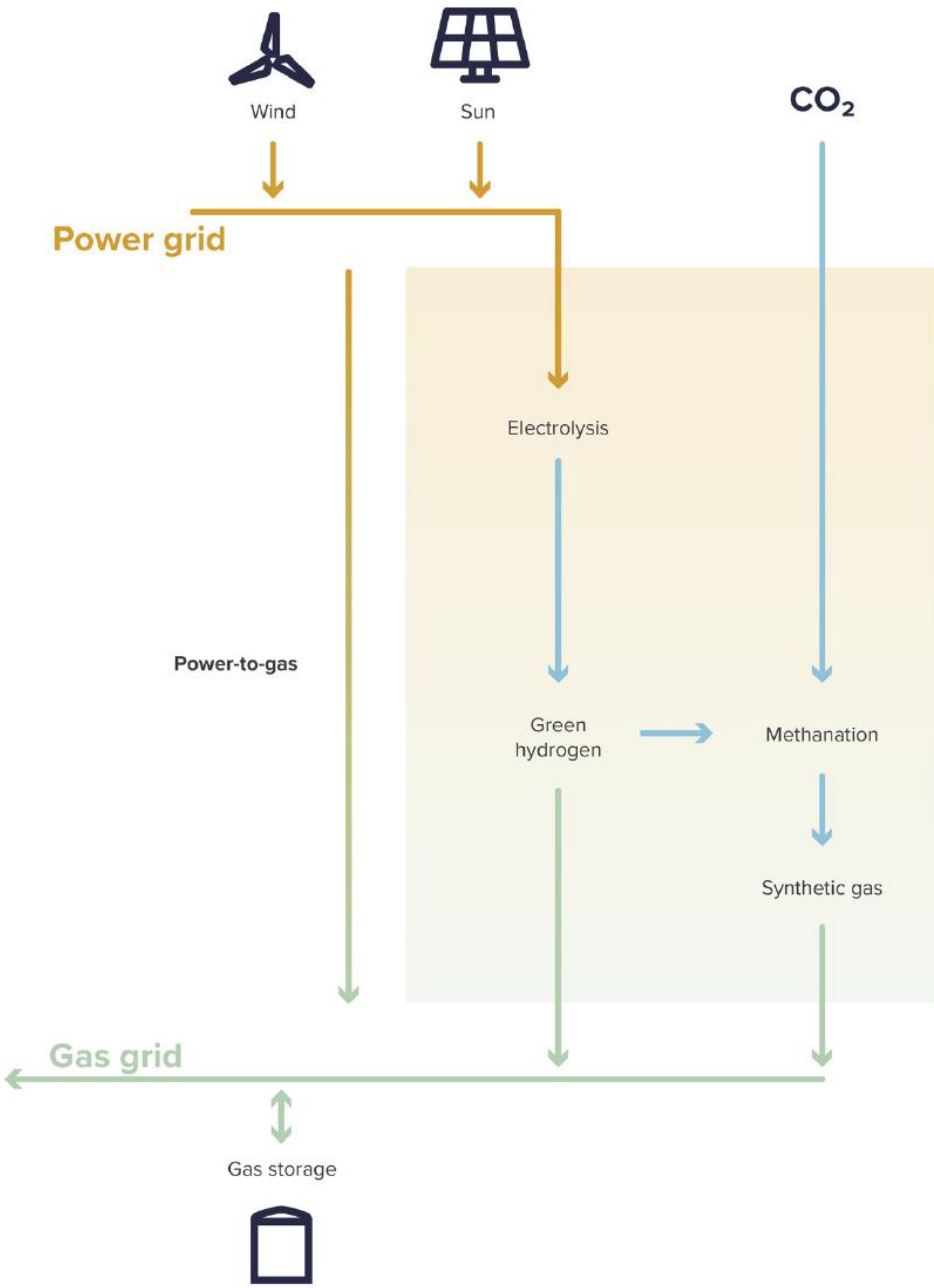
Power-to-gas: A vital link between the gas and electricity systems

Sometimes there is a lot of wind or the sun is shining brightly but demand is too low to absorb the green electricity generated. As wind and solar capacity grows, the risk of energy surpluses and imbalances on the electricity system increases: current technology offers no efficient way to store excess electricity when it is sunny or windy while demand is low. Power-to-gas technology can absorb these surpluses. It converts electricity into green gas that can, for instance, be transported and stored in the gas system.

The green gas generated by power-to-gas technology can be green hydrogen or synthetic gas. As for the former, green electricity is turned into green hydrogen via electrolysis. Green hydrogen can contribute to the energy transition in various ways. It can be used to power industrial processes that require high-temperature heat and also as a sustainable raw material in the chemicals industry. Green hydrogen may also become a key energy carrier helping to improve the sustainability of road transport.

Combining green hydrogen with captured CO_2 creates synthetic gas and reuses CO_2 circularly. Synthetic gas has the advantage that there is no limit to how much it can be mixed with natural gas in the existing gas system, while this is only possible to a limited extent with green hydrogen. Separate sections of the pipeline network can be used to transport hydrogen.

In other words, power-to-gas is vital to capitalising on the complementary nature of the gas and electricity systems: it uses green electricity that would otherwise go to waste, meets the need for electricity storage, and serves as a means of maintaining the balance of the energy system.



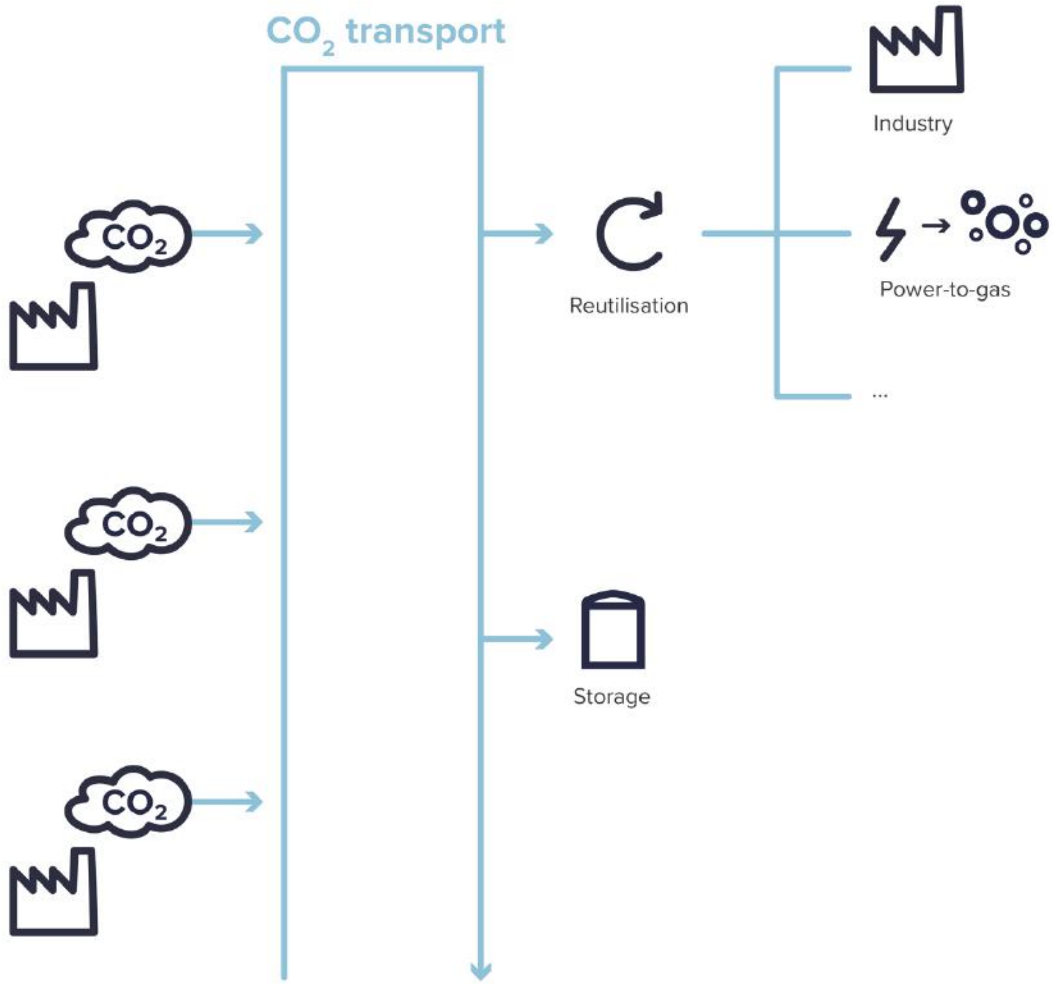
More about the development of the hydrogen market in Belgium and North-West Europe can be found in the section 'Transporting the energy of the future' on page 69.

CO_2 capture and reutilisation/storage

The most recent United Nations climate report makes it clear that carbon-capture technologies will be required to achieve the necessary reductions in CO_2 emissions. Some industrial sectors, for example, require high-temperature heat for their processes, which cannot be generated using electricity or involve processes that produce CO_2 emissions.

Captured CO_2 can be reused in products such as polymers or steel, and extensive research is being conducted around the world into other ways to reutilise CO_2. Any captured CO_2 that cannot be reused should be stored (e.g. in empty gas or oil fields).

Gas infrastructure will be an important link in the chain when it comes to capturing CO_2 in some processes and transporting it for reutilisation or storage.



More about CO_2 capture and reutilisation/storage in Belgium can be found in the section 'Transporting the energy of the future' on page 73.

Fluxys in a nutshell

Independent gas infrastructure company

Fully unbundled

Fluxys is a gas infrastructure company with 90 years' experience in the development, financing, construction, operation and maintenance of gas infrastructure. As a fully unbundled company, Fluxys has no interests in the generation or sale of energy. The company's revenue is derived from the sale of capacity in its infrastructure and associated services.

Active in the midstream segment

Fluxys is active in the so-called midstream segment of the natural gas chain: the transmission of natural gas via high-pressure pipeline, the storage of natural gas and the terminalling of liquefied natural gas (LNG). We provide the link between:

- natural gas producers around the world active in the exploration and extraction of natural gas and the production of liquefied natural gas (LNG), wholesalers and traders of natural gas; and
- suppliers who sell natural gas to end users and distribution system operators who supply natural gas at low pressure to households and SMEs.

Ready for the energy carriers of the future

Gas infrastructure and innovative gas technologies are instrumental to gradually making more and more green gas available as an additional carbon-neutral energy source to businesses and homes. In this context, Fluxys is investigating ways in which new energy carriers such as biomethane and hydrogen can be integrated into its infrastructure.

Our vision

Fluxys, a leading global gas infrastructure partner

Over the past decade, Fluxys has become a leading partner for gas infrastructure projects in Europe. We want to continue evolving and exploiting opportunities to become a preferred partner for gas infrastructure outside Europe as well.

Our mission

As an independent gas infrastructure company, Fluxys contributes to a sustainable energy future. Our passionate teams provide the market with a reliable, affordable energy supply.

For society to thrive, it needs a reliable influx of energy 24/7, while climate challenges, air pollution and socio-economic imperatives require this energy to be both sustainable and affordable.

Fluxys is determined to press ahead with the energy transition. Natural gas and green gas have a vital role to play in the development of a carbon-neutral economy with better air quality, so gas infrastructure is key to a smooth, successful energy transition. It is required to complement electricity infrastructure and is an indispensable component of a reliable, sustainable and affordable energy system.

Our strategy

Towards a green energy future with investments in Belgium, Europe and beyond

Be fit and grow in Belgium and Europe

We optimise our operations in Belgium and Europe, grow our assets on a selected basis in Europe and invest in small-scale LNG projects.

Be the transporter of the future energy carriers

We develop biomethane initiatives, invest in hydrogen and CO_2 transport projects and explore new technologies.

Invest outside Europe

We focus on LNG infrastructure outside Europe.

Where we operate in Europe

Our values

Customer focus – We pay close attention to our surroundings and we listen to our customers' needs. This approach provides the driving force enabling us to achieve the results we strive for.

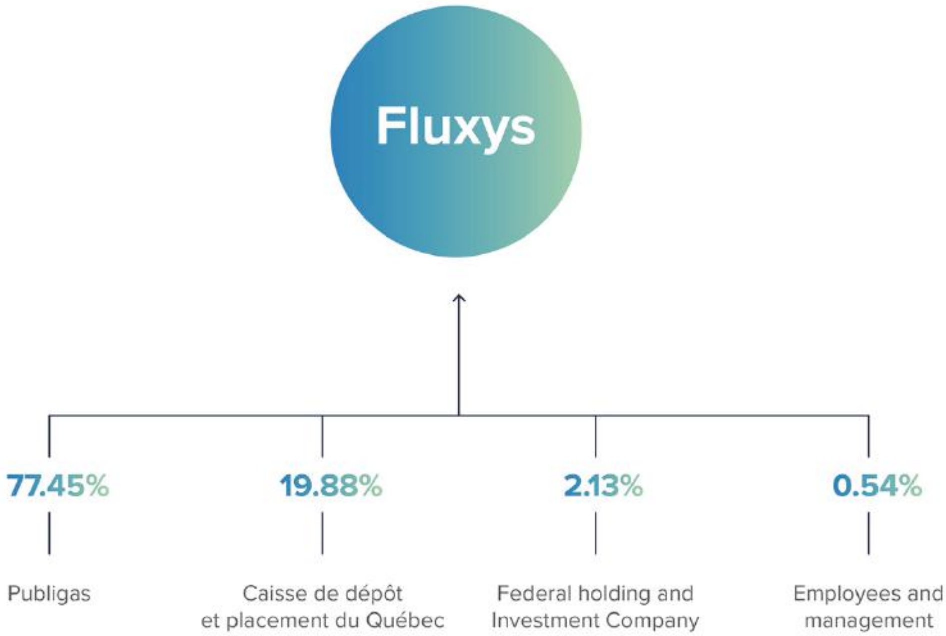
Cohesion – For us, cooperation and team spirit are key to jointly achieving our desired results.

Professionalism and commitment – We are committed to achieving our desired results by adopting an efficient approach and ensuring that we are guided by best practices in everything we do. We systematically enhance our expertise and continually seek creative, cost-effective solutions.

Safety and environment – The safety of our facilities is our top priority, as we are responsible for the transmission of a type of energy that entails risks. In the same spirit of sustainability, we strive to minimise the environmental impact of our operations while keeping a close eye on well-being in the workplace.

Good neighbourly relations – We provide services of general economic interest and have to ensure that our activities are properly integrated into society. Through open dialogue, we want to establish good relations with all those affected by the construction and operation of our facilities.

Our shareholders as at 25 March 2020



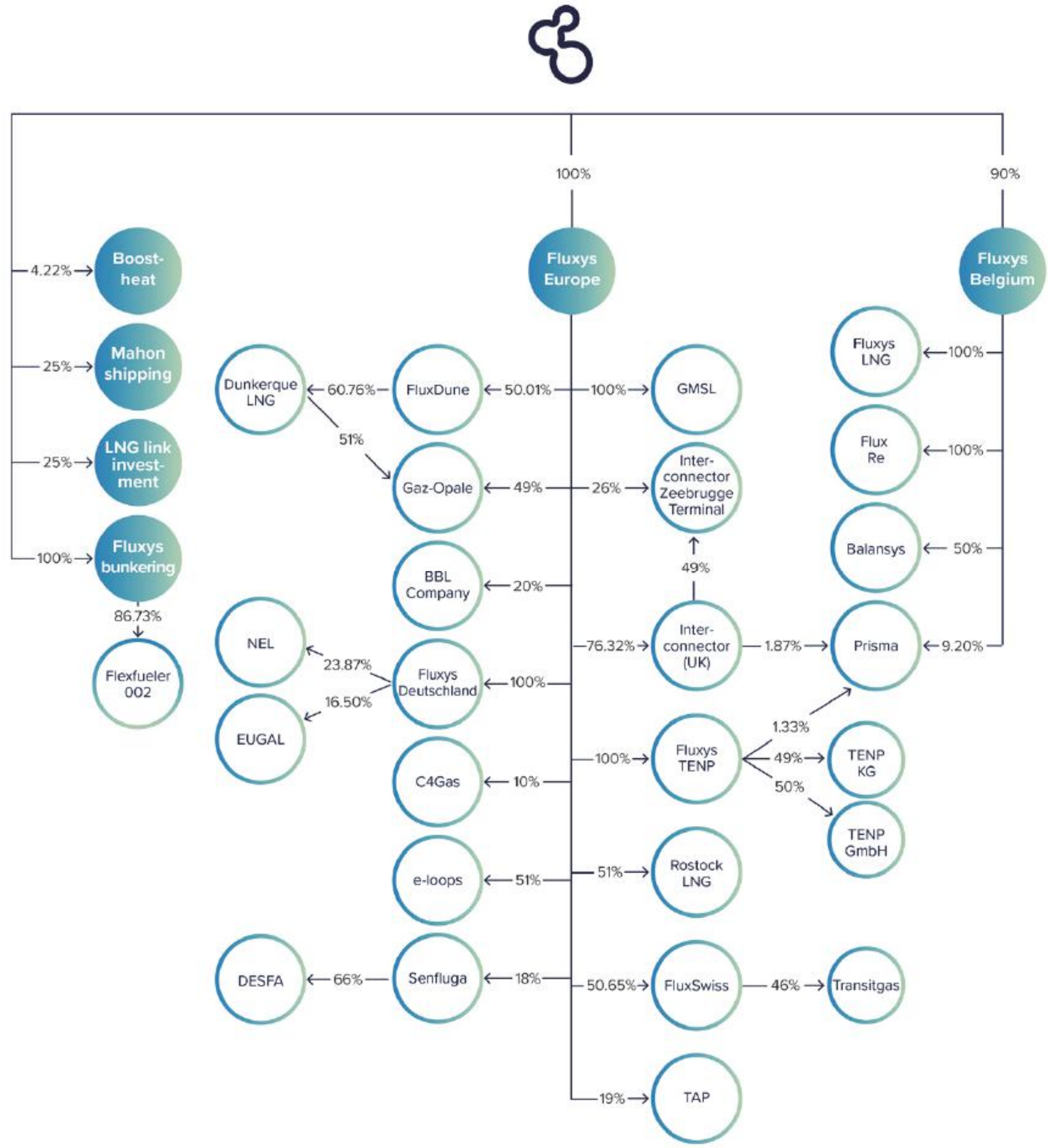
Publigas manages the interests of Belgian municipalities in Fluxys.

Caisse de dépôt et placement du Québec is a financial institution that manages funds primarily for pension schemes and public and private insurance in Canada (Quebec). It has amassed considerable experience in natural gas transmission and infrastructure through its shareholdings in natural gas transmission and distribution companies in the United States, Canada and Europe.

Belgium's **Federal Holding and Investment Company (SFPI-FPIM)** was set up to manage, on behalf of the Belgian State, shareholdings in public and private companies of strategic economic importance to Belgium.

Since 2012, **Fluxys group employees and management** have had multiple opportunities to become Fluxys shareholders.

Simplified structure of the Fluxys group as at 25 March 2020



Composition of the corporate bodies as at 25 March 2020

Board of Directors

- Daniël Termont, Chairman of the Board of Directors
- Claude Grégoire, Vice-Chairman of the Board of Directors
- Pascal De Buck, Managing Director
- Jos Ansoms
- André Boulanger
- François Fontaine
- Andries Gryffroy
- Luc Hujoel
- Ludo Kelchtermans
- Renaud Moens
- Chantale Pelletier
- Josly Piette

Audit Committee

- Renaud Moens, Chairman of the Audit Committee
- Luc Hujoel
- Patrick Côté
- Ludo Kelchtermans
- Pascal De Buck, Managing Director
  (invited in an advisory capacity)

Appointment and Remuneration Committee

- Luc Hujoel, Chairman of the Appointment and Remuneration Committee
- Ludo Kelchtermans
- Pascal De Buck, Managing Director
  (invited in an advisory capacity)

Management Team

The Management Team is responsible for the day-to-day and operational management of the company. The Management Team also makes investment proposals to the Board of Directors within the framework of the company strategy.

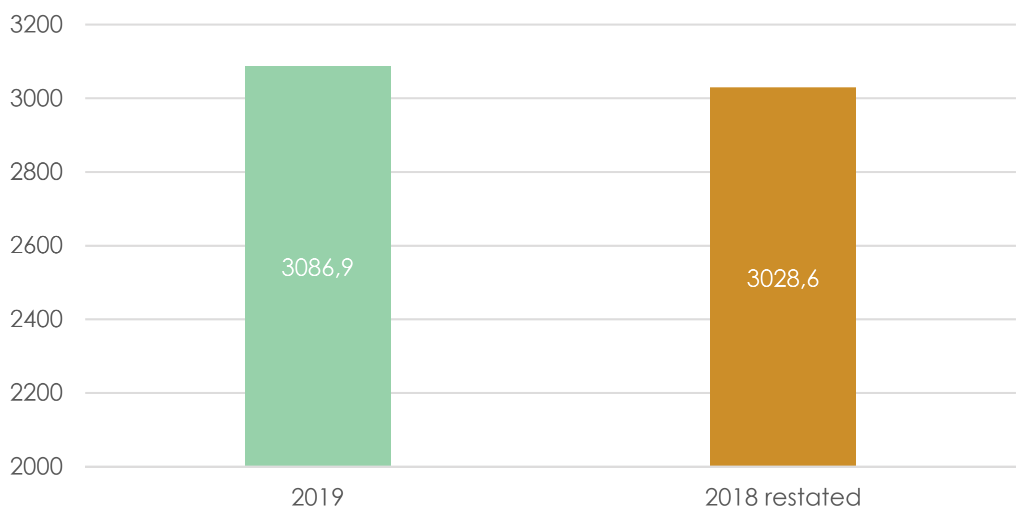
- Pascal De Buck, Managing Director and CEO
- Arno Büx, Chief Commercial Officer
- Christian Leclercq, Chief Financial Officer
- Peter Verhaeghe, Chief Technical Officer

Financial situation: key statistics

Key financial data for 2019 (consolidated)

Financial ratios		
	2019	**2018 restated**
Solvency: Ratio of (i) net financial debt* and (ii) the sum of equity and net financial debt*	46%	46%
Interest coverage: Ratio of (i) the sum of FFO* and interest expenses and (ii) interest expenses	9.7	9.1
Net financial debt*/extended RAB*: Ratio of (i) net financial debt and (ii) extended RAB	47%	46%
FFO*/net financial debt*: Ratio (i) of FFO and (ii) net financial debt	19%	18%
RCF*/net financial debt*: Ratio (i) of RCF and (ii) net financial debt	13%	12%

* See glossary on page 281.



Net financial debt (excluding regulatory debt) – in millions of €

Indicators	31.12.2019	31.12.2018 Restated
Extended RAB * (in millions of €)	6,523.6	6,556.7
Transmission	2,939.7	2,874.1
Storage	239.7	246.1
LNG terminalling (in Belgium)	314.4	324.6
Other tangible investments outside RAB* (in millions of €)	3,029.9	3,111.8

* See glossary on page 281.

Income statement	(in thousands of €)	31.12.2019	31.12.2018 restated
Operating revenue		1,111,885	981,050
EBITDA *		744,274	633,129
EBIT*		350,168	257,965
Net profit		214,163	448,189

Balance Sheet	(in thousands of €)	31.12.2019	31.12.2018 restated
Investments in property, plant and equipment for the period		281,002	238,431
Total property, plant and equipment		5,534,337	5,537,966
Equity		3,642,174	3,622,693
Net financial debt*		3,086,947	3,028.572
Total consolidated balance sheet		8,321,955	8,473,823

* See glossary on page 281.

Fluxys SA – 2019 results (consolidated)

Consolidation scope

This year, the consolidation scope and percentages of interests have changed as follows:

- Joining of Titan LNG into the capital of Flexfueler 002, reducing the group's stake to 86.73%;
- Regrouping of the stakes in Interconnector (UK) (76.32%), IZT (26%) and GMSL (100%) under Fluxys UK, without effect on the consolidated financial statements; and
- Transfer of 89% of the shares in Fluxys TENP from Fluxys Europe to Fluxys Germany Holding. Fluxys Europe maintains 11% of the shares. This internal reorganisation has no impact on the consolidated financial statements.

In 2018, Fluxys group took control over Dunkerque LNG and Gaz-Opale. These companies are fully consolidated as of November 2018. The purchase price allocation for Dunkerque LNG was finalised in 2019 and the 2018 figures were restated to reflect this final allocation.

Operating revenue

The Fluxys Group generated a revenue of €1,111.9 million in 2019 as compared with €981.1 million in 2018. This increase can primarily be explained by the contribution of Dunkerque LNG during the full year 2019, while in 2018 only 2 months were included, because the entity is only fully consolidated by the group since November 2018. The positive effect of Dunkerque LNG was partially compensated by the expiry of long-term transmission contracts of Interconnector (UK) since September 2018.

The revenue is broken down as follows:

- €522.3 million from transmission, storage and terminalling activities in Belgium and related activities, or 47% of the total operating revenue, and
- €589.6 million generated by activities outside Belgium, or 53% of the total operating revenue.

EBIT

The Fluxys group generated EBIT of €350.2 million in 2019, an increase of €92.2 million as compared with 2018 (€258.0 million). EBIT from the ‘Belgium’ segment is on a slight increase, mainly following the transshipment activities. EBIT in the ‘Europe’ segment increased by € 76.2 million. This increase is partially the result of the first complete year of full consolidation of Dunkerque LNG, but also thanks to the increased activity of Interconnector UK (despite the expiry of long-term contracts, which was more than compensated by a cost reduction plan and lower depreciations) and of growth in SwissGroup, as well as in Germany.

Net profit

The Fluxys group’s net profit increased to €214.2 million in 2019 compared to €448.2 million in 2018, a decrease of €234.0 million.

The 2018 results were nevertheless favourably impacted by the gains realised following changes in the consolidation scope (€303.9 million). These gains resulted from the sale of the 50% stake in Swedegas Holding (€23.8 million) as well as from obtaining control over Dunkerque LNG end of October 2018 (Fluxys group has derecognised its existing participation of 25% accounted for under the equity method till that date and remeasured this participation at fair value, which generated a profit of € 280.1 million).

Outside these non-recurring aspects in 2018, the net profit rose €69.9 million. This increase follows the evolution of the EBIT explained above.

Investments in infrastructure projects

In 2019, the Fluxys group continued to realise investments in infrastructure in its three main activities (transmission, storage and LNG terminalling). Investments in Belgium (€ 91 million) are essentially in transshipment facilities in the Zeebrugge LNG terminal, whilst investments in infrastructure outside Belgium (€ 190 million) are essentially in the EUGAL project in Germany.

Financial participations

The Fluxys group has invested €35 million in its financial participations, mainly in TAP (€ 31 million).

Fluxys NV/SA – 2019 results (under Belgian GAAP)

The net profit of Fluxys is €135,868 thousand compared to €144,818 thousand the previous year. The company's profit/loss is essentially made up of dividends received from Fluxys Belgium and Fluxys Europe.

If the proposal for the allocation of the profit is accepted at the General Meeting, the total gross dividend for the 2019 financial year will be €139,019 thousand, a slight increase of in comparison with 2018 (€ 138,929 thousand).

Outlook for 2020

At this stage, it is difficult to assess the possible impact of the Covid-19 outbreak on the financial results of the Fluxys group in 2020 (see 'Risk Management', p. 93). However, the financial situation of the group is healthy.

Be fit and grow in Belgium and Europe

We are striving to optimally manage our Belgian and European gas operations, make carefully considered growth choices for our assets in Europe and invest in projects for small-scale LNG.

Sales of transmission capacity: Further shift to short-term market

Network users optimise capacity portfolio

Capacity sales on the European natural gas transmission market have been under pressure for a number of years now. Network users are increasingly optimising their capacity portfolio, calculating as precisely as possible the volumes to be contracted based on the exact capacity they estimate they will need to supply to their customers.

Shift from long term to short term

The trend towards increased optimisation of capacity portfolios also means that the practice of long-term capacity bookings is making way for more and more short-term capacity bookings. As such, suppliers are increasingly buying their natural gas on a short-term basis on gas trading points, leading to more short-term capacity contracts.

The shift towards short-term contracts is fuelled further by the harmonised European rules on network usage. When long-term contracts expire, for example, the capacity released must be sold at auction. As there is certainly ample capacity available in North-West Europe, network users have an incentive to only buy short-term capacity.

Challenge for transmission system operators

Long-term contracts give transmission system operators the prospect of stable revenue in the long term regardless of the utilisation rate of the infrastructure. The more short-term capacity is sold, the more revenue will fluctuate with actual capacity use, which is variable. The latter depends on, among other things, network users' purchasing strategy and on final consumption, which is largely governed by temperature fluctuations.

This shift towards revenues that mirror the variable nature of actual capacity use poses a real challenge to operators of regulated infrastructure, as the cost basis remains the same regardless of how much capacity is used.

The shift to a short-term market not only calls for a different commercial approach that responds to the new market context; it also requires far-reaching changes in terms of the management and digitalisation of transactions: the management of a limited number of long-term contracts for large volumes is giving way to the management of large numbers of transactions for smaller capacity volumes.

Strong transmission capacity sales

In a border-to-border transmission market increasingly characterised by short-term bookings, it is vital for Fluxys group companies that tariffs are kept at competitive levels in the various countries with their different regulatory regimes. To this end, a major efficiency drive is under way throughout the group, and synergies are being developed in a range of areas.

Since they are keenly attuned to what market players want, our sales teams managed to maintain transmission capacity sales in this new short-term context. Even though a number of long-term contracts came to an end in late 2018, Interconnector UK and Fluxys Belgium managed to keep sales buoyant in 2019 with the sale of short-term products. The efforts also yielded positive results in Germany, where despite the limitation on capacity in the TENP pipeline, flows remained high, meaning that market players did not opt for alternative routes. In Switzerland, FluxSwiss remained highly competitive by fine-tuning its capacity offering to the Swiss market.

New virtual interconnection points for Belgium/Germany and Germany/Switzerland flows

Establishing virtual interconnection points is a key challenge for Europe's transmission system operators. Virtual interconnection points make it easier for network users to book capacity. With regard to flows between two countries, network users can book everything at a single virtual point rather than at different physical interconnection points or with different transmission system operators at a single interconnection point. The network operators are responsible for the complex underlying logistics.

Fluxys Belgium, Fluxys TENP and the other transmission system operators involved launched two virtual interconnection points in July 2019:

- VIP Belgium-NCG, where capacity is offered between the Belgian gas trading point ZTP and its German counterpart, NCG;
- VIP Germany-CH, where capacity is offered between the German gas trading point NCG and Switzerland.

Conversion from low-calorific to high-calorific natural gas in Belgium, Germany and France

Depletion of low-calorific natural gas sources

The reduction in production at the Groningen gas field (which produces low-calorific natural gas, otherwise known as L-gas) has prompted the Netherlands to gradually phase out the export of L-gas from this field to Germany (between 2020 and 2030) and to Belgium and France (between 2024 and 2030). Taking into account the earthquakes in the area of the Groningen gas field, production has increasingly been capped since 2014.

With declining L-gas exports from the Netherlands in mind, the networks in Belgium, France and Germany must be adapted to enable a gradual switch from L-gas to high-calorific natural gas (H-gas) from other sources.

L/H conversion in Belgium on schedule

Belgium currently imports around 46 TWh of L-gas per year for domestic consumption. The Belgian network also acts as a corridor for conveying L-gas to France. Gas from Groningen accounts for almost a quarter of the supply in Belgium as a whole and approximately half of natural gas consumed by households and SMEs.

Following on from a series of small-scale conversion projects in the 2016-2017 period, Fluxys Belgium carried out a series of larger-scale conversions in 2018 and 2019 in partnership with the relevant distribution system operators. Fluxys Belgium and the distribution system operators are also ready to continue the conversion as scheduled, with completion planned for 2029.

Fluxys infrastructure for the supply of H-gas to Germany

L-gas consumption in Germany is amounting to around 230 TWh, and those quantities will also have to be gradually replaced with H-gas from other sources by 2030. Fluxys infrastructure offers a range of solutions for supplying Germany with additional H-gas.

- Germany can import more H-gas flowing through the Belgian network via the Eynatten German/Belgian interconnection point in the west of the country. Thanks to the direct connection of both Zeebrugge and Dunkirk LNG terminals to the Belgian network, , supply from the west also makes it possible to easily diversify the country's supply portfolio with LNG.
- Via the Wallbach German/Swiss interconnection point in the south: thanks to the capacity that is available for getting gas to the south of Germany via Switzerland.
- The NEL and EUGAL pipelines provide additional supplies of H-gas from the north.

New pipeline sections for TENP I

The TENP infrastructure comprises two pipelines. Based on extensive inspections, the capacity available in the TENP I pipeline has been restricted since 2017 as a precautionary measure in light of the quality of the infrastructure. With a view to providing a solution for this situation and taking account of the capacity needs of the German state of Baden-Württemberg, the shareholders in the TENP infrastructure, Fluxys TENP and Open Grid Europe, proposed as part of the 2018 Network Development Plan a scenario that involves building two additional pipeline sections and connecting them to the TENP II pipeline. The German regulator, the Bundesnetzagentur (BNetzA, or German Federal Network Agency for Electricity, Gas, Telecommunications, Post and Railways) confirmed that these investments were necessary and approved them. Until the new pipeline sections are commissioned, the capacity available in the infrastructure will remain capped at current levels.

Fluxys TENP and Open Grid Europe conducted a further analysis of capacity needs in 2019, along with the other transmission system operators involved. Based on this analysis, a new scenario was proposed as part of the 2020 Network Development Plan to guarantee that network users affected have enough capacity to supply natural gas to local markets in southern Germany and to Switzerland and ensure transit to Italy. The BNetzA also approved this scenario. The cost of the investments required for this latest scenario will be calculated in 2020, and the results will be presented to the market and the BNetzA in the course of the year as part of the drafting process for the 2020 Gas Network Development Plan.

Deodorisation plant under construction

Since 2018, network users have been able to buy capacity from FluxSwiss and Fluxys TENP to transport natural gas from south to north via the Transitgas and TENP pipelines, whereas gas in those pipelines could previously only flow from north to south. With these northwards flows in mind, Fluxys TENP and Open Grid Europa are building an industrial deodorisation plant in Schwörstadt in southern Germany.

This plant will give the relevant transmission system operators more flexibility to transport gas to Germany. Odorant is not permitted in Germany's transmission systems, unlike in Switzerland, Italy and France. Thanks to the deodorisation plant, odorant can be removed from gas if necessary.

Given its positive role in unlocking natural gas flows from south to north, the investment in the deodorisation plant is supported by the Connecting Europe Facility programme. The plant is set to be commissioned in 2020.

Co-financed by the Connecting Europe Facility of the European Union

Positive first year as a shareholder in DESFA

Since late 2018, Fluxys, along with its partners Snam and Enagás, has had a 66% shareholding in DESFA, the owner and operator of Greece's high-pressure network and LNG terminal in Revithoussa. Greece is strategically important from a European perspective as, with the TAP under construction and a number of other initiatives in the project phase, it will become a major player when it comes to the diversification of sources and supply routes for natural gas, and may turn into a hub for natural gas in South-East Europe.

Fluxys and its consortium partners are offering their expertise as industrial partners so that DESFA can fully develop its strategic position in the Mediterranean. In line with the changes in the shareholder structure, an overhaul of the management took place in 2019, and considerable progress was made in various respects. For instance, a new Network Development Plan was drawn up featuring, among other things, the construction of additional connections in northern Greece in response to the country's plans to phase out lignite.

In summer 2019, Fluxys, Snam and Enagás reached an agreement with the Copelouzos Group, according to which the latter acquired a 10% stake in their consortium, thereby reinforcing the consortium's Greek anchoring. This transaction was concluded in January 2020.

Sharp rise in shipping traffic at Zeebrugge and Dunkirk LNG terminals

A total of 130 vessels docked at the Zeebrugge LNG terminal in 2019, shattering the previous record of 82 in 2009. Compared with 2018, more than twice as many carriers came to unload LNG, while the number of LNG transshipment operations doubled.

Shipping traffic really took off at the Dunkirk LNG terminal too, with 72 ships docking there in 2019, up from 17 the year before. In 2019, infrastructure for the fast reloading of ships was also commissioned.

Long-term transshipment contract begins at Zeebrugge

In December 2019, the LNG terminal loaded the vessel Yenisei River with LNG from the fifth LNG storage tank, which had just been commissioned. This loading operation marked the start of the long-term transshipment contract signed with Yamal Trade in 2015.

The new fifth LNG storage tank and its associated process facilities allow transshipments between ice-class LNG vessels from the Yamal production terminal in Siberia and conventional LNG carriers without the two having to be docked simultaneously.

Under the contract with Yamal Trade, up to 8 million tonnes of LNG can be transshipped at the Zeebrugge terminal annually. This could mean additional traffic of 214 LNG carriers per year. Ahead of the new capacity becoming available in December, the terminal had already performed an array of direct transshipments between two simultaneously docked ships, starting in May 2018.

New long-term contract for unloading LNG carriers at Zeebrugge

At the Zeebrugge LNG terminal, terminal users have long-term contracts in place for the unloading of 110 large LNG carriers per year. In September 2019, Qatar Terminal Limited booked the available unloading slots on a long-term basis as the current contracts expire. The agreement runs until the end of 2044, with the option of early termination at the end of 2039 under certain conditions.

This new contract makes a major contribution to securing the long-term future of the Zeebrugge terminal and further strengthens its position as a versatile LNG gateway into Europe offering customers optimum destination flexibility. The terminal offers not only ample pipeline transmission capacity for delivery throughout North-West Europe but also a wide range of options for downstream small-scale LNG distribution.

Market consultation for the sale of regasification capacity at Dunkirk

In early 2020, the Dunkirk LNG terminal launched a consultation to gauge the market's interest in booking long-term regasification capacity from January 2021 onwards. The available capacity totals 3.5 billion cubic metres per year, and the signals received from the market in the first, non-binding phase of the consultation were positive. The results of the consultation are expected in summer 2020.

Major surge in small-scale LNG

Fluxys is active on several fronts to promote natural gas, biomethane and (at a later stage) hydrogen as an alternative energy source. The small-scale LNG market distributes small volumes of LNG as an alternative fuel for shipping and long-distance freight transport or as an energy source for industrial sites that do not have a natural gas network nearby.

Zeebrugge and Antwerp

Ships running on LNG can refuel using the LNG bunkering vessel Engie Zeebrugge, in which Fluxys is a partner. Zeebrugge is its home port, and so it loads its cargo at the LNG terminal there.

In late 2018, a second loading station for LNG trailers was commissioned at the terminal, confirming its continued ability to respond seamlessly to demand. The number of loading operations rose to over 2,600 in 2019, an increase of 1,200 on the previous year.

Fluxys is also working with partners to unlock LNG as a fuel in the port of Antwerp. To this end, Fluxys is facilitating ship bunkering with LNG trailers at dock 526/528, and G&V Energy Group and Rolande LNG (a subsidiary of Titan LNG) are building an LNG filling station for trucks next to the dock. Fluxys and Titan LNG will also use the infrastructure to provide a permanent LNG bunkering point at dock 526/528. Furthermore, Fluxys is teaming up with Titan LNG to build a pontoon that will allow ship bunkering in the port and the surrounding area. The additional LNG refuelling and bunkering facilities will be commissioned in the course of 2020.

Dunkirk

In 2019, work was carried out at the Dunkirk LNG terminal on building the terminal's first LNG trailer loading bay, with the capacity for 3,000 loading operations per year. This is expected to be commissioned in spring 2020.

The terminal is also working on adapting the jetty to allow the loading of LNG bunkering vessels with a minimum capacity of 5,000 m³ from mid-2020 onwards. Only LNG vessels with a capacity of 65,000 m³ and above can currently dock at the jetty.

Rostock

Fluxys teamed up with Novatek to set up the joint venture Rostock LNG to construct and operate a medium-sized LNG storage terminal in the German port of Rostock with a view to unlocking LNG as a low-carbon alternative in Northern and Central Europe and the Baltic Sea region.

The facility is designed as an LNG terminal where medium-sized LNG vessels can dock and unload, where LNG can be stored and where services can be delivered for the LNG to be distributed elsewhere:

- loading trailers(and possibly rail tankers) to supply LNG to industrial consumers or to LNG filling stations for trucks;
- loading vessels to, for example, supply LNG as fuel for ships operating in the Baltic Sea.

The terminal is intended to receive LNG vessels from the liquefaction plant built by Novatek and Gazprom in the port of Vysotsk, close to Saint Petersburg, which was commissioned in 2019.

The concession agreement with Rostock Port has been signed, and by late 2019 the project had reached the engineering, permitting and EPC contractor selection phase. The final investment decision is expected in mid-2020.

Additional capacity for supply to Europe

Natural gas production in Europe is continuing to systematically decline owing to the depletion of conventional gas reserves. This decline is being sped up due to the succession of restrictions placed on production at the Dutch Groningen gas field. The fall in European natural gas production entails the need for major new import flows.

Fluxys is actively involved in a range of projects intended to strengthen Europe's supply capacity. At the same time, given its location, Fluxys' existing infrastructure is ideally placed to take up the challenge of handling the new flows resulting from additional imports.

From the north: first EUGAL pipeline commissioned

Fluxys holds a 16.5% stake in the European Gas Pipeline Link (EUGAL) project in Germany. The project involves constructing two parallel pipelines to transport natural gas from the Nord Stream II pipelines in the north of Germany southwards to the Czech border. In December 2019, EUGAL commissioned the first pipeline, while the second is due to start operating in late 2020.

The commissioning of the Nord Stream II pipelines has been postponed beyond the date that was originally planned. In the meantime, the EUGAL pipeline is receiving flows from the Nord Stream I pipelines and has had a high utilisation rate since it came into service.

From the south: Trans Adriatic Pipeline

TAP: western branch of the Southern Gas Corridor

Fluxys has a 19% stake in the Trans Adriatic Pipeline (TAP), the pipeline under construction that forms the western branch of the Southern Gas Corridor enabling Europe to access natural gas from the Shah Deniz II field in Azerbaijan. In the first phase, the pipeline will be able to transport up to 10 billion cubic metres of natural gas per year.

By unlocking a new source, the TAP is a vital link in that it increases both the diversification of sources and the security of supply for natural gas in Europe. Against this backdrop, the European Union has given the TAP Project of Common Interest (PCI) status as part of the Trans-European Networks for Energy (TEN-E).

Over 90% complete

Construction works started in 2016, and the TAP project was over 90% complete by the end of 2019. Based on the current schedule, the pipeline should be commissioned in the second half of 2020.

- The pipeline construction is almost entirely finished in Greece and Albania, and the compressor stations in Fier (Albania) and Kopoi (Greece) are ready for commissioning.
- As far as the work in Italy is concerned, the TAP partnership is making every effort, in the spirit of good neighbourly relations and consultation, to respond to the local authorities' concerns. Based on the current status of the work, the landing point, the land-based pipeline and the receiving station in Italy should be commissioned in the second half of 2020.
- Work on building the offshore pipeline linking Italy and Albania started in early 2020.

Fluxys offers expertise

As an industrial partner, Fluxys is making its knowledge and know-how widely available during the operational preparations for TAP to manage gas flows and safely operate the pipeline.

Market test for capacity expansion: positive signals

The TAP's initial capacity (10 billion cubic metres per year) may be increased to 20 billion cubic metres per year at a later stage. Various sources may qualify, including sources from the wider Caspian region, the Middle East and the eastern Mediterranean basin.

With a view to a potential capacity expansion, the TAP partnership held a market test in summer 2019 to determine whether the market was interested in purchasing additional long-term capacity in the pipeline. The signals from the market in this non-binding phase were positive, and the binding phase of the market test will be held in 2020.

Research and development

Fluxys' research and development policy aims to acquire knowledge and technology to consolidate and further enhance the group's activities. To this end, the group conducts applied research either by itself, in conjunction with academia, or together with other European gas companies under the umbrella of various organisations, including:

- Pipeline Operators Forum (POF);
- European Gas Research Group (GERG);
- European Committee for Standardisation (CEN);
- European Pipeline Research Group (EPRG);
- International Organisation for Standardisation (ISO);
- EASEE-gas (European Association for the Streamlining of Energy Exchange – gas);
- Marcogaz, the Technical Association of the European Natural Gas Industry.

In 2019, Fluxys was involved in research and development projects on, among other things, the optimization of the exploitation of gas infrastructure. In addition, specific attention was paid to research related to the transport of the energy carriers of the future (see "Transporting the energy of the future, p. 65).

Transporting the energy of the future

We are undertaking initiatives for biomethane, investing in projects for the transmission of hydrogen and CO_2 and exploring new technologies. After all, the energy of the future must be carbon neutral, and green gas will be part of the sustainable energy mix alongside green electricity.

Gas infrastructure and innovative gas technologies are key to unlocking green gas as an additional carbon-neutral energy source for homes and businesses. Gas infrastructure will also be an important link in the chain when it comes to capturing CO_2 in some processes and transporting it for reutilisation or storage.

International collaboration with Gas for Climate

By 2050, the whole economy will need to be carbon-free if the Paris climate agreement target of limiting the global rise in temperatures to below 2°C is to be met. To this end, Fluxys Belgium is a member of the Gas for Climate initiative launched to investigate and document the role of renewable and emission-neutral gas in the energy system of the future and quantify its contribution to achieving our climate targets.

Eight other European gas transmission companies (Enagás, Energinet, Gasunie, GRTgaz, ONTRAS, Open Grid Europe, Snam and Terega) and two organisations representing renewable gas producers (European Biogas Association and Consorzio Italiano Biogas) are working alongside Fluxys Belgium in the context of this initiative.

In 2018, Gas for Climate commissioned a study into the future role of gas in an energy system with zero greenhouse gas emissions. In 2019, the study delved into this subject in greater depth to include more details about industry, transport and other consumption segments, and to consider additional options for low-carbon gas. The study shows that it is possible to establish a net zero emissions gas system

Gas for Climate is currently examining various upscaling strategies for renewable gases and their implications for gas infrastructure. The idea is to complete the analysis in the first half of 2020. In light of the EU's ambitious European Green Deal, the analysis will make concrete proposals on how best to use gas infrastructure as an asset in the drive to achieve a carbon-free society at minimal cost and to do so quickly, efficiently and in a sustainable way.

in the EU by 2050, through a further upscaling of renewable gas production. It further indicates that the annual cost for society of a scenario with renewable gas is more than €200 billion lower than a scenario involving minimal use of gas.

Gas for Climate also investigated the employment-related impact of upscaling renewable gases. According to the study, 600,000 to 850,000 direct jobs would arise from investments in infrastructure for biomethane and hydrogen production. Moreover, employment by its very nature cannot be delocalised in the longer term.

Development of the biomethane market in Belgium

Nascent market

Compared with neighbouring countries, biomethane production in Belgium is still at an early stage. The biomethane unit of intermunicipal company IOK Afvalbeheer in the Kempen region is currently the country's sole production plant. The first facility in Wallonia will be commissioned at Sombreffe in 2020, and a number of projects are under preparation that may entail additional injections of biomethane into the natural gas networks in 2021.

Significant potential

In 2019, Valbiom, working for the Belgian gas federation gas.be, examined the possible contribution of biogas in Belgium and concluded that there was a realistic potential of 15.6 TWh per year, equivalent to around 8% of current natural gas consumption. Tapping into that potential would involve an annual reduction of 6 million tonnes of CO_2 emissions, i.e. around 5% of the Belgian total.

Once upgraded to biomethane, almost 70% of the biogas could be injected into distribution networks. If biomethane were also to enter the Fluxys Belgium transmission system, that proportion of 70% could increase even further.

Biomethane can also be imported on a large scale, as the Fluxys Belgium gas network is optimally interconnected with all neighbouring countries. Cross-border exchanges of biomethane should be encouraged by developing an international system of guarantees of origin.

Working on certification systems

Fluxys is supporting the development of the biomethane chain in Belgium by actively contributing to the establishment of the appropriate certification systems. These are key to enabling consumers to purchase green gas such as biomethane. Developing the demand market will in turn stimulate production-based initiatives.

Power-to-gas project with Eoly and Parkwind

The aim of the Hyoffwind green energy project, undertaken jointly by Fluxys, Eoly (part of Colruyt Group) and Parkwind, is to build a power-to-gas facility in Zeebrugge to convert through electrolysis renewable electricity into green hydrogen. Hyoffwind is envisaged as an industrial-scale facility (electrolysis capacity of 25 MW of electricity) and would become the first of its kind in Belgium to provide such capacity.

In a first phase, the feasibility of the installation was examined more closely with the support of the Belgian federal Energy Transition Fund. The outcome of the investigation was positive: the technology is mature enough to achieve production of green hydrogen at an industrial level, and the legislative and permitting framework provides an appropriate basis to build on when implementing the project.

The project was put out to tender in February 2020, and the final investment decision is expected in 2020 (after the summer). Based on the current schedule, the installation should be able to start production in 2023.

Research with Vlerick Business School and the University of Liège

Fluxys has two complementary research projects on power-to-gas with the Vlerick Business School and the University of Liège. The research with the University of Liège explores the potential of power-to-gas in Belgium and how to invest optimally in energy networks. The study with Vlerick Business School examines the economic interactions between power-to-gas and the electricity market.

Joining forces to import hydrogen

Any viable hydrogen economy requires enough renewable electricity to be generated for the production of green hydrogen. However, Belgium only has limited potential to generate renewable energy as a source of green hydrogen. Imports of green hydrogen will therefore be required if the hydrogen sector continues to grow.

Specific expertise is needed to develop efficient, affordable solutions for the import, transport and storage of hydrogen. With this in mind, Fluxys has joined forces with other industrial players and public stakeholders. In 2019, Fluxys signed a cooperation agreement with DEME, ENGIE, EXMAR, the Port of Antwerp, the Port of Zeebrugge and WaterstofNet with a view to pooling expertise in a coordinated way and investigating how and in what form hydrogen can best be imported for use as an energy carrier.

The partners start in a first phase with a joint analysis of the whole import and transport chain for hydrogen. The goal is to map the financial, technical and regulatory aspects of various components of the logistics chain: production, loading and unloading, and transport by sea and by pipeline. The expected result of this analysis is a roadmap that will indicate the most appropriate way of carrying green hydrogen as an energy carrier to Belgium, thus paving the way for setting up concrete projects.

Transporting hydrogen at North-West European level: Green Octopus

At North-West European level, Fluxys is collaborating with ENGIE, Gasunie, the Port of Antwerp, Salzgitter, WaterstofNet and others on hydrogen transport as part of the Green Octopus initiative. The European Commission has recognised Green Octopus as an initiative qualifying as an Important Project of Common European Interest.

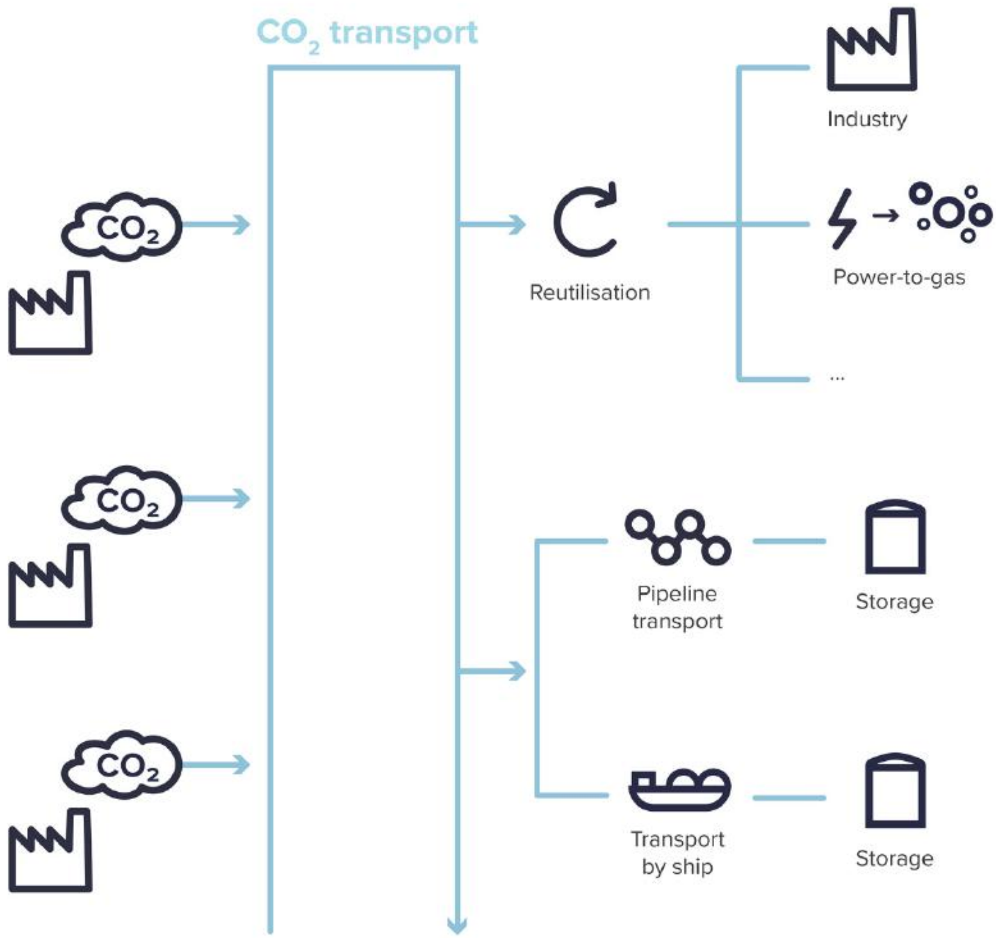
The aim of the Green Octopus collaboration is to reuse parts of the existing natural gas infrastructure to establish a cross-border pipeline network covering Belgium, the Netherlands, Germany and France to transport green hydrogen, thereby establishing connections between production units near offshore wind farms and industrial consumption hubs and port areas.

Specifically for Belgium, Fluxys is, as a first step, investigating which connections are required between the port of Antwerp, the ports making up North Sea Port, and the port of Zeebrugge.

Collaborating on CO_2 capture and reutilisation/storage in ports

The capture, reutilisation and storage of CO_2 is an important tool for the port industry in the fight against global warming. With this in mind, Fluxys is working with a number of ports in Belgium and the Netherlands.

Fluxys completed a preliminary study with the Port of Antwerp in 2019. As a follow-up to this, the Port of Antwerp, Fluxys, Air Liquide, BASF, Borealis, ExxonMobil, INEOS and Total signed a cooperation agreement. The aim is to investigate the technical feasibility of the appropriate infrastructure for CO_2 capture, reutilisation and storage. The premise is that this must be infrastructure of the 'open access' type, meaning that it can be used by the entire industrial port community.



Broad financial support from the Belgian and European authorities is absolutely essential for the further roll-out of the necessary CO_2 infrastructure in the port of Antwerp. Preparation of subsidy applications is therefore an important component of the partnership, in addition to the feasibility study.

Projects of Common Interest related to CO_2 capture, reutilisation and storage

Fluxys is involved in two international projects in the field of CO_2 capture, reutilisation and storage that have been recognised as Projects of Common Interest by the European Commission. Both projects create significant added value in terms of sharing knowledge and fostering cooperation between potential capture, transport and storage sites.

CO_2 TransPorts

The CO_2 TransPorts project is a collaboration between the Port of Antwerp, the ports making up North Sea Port, the Port of Rotterdam, EBN, Fluxys and Gasunie. The project aims to develop open infrastructure for the transport and storage of CO_2 captured from industrial sites in the partner ports. CO_2 TransPorts is also a platform for dialogue and coordination between the countries, port regions and infrastructure providers involved.

Northern Lights

The Northern Lights project is a collaboration with partners including Equinor, Shell, Total, the Port of Antwerp and Fluxys. The concept consists in loading the CO_2 captured at industrial sites in Europe onto ships and unloading it for intermediate storage on Norway's west coast. From there, it would be transported by pipeline to an empty subsea natural gas field for storage at a depth of 3,000 metres.

Investing outside Europe

Over the past decade, Fluxys has become a partner of choice for gas infrastructure projects in Europe. We want to grow further and seize the opportunities to become a preferred partner for gas infrastructure outside Europe as well, with a focus on LNG infrastructure.

Sustainable growth on a broader geographical basis

Many areas outside Europe are expecting a sharp increase in gas demand to reconcile the need for additional energy with the challenges posed by climate change and air quality. For Fluxys, this represents a twofold opportunity: being an additional driver for sustainable growth and capitalising on the expertise within the company on a broader geographical basis.

Focus on Southeast Asia and South America

In 2019, Fluxys refined its analysis of regions where the company would ideally like to develop its business, based both on the outlook for energy demand and on the sustainability of the investment climate and the social context. As a result, we are turning our searchlights on Southeast Asia and South America and we are working with partners operating in these regions to evaluate a range of projects in various phases of development.

Office in Singapore now operational

Outside Europe, it is particularly important to have a local presence to acquire as much knowledge as possible of the market and carve out a reputation as an industrial partner. To this effect, in 2019 Fluxys laid the groundwork for establishing an office in Singapore, with two Fluxys members of staff, who will also call on the services of a number of agents active in the wider region. Fluxys began its activities at the Singapore office in the first quarter of 2020.

Encouraging employee development

As a company in the energy sector, Fluxys is operating in a rapidly changing, ever-evolving market. To maintain its success in this context, it is vital for us to be able to rely on skilled, motivated staff who will remain deployable in the long term. This requires a great deal of agility and adaptability in interactions between people, processes and structures.

Tapping into this adaptability as much as possible, taking into account the opportunities and challenges of digitalisation, is key to our HR policy. At the same time, the policy aims to ensure that the right talent is in the right place at the right time to make an optimum contribution to the entire company's success.

Organisation moving with the growth strategy

Fluxys constantly examines its processes and structures in light of new challenges. After all, a transforming market requires an organisation that can keep pace with the rapid changes going on. Thanks in part to the proper use of the right digitalisation technology, we are striving for more efficient processes and structures that enable the company to work more effectively, thus allowing Fluxys to continue experiencing long-term growth and further bolster its position on the market.

In 2019, Fluxys Belgium launched the Green Gas Platform, a multidisciplinary team which aims to reinforce our strategy of becoming the transporter of the energy of tomorrow. The Green Gas Platform serves as a competence centre with a view to stimulating market development for new energy carriers.

Processes and structures are not the only things needed to realise our growth strategy; every employee makes a vital contribution. As such, all employees are expected to critically analyse their day-to-day approach and flexibly adapt to changes with an open mind.

Attracting the right talent for today and tomorrow

Based on its company objectives, Fluxys assesses its future staffing needs to gain a clear overview of which competencies are required now and in the future. This involves a sustainable, future-oriented recruitment approach: we attract driven, motivated and committed employees who over time can also make a valuable contribution elsewhere in the Fluxys group.

Like other companies, Fluxys is facing a real war for talent. Innovative recruitment is key to being able to fight this war, so we are using an original concept called the 'Fluxys Job Apero' to attract and recruit potential employees in an informal setting. The first editions were a huge success, resulting in several new employees for the company and at the same time boosting Fluxys' employer brand.

In 2019, Fluxys laid the groundwork for a new Employer Branding campaign to be rolled out in early 2020. The new campaign was based on a strong and credible 'employee value proposition', a decisive factor in attracting new employees and motivating current staff members. In devising this, Fluxys conducted a wide-ranging survey of its employees to find out what their perception of the company was.

Ensuring that talent contributes to the company's goals

Fluxys' competency management and professional development and training programmes are geared towards providing employees with the support they need to achieve both the company's objectives and their own goals. To ensure that new employees and other members of staff get off to a quick and effective start in their new position, Fluxys Belgium uses a personalised induction and integration programme

Fostering commitment

Fluxys sets great store by ensuring that employees are familiar with the business context and the challenges that the company faces, as this fosters personal commitment to the company's vision, strategy and goals. Fluxys Belgium makes special efforts, using a variety of means, to give members of staff a better understanding of what changes are going on in the energy sector, how the company is adjusting its goals and strategy to address these developments, and what these goals mean for each individual staff member.

Transparent and constructive social dialogue

Good industrial relations are vital for company cohesion and activity development, which is why Fluxys pursues transparent and constructive social dialogue with all social partners.

Risk management

Internal control and risk management systems

Reference framework

Fluxys has established a risk management system on the basis of the COSO framework. A guideline describes which risk management-related activities have to be performed when and by whom.

Roles and responsibilities

The Board of Directors determines – pursuant to a proposal by the Managing Director – the degree of risk that the company is willing to incur, in accordance with its values, strategy and core policies. The Board of Directors therefore approves the reference framework for internal control and risk management and assesses the application of the reference framework. The Audit Committee advises the Board of Directors in this area.

At least once a year, the Audit Committee examines the internal control and risk management systems set up by the Managing Director within Fluxys subsidiaries (both full and majority-controlled); this allows the Committee to ensure that the main risks are suitably identified, managed and communicated. Risks associated with social, personal and environmental issues, respect for human rights and tackling corruption and bribery are taken into account. The biggest risks are regularly monitored and reported to the Managing Director. The Managing Director is responsible for implementing risk management. In this capacity, they evaluate the risks and measures taken to mitigate them.

In a bid to ensure efficient internal controls, Fluxys has put in place a separation of functions in its processes and IT systems intended to limit the risk of errors and fraud in its accounts. In addition, control functions are in place within key departments which regularly evaluate the latter's respective risks and controls, and adjust and report on them. A budget monitoring exercise is also held regularly as part of financial reporting.

Risk register

The likelihood and impact of each risk identified are determined in either quantitative or qualitative terms. The impact assessment criteria may pertain to the financial position, reputation, safety, the environment, or availability. Fluxys views impact as a combination of these aspects, as certain risks can affect the financial position while others have a bigger impact on reputation or safety. If the impact of a risk encompasses multiple criteria (e.g. financial, reputation), Fluxys opts for the criterion with the highest grading (according to the prudence principle). In this way, the company's risk profile is adjusted periodically.

The risks are set out in a risk matrix, in which Fluxys distinguishes three levels of risk:

- Unacceptable risks: risks for which measures must always be taken immediately to reduce the risk.
- Risks for which measures are taken to reduce the risk in line with the ALARP ('as low as reasonably possible') principle. This means that the technological resources, economic restrictions and feasibility of the measures are weighed up carefully against their risk-reducing effect. The divisions keep a close eye on the risks.
- Risks that are acceptable as the necessary controls and measures are in place.

Control measures

The risk profile, as it appears in the risk register, is compared with the risk tolerance and where necessary, additional measures are taken with the aim of bringing all risks within acceptable limits. These measures are translated into a policy, procedures, instructions and regular evaluations by means of external and internal audits, technical audits and quality controls of the implementation of the measures. This strengthens risk awareness within the organisation.

Internal Audit Department

The Internal Audit Department is an independent and objective control department within Fluxys. The Internal Audit Manager reports to the Chairman of the Audit Committee, thus guaranteeing independence. The department is tasked with applying a rigorous, systematic approach to evaluate and enhance the efficiency of risk management, risk control and processes.

An annual audit plan is drawn up every year based on a multi-year risk-based audit plan. A number of stakeholders are involved in this planning process. Incorporating the business and risk management into the planning process offers the advantage that the audit is focused squarely on relevant and major risks and controls.

Overview of the major risk areas

Market risk

The current market situation is putting both transmission and storage of natural gas under pressure, and this is having an impact on the amount of capacity actually reserved. In this context, Fluxys and its subsidiaries are working hard to make their services even more attractive and to keep their tariffs as competitive as possible. Digital technology enables both the development of new products and services and the optimisation or redesign of existing business models and processes.

In light of Europe's energy and climate policy, the shift towards greater energy efficiency and a low-carbon energy mix in favour of, for example, renewable energy sources ultimately makes the development of demand for natural gas uncertain. While the number of long-term transmission contracts is dwindling, the number of short-term transmission contracts is on the rise. For this reason, Fluxys is carefully considering where to invest in new infrastructure.

The end of Dutch L-gas in 2030, exports of which will start falling as of 2024, will put an end to L-gas transit flows through Belgium, which may not be offset by new H-gas transit flows. Furthermore, the gradual disappearance of L-gas and subsequent conversion to H-gas represents a potential risk of loss of market share as L-gas users can opt for energy sources other than natural gas. However, this situation also opens up opportunities for Fluxys: thanks to its connection to Russian gas through the NEL, Fluxys is well positioned to facilitate the conversion from L-gas to H-gas in northwestern Germany.

In the electricity generation segment, the load factor of Europe's gas-fired power plants is contingent on a range of factors, such as the extent and rate at which generation capacity with renewable energy sources increases, the weather, changes in the price of coal and CO_2 emission rights. For natural gas transmission companies, the uncertainty surrounding the load factor of gas-fired power plants fosters uncertainty around capacity bookings for these power plants. However, Fluxys' infrastructure is ready to supply gas to new gas-fired power stations in countries that have chosen to phase out nuclear power and/or coal-fired and lignite-fired generation facilities.

The energy transition and efforts to improve air quality also afford opportunities for Fluxys as a gas infrastructure company. Thanks to gas infrastructure, major steps can be taken now in terms of heating, mobility and heat demand in industry to reduce CO2 emissions and air pollution immediately. Specifically, switching to natural gas decreases emissions of particulate matter and other air pollutants such as nitrogen oxides, and makes CO2 emissions drop as well. Moreover, the current infrastructure can serve as a buffer given the growing need for flexibility arising with the switch to renewable energy (characterised by fluctuations in wind and solar energy).

At the same time, a carbon-neutral energy system needs gas infrastructure to address the limitations of electrification with renewable energy. Gas infrastructure and innovative gas technologies are instrumental in making green gas available as an additional carbon-neutral energy source to homes and businesses. Gas infrastructure will also be an important link in the chain when it comes to capturing CO_2 in some processes and transporting it for reutilisation or storage. Investigations must be conducted to determine which investments need to be made in gas infrastructure based on the new types of gases requiring transmission.

Regulatory framework

The European Union provides for a system of regulated access to natural gas transmission networks and LNG terminalling facilities that are not exempt from regulation. The national supervisory authorities monitor these regulated activities. At European level, the national supervisory authorities cooperate via the Agency for the Cooperation of Energy Regulators (ACER). However, the national supervisory authorities are responsible for devising tariff methodologies and approving proposed tariffs for the use of natural gas transmission networks and LNG terminalling facilities that are not exempt from regulation.

European regulations also include a certification procedure for transmission system operators that checks whether the owner-operators are meeting the unbundling requirements, as they must not be connected to energy suppliers or producers. Fluxys acts as an owner-operator within the unbundled regime.

Although the activities of FluxSwiss are currently unregulated, natural gas transmission in Switzerland may ultimately see a form of regulation similar to the framework used in the European Union.

Any change to the regulatory framework may have a major impact on Fluxys' activities, profit and financial position.

Counterparty risk

Cash surpluses belonging to Fluxys group subsidiaries are invested in Fluxys under cash pooling agreements (except for Flux Re, subsidiaries with project financing agreements, and subsidiaries where Fluxys does not hold a majority stake in the share capital). These cash surpluses are loaned to group subsidiaries through intra-group loans at market conditions. Fluxys' monitoring of its subsidiaries ensures that this counterparty risk for subsidiaries remains limited and is kept under control.

Residual cash surpluses within the group are invested in financial products. The risk of a counterparty defaulting is very low at Fluxys level, since Fluxys invests cash surpluses with prominent financial institutions, in financial instruments issued by companies with an investment grade rating or in financial instruments issued by companies with a creditworthy authority as a majority shareholder.

Under its policy for managing counterparty risk, Fluxys performs a credit analysis of its customer base in terms of profitability, liquidity and solvency based on internal information as well as specialised databases on the basis of financial information and market research. This analysis is supplemented with external credit rating information when available. Through this approach, the group's exposure to credit risk, both in terms of default and in terms of concentration of customers, is reduced. Major suppliers are also screened in order to safeguard the long-term prospects of the partnership.

Foreign exchange risk

Some of the Fluxys group's current cash flows are generated in currencies other than the euro, especially in CHF and GBP. Since the euro is the Fluxys group's functional currency, a fluctuation in the exchange rate between the euro and the cash flows in foreign currencies could affect Fluxys' income statement and consolidated balance sheet when these currencies are converted into euros. However, in line with the group's financial policy, these exchange rate risks are hedged as soon as they become certain by financial instruments such as foreign exchange swaps, forwards and cross-currency rate swaps. As far as possible, these financial instruments are qualified as hedging instruments, limiting the accounting impact of exchange-rate variations on the income statement.

Interest-rate risk

Some of the Fluxys group's current loans were taken out at floating interest rates. A fluctuation in interest rates could affect Fluxys' income statement. However, in line with the group's financial policy, these risks are hedged as much as possible by financial instruments such as interest rate swaps (IRS). Under some financing contracts, the interest to be paid at floating rates under the loan agreement is limited to a floor of 0% (in some cases, this limit only relates to the benchmark interest rate, in other cases to the all-in interest rate, including the margin). The loan in FluxSwiss and Transitgas is fully hedged by cap derivatives.

Liquidity risk

The Fluxys group runs a capital-intensive business and as such relies on external financing (among other things) to fund its operational and investment activities. In the context of its business development and refinancing obligations, the group is subject to a liquidity risk. Financial markets do not always offer sufficient access to the required liquid assets, especially in times of economic or geopolitical instability. Fluxys' policy is to retain its privileged access to capital by utilising adequate and confirmed credit lines, a strong network of banks and investors, and the solid financial parameters for the company's creditworthiness that make Fluxys a reliable counterparty for lenders.

Growth in activity

In a bid to safeguard its growth and profitability on a fast-changing European natural gas market, Fluxys' unique position in terms of location, skills and know-how enables it to seize opportunities to invest in new and existing natural gas transmission systems, pipelines or LNG terminalling projects, or projects involving the innovative use of gas. In addition to these projects, Fluxys is also considering the possibility of introducing new commercial models.

Implementing such projects could give rise to various risks and uncertainties, such as geopolitical developments, differences in corporate culture, services, regulations, markets, operational and technical risks, scheduled commissioning and budget overruns. Fluxys therefore conducts an in-depth risk analysis for every project and monitors it closely. Furthermore, major projects intended to boost capacity are backed by long-term contracts.

Impact of the Covid-19 pandemic

At the time of adoption of the 2019 annual financial report, it is difficult to estimate the financial impact of the Covid-19 pandemic on the Fluxys group in 2020 given the uncertainty and rapid development of the pandemic in Belgium and across Europe.

The impact of the Covid-19 pandemic will depend on how the pandemic will continue to develop, how long it will last, what consequences it will have on the economy and, in particular, on energy demand, and the extent to which the adverse effects of the pandemic will be mitigated by government measures to support the economy.

Fluxys is monitoring the situation closely to be able, where possible, to mitigate the adverse effects of the pandemic on Fluxys' operations and financial results.

Industrial Risk – business continuity

Fluxys has contingency plans and procedures in place covering both operational and ICT-activities, with several scenarios regularly being tested. Amid the Covid-19 outbreak the company has activated its contingency planning and taken the necessary steps to safeguard continuity of business and ensure security of supply while carefully complying with the recommendations of national authorities in order to limit the spread of the virus.

All employees who are not required onsite to ensure business continuity work from home. The contingency plan also contains a series of specific measures such as reorganisation of shifts, segregating critical employees, intensification of cleaning and disinfection, coordination with the contingency planning of critical service providers, and identification plus additional purchases of critical material.

In line with national authorities' recommendations and the default option of working from home, all activities implying travel or physical contact are restricted as much as possible.

All these measures will lead to some limited additional costs provided that the crisis is limited in time. The measures also imply delays regarding ongoing and planned maintenance and construction work to the extent that for the time being these are not essential for security of supply.

Market risk

Covid-19 can have an effect on sales as economic slowdown or recession leads to less short-term bookings and in the future to less long term bookings. As a large part of Fluxys' activities are regulated, reduced demand for its services (low gas demand scenario) might lead to a revision of tariffs, albeit that National Regulatory Authorities in different countries may respond differently to the situation. For the non-regulated or exempted activities, which operate largely on the basis of long-term contracts, lower demand may lead to lower additional revenues.

Counterparty risk

Covid-19 will impact the financial strength of customers, suppliers and financial counterparties through the restrictions and measures imposed by the authorities. It is therefore possible that some counterparties may not be able to meet their financial obligations partially or in full. However, Fluxys' customers are mostly large and solid companies.

Liquidity Risk / interest rate risk / foreign exchange risk

As of today Fluxys has sufficient liquidities and available credit lines to assure liquidity for a reasonable period of time. Most of Fluxys' financing is at fixed interest rates or hedged, reducing the interest rate risk.

In case of reduced revenues, the company might be led to source additional financing while access to financial markets may prove difficult or possible only at unfavourable conditions.

Fluxys' policy is to hedge its exposure to foreign exchange risk. Future revenues may be impacted by less favourable exchange rates.

Expansion / growth of activities

Depending on the duration of the Covid-19 outbreak and the possible outcome of an economic recession, global demand for natural gas and/or LNG could be impacted. If so, greenfield projects may become less viable and put on hold or cancelled by lack of creditworthy customers or difficulty to source financing. Existing projects on the other hand may incur delays due to quarantine measures. Acquisition projects may be postponed, halted or become more difficult as financial performance of assets might prove less predictable.

Legal and regulatory framework

Since 3 March 2011, the European natural gas market has been regulated by the European Union's third energy package:

- Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC (the Third Gas Directive);
- Regulation (EC) No. 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No. 1775/2005 (the Second Gas Regulation);
- Regulation (EC) No. 713/2009 of the European Parliament and of the Council of 13 July 2009 establishing an Agency for the Cooperation of Energy Regulators (the ACER Regulation).

Setting tariffs

General remarks

On 16 March 2017, a network code for tariffs (TAR-NC) was adopted by Regulation (EU) No. 2017/460 of the European Commission. This aims to achieve a harmonised transmission tariff structure for gas transmission in Europe and provides a range of requirements regarding publication of data and communication on tariffs. This will have an impact on the determination of tariffs in the following regulatory period.

Within the Fluxys group, there are entities that are regulated (Fluxys Belgium, Fluxys LNG, Fluxys Deutschland & Fluxys TENP, DEFSA), entities that are exempted or operating under a merchant model (Interconnector UK, Fluxys BBL, Dunkerque LNG, TAP partnership) and finally, entities that are not regulated (FluxSwiss & GMSL).

Principles

Revenue principle for transport/storage activities in regulated entities within the EU

Gas transport and storage and terminalling activities are rate-regulated businesses within the EU. Under the main principle of regulation, revenue must be sufficient to cover the eligible costs and allow shareholders to obtain a fair return (depending on the allocated regulated equity and, usually, the 10-year government bond return). In this context, revenue must be fixed, taking into account the following:

- operational expenses;
- authorised depreciation;
- cost of debt; and
- fair margin for shareholders.

Explanatory note on regulated revenue

Regulation provides for regulatory periods of fixed duration (e.g. four years in Belgium and Greece, and five years in Germany). Before the regulatory period begins, the transmission system operator (TSO) submits a budget for the regulatory period (covering operational expenses, authorised depreciation, cost of debt and fair margin).

Annual capacity sales (Q) are estimated too. The unit tariff (T) is then calculated by dividing the sum of the budgeted revenues, taking into account the use of the regulatory account, by the sum of estimated capacity sales for the period. The resulting tariff must be applied to all contracts with customers over the agreed period (single tariff for each regulated service).

The actual figures for a year may differ from the budgeted amounts. A settlement is therefore made each year, whereby the actual figures are compared with the authorised figures and certain differences are transferred to/from the regulatory account. For instance, if the revenue invoiced to customers (cash revenue), which is calculated as actual volume sold x applied tariff, is higher than the authorised regulated revenue (sum of the actual costs to be covered minus the four aforementioned components), the surplus must be transferred from profit and loss to credit in the regulatory account (as deferred income). A surplus may arise for several reasons, such as (non-exhaustive list):

- lower operational costs (non-manageable costs or a portion of the manageable costs);
- commodity aspects;
- capacity sales.

Conversely, if the revenue invoiced to customers (cash revenue) is lower than the sum of the actual costs to be covered, the shortfall is booked to debit in the regulatory account (as accrued income) in IFRS.

As a result, the profit and loss will only show the regulated authorised revenue (invoice (cash) revenue plus/minus adjustment account movements).

Some regulators draw a distinction between manageable operational expenses and non-manageable operational expenses. Manageable operational expenses are those expenses that may be managed by the company, whereas non-manageable expenses are beyond the company's control.

As an incentive, part of the difference between the budgeted amount and the actual amount of the manageable operational expenses is handled via the regulatory account.

In addition, the Fluxys group sells a commodity (gas) for balancing purposes. Balancing means buying or selling flexible gas to ensure that the system remains within safe operating limits. This activity is fully regulated.

Revenue principle for terminalling activities in regulated entities within the EU

Regulation is applied to terminalling activities in the same way as to transmission/storage activities. However, some investments may be remunerated via an IRR (Internal Rate of Return) model, as is the case in Belgium.

Differences between authorised and actual figures are handled using a similar approach to the approach outlined for transmission/storage activities. All operational expenses are considered to be non-manageable costs in Belgium.

Exempted entities and regulation for interconnectors

In some countries, the regulator has provided exemption from regulation for a fixed period. These exemptions stimulate new investments in transmission/storage/terminalling infrastructure by allowing long-term contracts to be concluded with interested shippers. This is the case for the TAP partnership, BBL Company VOF and Dunkerque LNG, and was the case for Interconnector UK until September 2018. However, after the exempted period, regulation is applicable as previously described.

Entities like Interconnector UK or BBL Company VOF are subject to a specific form of regulation for interconnectors, such as a merchant model. This model requires compliance with all the general principles of a regulated market, but gives the entities some degree of commercial flexibility with regard to the revenue generated. For instance, Interconnector UK's net profit is capped. If the net profit exceeds the cap, the surplus is recorded as a regulatory debt to the market. The cap is set for a specific period and may be reviewed by the regulator if the entities can prove that it does not allow them to cover operational expenses, depreciation and a fair margin for their shareholders.

Non-regulated revenue

At present, the natural gas market is not regulated in Switzerland (see 'Regulatory framework' in the 'Risk management' section on page 89). Consequently, FluxSwiss's revenue from capacity provision for gas transmission is not subject to EU regulation.

Alongside capacity provision services, the Fluxys group also provides additional services, such as operational support via GMSL. These services are not regulated and their prices depend on the contracts and the market environment.

Corporate governance

Framework

Legal aspects

Fluxys is subject to Belgian legislation and accordingly has developed a Corporate Governance Charter describing how the company works. Among other items, the Corporate Governance Charter contains internal rules for the Audit Committee and the Appointment and Remuneration Committee, which are set up within the Board of Directors.

Code of conduct

Furthermore, Fluxys has established a Code of Conduct, describing the principles of integrity, ethics and general conduct that are applicable to all Fluxys employees.

Composition of the Board of Directors

At the Annual General Meeting held on 14 May 2019, Christian Viaene was reappointed a director until 30 November 2019.

The Board of Directors co-opted Ludo Kelchtermans as a director on 18 December 2019, with effect from 1 December 2019, for a six-year term that will expire at the end of the 2025 Annual General Meeting. A decision on his permanent appointment will be made at the next General Meeting.

The procedure for new appointments by the Appointment and Remuneration Committee was complied with.

Attendance fee

Directors receive an attendance fee of €250 for each Board and committee meeting they attend.

Auditor

The Annual General Meeting ruled on the annual remuneration of SCRL Ernst & Young, company auditors.

For its task as the Fluxys SA Group's statutory auditor, Ernst & Young received a remuneration of €396,253 in 2019. Additionally, Ernst & Young performed other missions for an amount of €63,715. These fees are broken down as follows:

- Audit work as the Group's statutory auditor in Belgium: €146,253
- Audit work as the statutory auditor of the Group's subsidiaries by entities linked to the statutory auditor: €250,000
- Other tasks before appointment as statutory auditor: €40,315
- Other missions: €23,400

Financial situation

Consolidated financial statements under IFRS

General information on the company

Corporate name and registered office. The registered office of the parent entity Fluxys SA is Avenue des Arts 31, B – 1040 Brussels, Belgium.

Group activities. The Fluxys group's activities are essentially split into two main clusters.

The first focuses on the transmission and storage of natural gas as well as terminalling services for liquefied natural gas (LNG) in Belgium. In addition to these activities which fall under the Gas Act[1], the Fluxys group also carries out complementary services related to the activities described above.

The second essentially covers activities outside Belgium.

Please refer to the specific chapters in the directors' report for further information on the activities of the Fluxys group.

[1] Act of 12 April 1965 concerning the transmission of gaseous and other products by pipelines as later amended.

Consolidated financial statements of the Fluxys group under IFRS :

Consolidated balance sheet

Consolidated Balance Sheet		In thousands of €	
	Notes	31-12-2019	31-12-2018 Restated
I. Non-current assets		**7,688,165**	**7,633,877**
Property, plant and equipment	5.1	5,534,337	5,537,966
Intangible assets	5.2	1,422,230	1,506,714
Goodwill	5.3	128,613	128,613
Right-of-use assets	5.4	142,611	0
Investments in associates and joint ventures	5.5	255,357	243,648
Other financial assets	5.5/6	98,308	88,995
Other receivables	5.7/6	97,596	109,276
Other non-current assets	5.7	9,113	18,665
II. Current assets		**633,790**	**839,946**
Inventories	5.8	38,312	40,069
Other current financial assets	6	827	1,340
Current tax receivable		15,771	12,285
Trade and other receivables	5.9/6	198,455	197,237
Cash investments	5.10/6	182,964	270,215
Cash and cash equivalents	5.10/6	163,777	296,558
Other current assets	5.11	33,684	22,242
Total assets		**8,321,955**	**8,473,823**

Consolidated Balance Sheet		In thousands of €	
	Notes	31-12-2019	31-12-2018 Restated
I. Equity	**5.12**	**3,642,174**	**3,622,693**
Equity attributable to the parent company's shareholders		2,152,189	2,141,694
Share capital and share premiums		*1,785,818*	*1,785,471*
Retained earnings and other reserves		*381,226*	*390,702*
Translation adjustments		*-14,855*	*-34,479*
Non-controlling interests		1,489,985	1,480,999
II. Non-current liabilities		**4,223,220**	**4,246,739**
Interest-bearing liabilities	5.13/6	3,318,201	3,330,377
Provisions	5.14.2	52,774	54,892
Provisions for employee benefits	5.15	71,608	68,469
Other non-current financial liabilities	6	6,616	5,735
Deferred tax liabilities	5.16	774,021	787,266
III. Current liabilities		**456,561**	**604,391**
Interest-bearing liabilities	5.13/6	238,738	370,643
Provisions	5.14.2	0	4,075
Provisions for employee benefits	5.15	4,876	4,650
Other current financial liabilities	6	1,541	993
Current tax payables		22,927	35,621
Trade and other payables	5.17/6	158,105	172,039
Other current liabilities		30,374	16,370
Total liabilities and equity		**8,321,955**	**8,473,823**

Consolidated income statement

Consolidated income statement			In thousands of €
	Notes	31-12-2019	31-12-2018 Restated
Operating revenue	4.1	1,111,885	981,050
Sales of gas related to balancing operations and operational needs		99,274	117,388
Other operating income	4.2	25,671	14,253
Consumables, merchandise and supplies used	4.3.1	-7,990	-4,280
Purchase of gas related to balancing of operations and operational needs		-106,466	-130,243
Miscellaneous goods and services	4.3.2	-212,147	-215,189
Employee expenses	4.3.3	-143,499	-138,678
Other operating expenses	4.3.4	-26,221	-11,040
Net depreciation	4.3.5	-401,163	-382,676
Net provisions	4.3.5	7,625	7,960
Impairment losses	4.3.5	-568	-448
Profit/loss from continuing operations		**346,401**	**238,097**
Earnings from associates and joint ventures	4.6	3,767	19,868
Profit/loss before financial result and tax		**350,168**	**257,965**
Change in the fair value of financial instruments	4.5.4	-5,288	-5,544
Net profit on changes in the consolidation scope	4.4.1	0	303,907
Financial income	4.4.2	16,031	22,835
Finance costs	4.5	-75,959	-74,729
Profit/loss from continuing operations after net financial result		**284,952**	**504,434**
Income tax expenses	4.7	-70,789	-56,245
Net profit/loss for the period	4.8	**214,163**	**448,189**
Fluxys share		151,962	413,039
Non-controlling interests		62,201	35,150

Consolidated statement of comprehensive income

Consolidated statement of comprehensive income		In thousands of €	
	Notes	31-12-2019	31-12-2018 Restated
Net profit/loss for the period	4.8	**214,163**	**448,189**
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of employee benefits	5.14.1	-4,591	5,441
Income tax expense on these variances		1,446	-1,285
Other comprehensive income from investments in associates - Remeasurements of employee benefits		0	0
Items that may be reclassified subsequently to profit or loss			
Net investments in foreign operations – Translation adjustments		33,010	13,104
Net investments in foreign operations – Hedging instruments	6	-2,150	-5,048
Tax expenses on these foreign exchange hedging instruments		452	1,268
Cash flow hedges	6	6,035	5,087
Tax expenses on these cash flow hedging instruments		-996	-1,229
Other comprehensive income from investments in associates – Cash flow hedges		-19,192	4,721
Other comprehensive income		**14,014**	**22,059**
Comprehensive income for the period		**228,177**	**470,248**
Fluxys share		149,036	422,189
Non-controlling interests		79,141	48,059

Consolidated statement of changes in equity

Consolidated statement of changes in equity	Share capital	Share premium	Retained earnings	Cash flow hedges
I. CLOSING BALANCE AS AT 01-01-2018	**1,701,617**	**81,164**	**27,459**	**-10,248**
1. Net profit/loss for the period			409,508	
2. Other comprehensive income				6,161
3. Dividends paid			-138,839	
4. Changes in the consolidation scope			66,775	
5. Capital increases/decreases	2,402	288		
6. Other changes				
II. CLOSING BALANCE AS AT 31-12-2018	**1,704,019**	**81,452**	**364,903**	**-4,087**
1. Changes relating to the previous financial year (1)			2,732	
III. CLOSING BALANCE AS AT 01-01-2019 restated	**1,704,019**	**81,452**	**367,635**	**-4,087**
1. Net profit/loss for the period			151,962	
2. Other comprehensive income				-16,134
3. Dividends paid			-138,929	
4. Changes in the consolidation scope				
5. Capital increases/decreases	291	56		
6. Other changes (2)			34,250	
IV. CLOSING BALANCE AS AT 31-12-2019	**1,704,310**	**81,508**	**414,918**	**-20,221**

(1) Finalisation of purchase price allocations for the acquisitions of Dunkerque LNG and DESFA (see note 3).

(2) This reserve results from the corporate tax reform in Belgium, which gave rise, in 2017, to a reduction in deferred tax liabilities, part of which has directly been accounted for in other comprehensive income (see the 2017 and 2018 annual reports). This amount was transferred to the group reserves in 2019.

In thousands of €

Net investments in foreign operations	Reserves for employee benefits	Other compre-hensive income	Translation adjustments	Equity attributable to the parent company's shareholders	Non-controlling interests	Total equity
830	**-8,801**	**34,250**	**-19,706**	**1,806,565**	**526,934**	**2,333,499**
				409,508	37,709	447,217
-3,072	3,947		4,673	11,709	10,350	22,059
				-138,839	-35,999	-174,838
			-19,446	47,329	944,563	991,892
				2,690		2,690
-2,242	**-4,854**	**34,250**	**-34,479**	**2,138,962**	**1,483,557**	**3,622,519**
				2,732	-2,558	174
-2,242	**-4,854**	**34,250**	**-34,479**	**2,141,694**	**1,480,999**	**3,622,693**
				151,962	62,201	214,163
-2,158	-4,217		19,624	-2,885	16,899	14,014
				-138,929	-33,925	-172,854
				347	-36,189	-35,842
		-34,250				
-4,400	**-9,071**	**0**	**-14.855**	**2,152,189**	**1,489,985**	**3,642,174**

Consolidated statement of cash flows (indirect method)

Consolidated statement of cash flows (indirect method)	In thousands of €	
	31-12-2019	31-12-2018 Restated
I. Cash and cash equivalents, opening balance	**296,558**	**265,668**
II. Net cash flows from operating activities	**631,308**	**541,810**
1. Cash flows from operating activities	**727,120**	**606,153**
1.1. Profit/loss from continuing operations	**346,401**	**238,097**
1.2. Non cash adjustments	**383,076**	**352,020**
1.2.1. Depreciation	401,163	382,676
1.2.2. Provisions	-7,625	-7,960
1.2.3. Impairment losses	568	448
1.2.4. Translation adjustments	-18,690	-16,738
1.2.5. Other non cash adjustments	7,660	-6,406
1.3. Changes in working capital	**-2,357**	**16,036**
1.3.1. Inventories	1,189	-2,278
1.3.2. Tax receivables	-6,386	1,231
1.3.3. Trade and other receivables	-1,218	38,395
1.3.4. Other current assets	-14,114	1,466
1.3.5. Tax payables	6,387	-16,387
1.3.6. Trade and other payables	-3,908	-1,682
1.3.7. Other current liabilities	14,004	-4,261
1.3.8. Other changes in working capital	1,689	-448
2. Cash flows relating to other operating activities	**-95,812**	**-64,343**
2.1. Current tax paid	-108,434	-95,150
2.2. Interests from investments, cash and cash equivalents	8,321	15,163

Consolidated statement of cash flows (indirect method)	In thousands of €	
	31-12-2019	31-12-2018 Restated
2.3. Inflows related to associates and joint ventures (dividends received)	0	13,952
2.4. Other inflows (outflows) relating to other operating activities	4,301	1,692
III. Net cash flows relating to investment activities	**-233,592**	**248,567**
1. Acquisitions	**-350,671**	**-479,737**
1.1. Payments to acquire property, plant and equipment, and intangible assets	-304,392	-235,179
1.2. Payments to acquire subsidiaries, joint arrangements or associates (1)	-34,395	-104,188
1.3. Payments to acquire other financial assets (2)	-11,884	-140,370
2. Disposals	**29,626**	**835,844**
2.1. Proceeds from disposal of property, plant and equipment, and intangible assets	368	4,477
2.2. Proceeds from disposal of subsidiaries, joint arrangements or associates (3)	7,329	326,556
2.3. Proceeds from disposal of other financial assets (4)	21,929	504,811
3. Dividends received classified as investment activities	**0**	**0**
4. Subsidies received	**0**	**0**
5. Increase (-)/ Decrease (+) of cash investments	**87,453**	**-107,540**
IV. Net cash flows relating to financing activities	**-533,362**	**-761,377**
1. Proceeds from cash flows from financing	**155,087**	**591,123**
1.1. Proceeds from issuance of equity instruments	347	2,690
1.2. Proceeds from issuance of treasury shares	0	0
1.3. Proceeds from finance leases	0	0
1.4. Proceeds from other non-current assets	-10,217	1,684
1.5. Proceeds from issuance of compound financial instruments	0	0
1.6. Proceeds from issuance of other financial liabilities	164,957	586,749

Consolidated statement of cash flows (indirect method)	In thousands of €	
	31-12-2019	31-12-2018 Restated
2. Repayments relating to cash flows from financing	**-449,362**	**-1,035,028**
2.1. Repurchase of equity instruments subsequently cancelled	0	0
2.2. Repayment of capital to non-controlling shareholders (5)	-32,676	0
2.3. Repayment of lease liabilities	-17,645	-12,012
2.4. Redemption of compound financial instruments	0	0
2.5 Repayment of other financial liabilities	-399,041	-1,023,016
3. Interests	**-66,232**	**-78,092**
3.1. Interest paid classified as financing	-66,232	-78,092
3.2. Interest received classified as financing	0	0
4. Dividends paid	**-172,854**	**-174,838**
5. Payments to increase the percentage of ownership of subsidiaries, without change of control (6)	**0**	**-64,542**
6. Other cash flows relating to financing activities	**0**	**0**
V. Net change in cash and cash equivalents	**-135,646**	**29,000**
Translation adjustments in cash and cash equivalents	2,865	1,890
VI. Cash and cash equivalents, closing balance	**163,777**	**296,558**

(1) In 2019, these payments related to the capital increases in TAP (€ 30.8 million) and Rostock LNG (€ 3.6 million). In 2018 they were related to the acquisition of 5,39% of Dunkerque LNG (€ 32.2 million - €4.8 million of treasury in Gaz-Opale) and of 20% of Senfluga Energy Infrastructure Holdings (€ 40.5 million), and to capital increases in TAP (€ 36.3 million).

(2) In 2019, this investment of € 11.9million related to the increase in other financial assets of FluxRe SA. Shareholder loans were made to TAP until 2018, whilst TAP repaid these loans to the group in December 2018 once its external financing was completed.

(3) In 2019, cash receipts linked to the capital reduction in Senfluga. In 2018, cash receipts resulting from the sale of 50% held in Swedegas Holding and capital reductions in Dunkerque LNG.

(4) In 2019, cash receipts from TAP (€ 9.2 million) and repayment of the bonds receivable held by IUK (€ 12.7 million)

(5) This concerns capital reductions executed in 2019 by FluxDune and Swissgroup.

(6) These payments made in 2018 correspond to the additional 25,57% acquired in Interconnector (UK).

Notes

Note 1a. Shareholder structure and capital increases

As at 31 December 2019, Fluxys' shareholder structure was as follows:

- 77.55%: Publigas.
- 19.90%: Caisse de dépôt et placement du Québec
- 2.13%: SFPI (Federal Holding and Investment Company).
- 0.42%: employees and management

In 2019, Fluxys proceeded to a capital increase for the group's employees and management of a total of €0.3 million.

Note 1b. Statement of compliance with IFRS

The consolidated financial statements of the Fluxys group have been prepared in accordance with the International Financial Reporting Standards, as approved by the European Union. All amounts are stated in thousands of €

Note 1c. Judgement and use of estimates

The preparation of financial statements requires the use of estimates and assumptions to determine the value of assets and liabilities, to assess the positive and negative consequences of unforeseen situations and events at the balance sheet date, and to form a judgement as to the revenues and expenses of the financial year.

Significant estimates made by the group in the preparation of the financial statements relate mainly to the fair value of acquired assets and assumed liabilities, (see Note 3), the valuation of the recoverable amount of property, plant and equipment and intangible assets, (see Notes 5.1 and 5.2), the valuation of provisions, and in particular contingent assets/liabilities (see Notes 5.14 and 7) and for pension and related liabilities (see Note 5.15).

If the use of certain assets is closely linked to market demand, the group uses a depreciation method based on the expected use of the assets concerned. Future economic benefits which these assets represent are mainly consumed by the group as a result of their use. A change in market demand could lead to a prospective revision of the depreciation on certain assets. A decision to proceed to a revision will be based on the group’s past experience for similar assets.

The criteria used for the classification of joint arrangements are included in the accounting policies (see Note 2.4) and Note 3.2.

Due to the uncertainties inherent in all valuation processes, the group revises its estimates on the basis of regularly updated information. Future results may differ from these estimates.

Other than the use of estimates, group management also uses judgement in defining the accounting treatment for certain operations and transactions not addressed under the IFRS standards and interpretations that are currently in force.

Therefore, in the balance sheet, the group records the regulatory liabilities corresponding to the excess of regulated revenue received according to the real costs to be covered by the authorised regulated tariffs. This difference is transferred to the income statement via the operating revenue to the balance sheet in the interest-bearing liabilities (non-current and current - See Notes 5.13.4 and 5.13.5).

The regulatory assets are accounted for (in other non-current receivables or in the current trade and other receivables in the balance sheet) when the regulated revenue received is lower than the real costs to be covered by the authorised regulated tariffs. These latter are recognised inasmuch as the group considers their recovery highly likely.

This accounting method (see Note 2.14) has been determined by the group as no definitive guidance on 'rate-regulated activities' has been published to date.

Note 1d. Date of authorisation for issue

The Board of Directors of Fluxys SA authorised these IFRS financial statements for issue on 25 March 2020.

Note 1e. Changes or additions to the accounting principles and policies

The following standards and interpretations are applicable for the annual period starting from 1 January 2019:

- IFRS 16 Leases
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to IAS 19 Plan Amendment, Curtailment or Settlement
- Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures
- Amendments to IFRS 9 Prepayment features with negative compensation
- Annual improvements to IFRS (2015-2017 cycle)

With the exception of IFRS 16, the application of the standards, amendments and interpretations mentioned above has no significant impact on the financial statements of the group.

IFRS 16 - Leases

General impact of the application of IFRS 16

IFRS 16 *Leases* provides a complete model for the identification and accounting treatment of leases in financial statements. This standard replaces the current provisions on leases, including those under IAS 17 *Leases* and the associated interpretations since its entry into force, i.e. on 1 January 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation, and disclosure of leases, obliging lessees to identify all leases following a single balance sheet model similar to the one that prevailed for finance lease recognition under IAS 17.

The Fluxys SA group applied IFRS 16 on 1 January 2019 based on the modified retrospective method as proposed by the standard's transition provisions, by recognising the cumulative effect of initially applying this standard as an adjustment to the opening balance of retained earnings.

Impact of the new definition of 'lease'

IFRS 16 defines a single model for the recognition of leases based on a new definition of 'lease', the main change of which relates to the notion of 'control'. To determine whether a lease confers the right to control use of a determined asset for a determined period of time, the entity must appreciate whether the customer, throughout the period of use, has the right to:

- obtain substantially all of the economic benefits from the use of the asset; and
- direct the use of the asset.

To determine the duration of the lease, any options for renewal or termination were considered required under IFRS 16, taking into account the probability of exercising the option as well as whether it is under the control of the lessee.

Impact on recognition by lessees.

Former operating leases

IFRS 16 changes the method by which the group recognised leases that were formerly classified as operating leases based on IAS 17, and which were therefore recognised off-balance-sheet.

At the time of the first application of IFRS 16, for all leases that come under the new definition of 'lease', with the exceptions as stated below, the Fluxys SA group will:

- recognise the right-of-use assets and lease obligations in the consolidated financial statements, initially valued at the present value of future payments;
- recognise the depreciation of right-of-use assets in the consolidated income statement over the estimated duration of the contract;
- separate the total amount of fees paid into a principal that reduces the lease obligations, and a part destined for the interest accounted for in the results.

For leases with a term not exceeding 12 months or contracts for low-value assets, the Fluxys SA group recognises a lease expense directly in the income statement in accordance with the exemption provided by IFRS 16.

Former finance leases

Finance lease assets were recognised in the group's balance sheet assets against a financial liability to the lessor. IFRS 16 does not change this treatment. Assets held under finance leases will be transferred to the right-of-use asset item.

Impact of IFRS 16 on the financial statements of the Fluxys SA group

The group has leases encompassing sites, facilities and certain machines, as well as vehicles.

The group has valued lease assets for leases formerly classified as operating leases at the present value of the remaining rent payments, determined using the incremental borrowing rate. Lease liabilies amounted to €100,034 thousand, as detailed below (situation as at 1 January 2019). The weighted average incremental borrowing rate was 2.9%.

IMPACT ON 1 JANUARY 2019

On 1 January 2019, the liabilities concerned encompass:

- the group's sites for an amount of €84,327 thousand and which constitute the transmission or LNG terminal facilities (Dunkirk and Zeebrugge) as well as other sites built on sites for which the group has long-term concessions,
- office and storage space leased for more than one year for €5,317 thousand,
- technical facilities leased for more than one year: €5,675 thousand, and
- vehicles leased for more than one year: €4,715 thousand.

The assets recognised as right-of-use assets for these contracts are equal to the liabilities before taking into consideration advance payments and contracts formerly classified as finance leases. As a consequence, there is no impact on opening equity as at 1 January 2019.

The net carrying amount of assets held under finance leases on 1 January 2019 for an amount of €46,023 thousand has been reclassified to the right-of-use assets at the same date.

The following reconciliation of the opening balance of the lease liabilities as at 1 January 2019 is based on the operating lease commitments as at 31 December 2018.

		In thousands of €
Total of future minimum payments in respect of non-cancellable (undiscounted) operating leases as at 31 December 2018 (note 7.5 in the 2018 annual report)	A	152,343
Effect of discounting	B	(51,650)
Contracts excluded from IFRS 16 (short-term and low-value)	C	(658)
Additional lease liabilities (discounted) as at 1 January 2019	A+B+C=D	100,034
Liabilities under finance leases existing on 31 December 2018 (1)	E	112,708
Lease liabilities as at 1 January 2019	D+E	212,742

(1) The amount of liabilities exceeds the assets held under finance lease on 31 December 2018 taking into account the repayment profile of the debt.

The following table presents the reclassifications and adjustments recognised on each item in the opening balance:

			In thousands of €
	31/12/2018	Impact IFRS 16	1/01/2019
Assets	**68,265**	**100,034**	**168,299**
Right-of-use assets	0	147,758	147,758
Assets held under finance lease	46,023	(46,023)	-
Other current assets (1)	22,242	(1,701)	20,541
Interest bearing liabilities	***3,701,020***	***100,034***	***3,800,651***
Non-current interest bearing liabilities	3,330,377	93,792	3,424,169
Current interest bearing liabilities	370,643	6,243	376,886
Impact on equity		**0**	

(1) Reclassification of advance payments for leases to right-of-use assets.

IMPACT OF IFRS 16 ON RESULTS AND STATEMENT OF CASH FLOWS AS AT 31 DECEMBER 2019

For the 12-month period ended 31 December 2019:

- depreciation charge increased by €7,137 thousand following the depreciation of additional assets;
- lease costs reduced by €9,509 thousand relating to old (operating) leases;
- increase of the interest charge of €2,373 thousand following the interest charge on new recognised lease liabilities.

In the statement of cash flows, repayments of liabilities relating to leases come to €17,645 thousand (excluding interest) as at 31 December 2019.

For short-term leases (duration of 12 months or less) and low-value lease assets, the impact on results is not significant.

Note 1f. Standards, amendments and interpretations applicable from 1 January 2020 and thereafter

At the date of authorisation of these financial statements, the standards and interpretations listed below have been issued but are not yet mandatory:

- Amendments to IAS 1 and IAS 8 Amendment to the definition of "material" (effective for annual periods beginning on or after 1 January 2020)
- Amendments to IFRS 3 Business Combinations (effective for annual periods beginning on or after 1 January 2020 but not yet adopted at European level)
- Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform (effective for annual periods beginning on or after 1 January 2020)
- Amendments to the Conceptual Framework for Financial Reporting in IFRS standards (effective for annual periods beginning on or after 1 January 2020)
- IFRS 17 Insurance contracts (effective for annual periods beginning on or after 1 January 2021[1], but not yet adopted at European level)
- Amendments to IAS 1 Presentation of Financial Statements: classification of liabilities as current or non-current (effective for annual periods beginning on or after 1 January 2022, but not yet adopted at European level)

These standards, amendments and interpretations have not been early adopted, with the exception of the interest-rate reform. The group has several loans based on these rates. The application of these standards, amendments and interpretations did not have and will not have a significant impact on the financial statements of the group.

[1] The exposure draft 2019/4 of June 2019 suggests postponing the date of entry into force in the EU to 1 January 2023 (IASB meeting 17 March 2020).

Note 2. Accounting principles and policies

The accounting principles and policies were approved at the Fluxys Board of Directors meeting of 25 March 2020.
Changes or additions compared with the previous financial year are underlined.

2.1. General principles

The financial statements fairly present the Fluxys group's financial position, results of operations and cash flows.
The group's financial statements have been prepared on the accrual basis of accounting, except for the statement of cash flows.
Assets and liabilities have not been offset against each other, except when required or allowed by an international accounting standard.
Current and non-current assets and liabilities have been presented separately in the balance sheet of the Fluxys group.
The accounting policies have been applied in a consistent manner.

2.2. Balance sheet date

The consolidated financial statements are prepared as of 31 December, i.e. the parent entity's balance sheet date.
When the financial statements of a subsidiary, a joint operation, a joint venture or an associate are not prepared as of 31 December, interim financial statements are prepared as at 31 December for consolidation purposes.

2.3. Events after the balance sheet date

The book value of assets and liabilities at the balance sheet date is adjusted when events after the balance sheet date provide evidence of conditions that existed at the balance sheet date.

Adjustments can be made until the date of authorisation for issue of the financial statements by the Board of Directors.

Other events relating to circumstances arising after balance sheet date are disclosed in the notes to the consolidated financial statements, if significant.

2.4. Basis of consolidation

The Fluxys group's consolidated financial statements have been prepared in accordance with IFRS and in particular with IFRS 3 (Business Combinations), IFRS 10 (Consolidated Financial Statements), IFRS 11 (Joint Arrangements) and IAS 28 (Investments in Associates and Joint Ventures).

Subsidiaries

The Fluxys group's consolidated financial statements include the financial statements of the parent entity and the financial statements of the entities it controls and its subsidiaries.

The investor controls an investee when it is exposed—or has rights—to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The investor has power over the investee when it holds existing rights that give the current ability to direct the relevant activities, i.e. the activities of the investee that significantly affect the investee's returns, even if it does not hold the majority of the voting rights in the investee concerned.

The parent entity must consolidate the subsidiary as of the date it obtains the control over it, and must cease to consolidate when it loses control over it. In this way revenues and charges of a subsidiary acquired or transferred in the course of the financial year are included in the consolidated income statement and in the consolidated statement of comprehensive income as of the date on which the parent entity acquired the control over the subsidiary and up to the date on which it ceased to control the latter.

Joint operations

A joint operation is a partnership in which the parties which exercise joint control over the company have rights to the assets and obligations for liabilities relating thereto. Joint control means contractually agreed sharing of the control exercised over an undertaking, which only exists in the cases where the decisions on the relevant activities require the unanimous consent of the parties sharing the control.

When a group entity carries out its activities in the framework of a joint operation, the group, as a co-participant, must account for the assets, liabilities, revenues and charges relating to its interests in the joint operation and in accordance with the IFRS which apply to these assets, liabilities, revenues and charges.

Investments in associates and joint ventures

An associate is an entity in which the group has a significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity, without exercising control or joint control over these policies.

A joint venture is a joint arrangement in which the parties exercising joint control over the undertaking have rights to the net assets of the undertaking. Joint control means contractually agreed sharing of the control exercised over an undertaking, which only exists in the cases where the decisions on the relevant activities require the unanimous consent of the parties sharing the control.

The results and assets and liabilities of associates or joint ventures are accounted for in the present consolidated financial statements in accordance with the equity method, unless the investment, or a part thereof, is classified an asset held for sale in accordance with IFRS 5.

An investment in an associate or joint venture is initially accounted for at cost. It then integrates the share of the group in the net results and the other elements of the comprehensive result of the undertaking accounted for under the equity method. Finally, dividends distributed by this entity decrease the value of the investment.

An associate is not accounted for under the equity method if its impact on the financial statements is immaterial.

2.5. Business combinations

The group accounts for all business combinations using the acquisition method. This method is also used for business combinations under joint control in the event that the method is in line with the substance of the transaction and helps to give a true and fair view of the financial position.

The acquirer measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

The costs connected to the acquisition are accounted for in the results when they are made.

Goodwill represents the surplus, at the acquisition date, of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the investment previously held by the acquirer in the acquiree over the net fair value of identifiable assets acquired and liabilities assumed.

If after revaluation, the net fair value at the acquisition date of identifiable assets acquired and liabilities assumed is higher than the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the investment previously held by the acquirer in the acquiree, the surplus will be accounted for immediately in the results of the period.

Goodwill is recognised as an asset. For the purpose of impairment tests, goodwill is allocated to the group's cash-generating units expected to benefit from the synergies of the combination. An impairment test is carried out each year, even when there is no indication that goodwill may have been impaired, or more frequently if events or changes in circumstances indicate that goodwill may have been impaired (IAS 36 – Impairment of assets).

In case of a business combination realised in stages, the group reassesses the participation it previously held in the acquired company at the acquisition-date fair value and accounts for any gain or loss in the net results.

Changes in participations in subsidiaries of the group which do not result in a loss of control are recognised as equity transactions.

When the group loses control of a subsidiary, a gain or loss is accounted for in the net results and is calculated as the difference between:

- the total fair value of the consideration received and the fair value of any retained participation and
- the previous book value of the subsidiary’s assets (including goodwill) and liabilities.

All amounts previously recognised in other items of comprehensive income relating to the subsidiary are recognised as if the group had directly disposed of the related subsidiary's assets or liabilities. They are reclassified to net results or transferred to another category of equity in accordance with applicable IFRS.

The fair value of any participation retained in the former subsidiary at the date of loss of control must be regarded as the fair value on initial recognition for subsequent recognition under IFRS 9 or, where applicable, as the cost on initial recognition of an investment in an associate or joint venture.

2.6. Translation of foreign entities' financial statements

For consolidation purposes, the balance sheets of foreign entities are translated into euro using the closing rate and the income statements are translated using the average exchange rate for the period unless the exchange rate has fluctuated considerably.
The group's share of the resulting exchange differences is reported as translation adjustment in the consolidated equity section of the balance sheet, whereas the non-controlling interests' share in those differences is reported as 'non-controlling interests' in consolidated equity on the liability side of the balance sheet.

2.7. Intangible assets

An intangible asset is recognised as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and if the cost of the asset can be measured reliably.

Intangible assets are recognised at cost in the balance sheet (cost method), less any accumulated amortisation and any accumulated impairment losses.

Intangible assets on the asset side of the balance sheet, with a limited useful life, are amortised over their useful life.

The main amortisation periods are as follows:

- 40 years for the asset 'sole operator of the natural gas transmission network and storage facilities' in Belgium;
- 20 to 45 years for the customer portfolios;
- 20 years for the asset 'sole operator of the LNG facilities';
- 5 years for computer software.

Intangible assets 'customer portfolios' may be amortised under a diminishing balance method which reflects more closely the way that the Group expects to consume the future economic benefits associated with these assets.

Subsequent expenditure is capitalised if it generates economic benefits exceeding the initial standard of performance.

Intangible assets are reviewed at each balance sheet date to identify indications of potential impairment that may have arisen during the financial year. In case such indications are noted, an estimate of the recoverable amount of the related intangible assets is made. The recoverable amount is defined as the higher of the fair value less costs to sell of an asset and its value in use.

The value in use is calculated by discounting future cash inflows and outflows generated by the continuous use of the asset and its final disposal at an appropriate discounting rate.

Intangible assets are impaired when their book value exceeds the amount that can be recovered, as a result of obsolescence of these assets or due to economic or technological circumstances.
Intangible assets with an indefinite useful life are subject to an annual impairment test, and an impairment loss is recognised when their book value exceeds their recoverable amount.
The useful life, the depreciation method, as well as the potential residual value of intangible assets are reassessed at each balance sheet date and revised prospectively, if applicable.

Emission rights for greenhouse gases

Emission rights for greenhouse gases acquired at fair value are recognised as intangible assets at their acquisition cost. Rights granted free of charge are recognised as intangible assets at a nil book value.
The emission of greenhouse gases in the atmosphere is recognised as an operating expense, the counterpart being a liability for the obligation to deliver allowances covering the effective emission over the period concerned in the liabilities side of the balance sheet (other payables).
This expense is measured by reference to the weighted average cost of the acquired or granted allowances.
This liability in the balance sheet (other payables) is derecognised on the delivery of allowances to the government by withdrawing emission rights from intangible assets.
In case the allowances are insufficient to cover the emission of greenhouse gases during the financial year, the group accounts for a provision. This provision is measured by reference to the market value at the balance sheet date of the allowances yet to be purchased.
The excess emission rights not sold on the market are valued at the balance sheet date by reference to the weighted average cost of the acquired or granted allowances, or at market value if lower than the weighted average cost.

2.8. Property, plant and equipment

Property, plant and equipment (PPE) is recognised as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and if the cost of the asset can be measured reliably.
Property, plant and equipment are recognised at cost in the balance sheet (cost method), less any accumulated amortisation and any accumulated impairment losses.
Subsequent expenditure is capitalised if it generates economic benefits exceeding the initial standard of performance.
Property, plant and equipment are reviewed at each balance sheet date to identify indications of potential impairment that may have arisen during the financial year. In the event that such indications are noted, an estimate of the recoverable amount of the PPE in question is established. The recoverable amount is defined as the higher of the fair value less costs to sell of an asset and its value in use. The value in use is calculated by discounting future cash inflows and outflows generated by the continuous use of the asset and its final disposal at an appropriate discounting rate.

Capital subsidies and tax deductions for investment

Subsidies related to property, plant and equipment as well as contributions by third parties in the funding of such assets are deducted from the acquisition cost of these assets.
The tax benefit arising from the deductions for investment reduces the gross value of the related assets, the counterpart being deferred taxes.

Depreciation methods

PPE is depreciated over its useful life.
Each significant component of PPE is recognised separately and depreciated over its useful life.
The depreciation method reflects the rate at which the group expects to consume the future economic benefits related to the asset, taking into account the time during which the assets may generate regulated revenue.
The regulated investments intended to increase the security of supply in Europe are depreciated under a diminishing balance method, which more accurately

reflects the rate at which the group expects to consume the future economic benefits of these assets.

Maximum durations of depreciation are:

- 50 to 55 years for transmission pipelines, terminalling facilities and tanks,
- 50 years for administrative buildings, staff housing and facilities;
- 40 years for storage facilities;
- 33 years for industrial buildings;
- 20 years for investments related to the extensions of the Zeebrugge LNG terminal;
- 10 years for equipment and furniture;
- 5 years for vehicles and site machinery;
- 4 years for computer hardware;
- 3 years for prototypes;
- 10 to 40 years for other facilities.

The useful life, the depreciation method, as well as the potential residual value of property, plant and equipment are reassessed at each balance sheet date and revised prospectively, if applicable.

2.9. Leases

Definition of 'lease'

A contract is or contains a lease if it conveys a right to control the use of an identified asset for a period of time in exchange for a consideration.
To determine whether a lease confers the right to control the use of a specified asset for a determined period of time, the entity must appreciate whether, throughout the period of use, it has the right to:
obtain substantially all of the economic benefits from the use of the asset; and
direct the use of the asset.

To determine the duration of the lease, any options for renewal or termination were considered required under IFRS 16, taking into account the probability of exercising the option as well as whether it is under the control of the lessee.

1- The group as a lessee

At the start of the lease, the lessee recognises a right-of-use asset and a lease obligation.

RIGHT-OF-USE ASSETS

The group recognises right-of-use assets on the commencement date of the contract, i.e. the date on which the asset becomes available for use. These assets are valued at the initial cost of the lease obligation minus amortisation and any depreciation, adjusted to take into account any revaluations of the lease obligation. The initial cost of the right-of-use assets includes the present value of the lease obligation, the initial costs incurred by the lessee, rent payments made on the start date or before that date, minus any incentives obtained by the lessee.

These assets are depreciated over the estimated lifetime of the underlying asset or over the duration of the contract if this period is shorter, unless the group is sufficiently certain of obtaining ownership of the asset at the end of the contract.

Right-of-use assets are presented separately from other assets as a different heading under non-current assets.

LEASE OBLIGATIONS

The lease obligation are valued at the present value of the rent payments that have not yet been paid. The present value of the rent payments must be calculated using the interest rate implicit in the lease if it is possible to determine that rate. If not, the lessee must use its incremental borrowing rate.

The incremental borrowing rate is the interest rate that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

Over the duration of the contract, the lessee values the lease obligation as follows:

- by increasing the book value to reflect the interest on the lease obligation;
- by reducing the book value to reflect the rent payments made;
- by revaluing the book value to reflect the new appreciation of the lease obligation or amendments to the lease.

The services included in leases do not form part of the lease debt.

Lease obligations are presented in a separate entry under current and non-current interest-bearing liabilities (see note 5.13).

Short-term leases and low-value leases

For short-term leases (duration of 12 months or less), the Fluxys group registers a lease expense.

To determine the criteria for a low-value lease, a threshold has been determined, with the exception of vehicles, which are included in the group of vehicles leased for more than one year without applying the value criteria.

Presentation

In the comprehensive income statement, the interest charge on the lease obligation is presented separately from the depreciation charge that applies to the right-of-use asset.

In the statement of cash flows, the cash flows will be presented as follows:
cash outflows relating to the principal of the lease obligation and the interest paid, in the financing activities;
rent payments for short-term leases, low-value leases and variable rent payments that have not been taken into account in the valuation of the lease obligations, in the operating activities.

2- The group as a lessor

The group is not currently active as a lessor.

2.10. Financial instruments

1. Recognition and derecognition of financial assets and liabilities

RECOGNITION

Financial assets and liabilities are recognised when the group becomes party to the instrument's contractual terms.

DERECOGNITION OF FINANCIAL ASSETS

The group has to derecognise a financial asset if and only if the contractual rights on the cash flows of the financial asset expire, or where it transfers almost all the risks and rewards inherent to the ownership of the financial asset to a third party.

If the group doesn't transfer, or keeps almost all the risks and rewards inherent to the ownership of th

e financial asset and it keeps control of the asset transferred, the group continues to recognise the financial asset to the degree of its continuing involvement and an associated liability for the amount owed.

If the group keeps almost all the risks and rewards inherent to the ownership of the financial asset, it continues to recognise the whole financial asset and recognises a financial liability for the consideration received.

When a financial asset measured at amortised cost is derecognised, the difference between the amortised cost and the sum of the considerations received is transferred to the income statement.

When an investment in equity instruments until now measured at fair value through other comprehensive income is derecognised, the accumulated profit/loss recognised previously in other comprehensive income is not reclassified to net income.

Derecognition of financial liabilities

The entity derecognises a financial liability only if this liability is extinguished, i.e. once the obligation is fulfilled, cancelled or it expires.

The difference between the book value of an extinguished financial liability and the consideration paid, including, where applicable, the assets (non-cash) transferred and the liabilities acquired must be recognised in net income.

2. Unconsolidated instruments (such as shares and equity rights)

The Fluxys group values the unconsolidated equity instruments at fair value with changes to other comprehensive income.

However, given the materiality of certain instruments and the unavailability of recent market values, certain equity instruments are accounted for at the initial cost.

The dividends received for these equity instruments are recognised in financial income under the item ‘Dividends from unconsolidated entities’.

3. Short-term investments, cash and cash equivalents

Cash investments in the form of bonds or commercial paper, having a maturity date exceeding three months, are reported as financial assets measured at amortised cost. These are shown in the balance sheet under non-current ‘other financial assets’ and under current ‘cash investments’.

Cash and cash equivalents include short-term investments, short-term bank deposits and deposits readily convertible to a known cash amount and which are subject to an insignificant risk of changes in value (maximum of three months).

Cash and cash equivalents held are reported as financial assets measured at amortised cost.

The economic model used by the Fluxys group to manage financial assets aims to hold them in order to obtain contractual cash flows. The sales of financial assets are rare and the group does not expect to proceed with such sales in the future, except in the case of an increased credit risk for the assets over and above the policy advocated by the group. A sale may also be motivated by an unexpected financing need.

Where the conditions required to be qualified as financial assets valued at amortised cost are not met, these financial assets concerned are valued at fair value through profit and loss.

4. Trade and other receivables

Trade and other receivables are stated at their face value reduced by any amounts deemed unrecoverable.

When the time value of money is significant, trade and other receivables are discounted.

Impairment losses are recognised when the book value of these items at balance sheet date exceeds their recoverable amount.

5. Expected credit losses and write-downs

Expected credit losses on financial assets accounted for at depreciated cost are calculated using an individual approach, based on the credit quality of the counterparty and the maturity of the financial asset.

Expected credit losses are calculated using a probability of default over 12 months where the credit risk is low.

A financial asset is impaired where one or more events have occurred with a negative effect on the future estimated cash flows of this financial asset. The indications of the impairment of a financial asset encompass data that may be observed on the following events:

- defaults in payments for more than 90 days,
- significant financial difficulty of the issuer or debtor and
- increasing probability of bankruptcy or financial restructure of the lender.

<u>If the economic forecast (for example gross domestic product) deteriorates over the course of next year, which could lead to an increase in the number of defaults, the historical default rates are adjusted. At each balance sheet date, the historical default rates observed are updated and the changes in the forecast estimates are analysed.</u>

6. Interest-bearing liabilities

Interest-bearing liabilities are recognised at the net amount received. Following initial recognition, interest-bearing liabilities are recorded at depreciated cost. The difference between the depreciated cost and the redemption value is recognised in the income statement under the effective interest rate method over the term of the liabilities.

When a financial liability measured at amortised cost is amended without this amendment entailing derecognition, the profit/loss arising therefrom is immediately transferred to the income statement. The gain or loss corresponds to the difference between the original contractual cash flows and the amended cash flows discounted at the original effective interest rates.

7. Trade payables

Trade payables are stated at face value.

When the time value of money is significant, trade payables are discounted.

8. Derivative instruments

The Fluxys group uses derivative financial instruments to hedge its exposure to exchange and interest rate risks.

Derivative instruments designated as hedging instruments

The Fluxys group designates certain derivatives as hedging instruments for foreign exchange risk and interest rate risk in cash-flow hedges or hedges of net investments in foreign operations.

Designation and effectiveness of hedging

When creating a hedge relationship, the group prepares documentation describing the relationship between the hedging instrument and the hedged item as well as its objectives as regards risk management and its strategy for conducting various hedging transactions.

Moreover, at the time of creating the hedge and regularly thereafter, the group indicates whether the hedging instrument is highly effective to compensate the variations in fair value or cash flows of the hedged item attributable to the hedged risk, i.e. where the hedge relationship satisfies all of the following effectiveness constraints for the hedge:

- there is an economic link between the hedged item and the hedging instrument;
- the credit risk has no dominant effect on the variations in value that result from this economic link;
- the hedge ratio of the hedge relationship is equal to the relationship between the quantity of the hedged item that is really hedged by the group and the quantity of the hedged item that the group really uses to hedge this quantity of the hedged item.

If a hedge relationship ceases to satisfy the constraint of effectiveness of the hedge relative to the hedge ratio, but the risk management objective of this designated hedge relationship remains the same, the Group must re-adjust the hedge ratio of the hedge relationship in such a way as to make it meet the criteria again (rebalancing).

Changes in the fair value of financial instruments designated as hedges of a net investment in an activity abroad, and which meet the associated conditions, are recognised directly in equity provided that they relate to the effective portion of the hedge and that the changes in fair value result from changes in exchange rate.

Gains or losses on hedging instruments recognised directly in equity must be recognised in the income statement when the activity abroad leaves the consolidation scope.

Changes in the fair value of financial instruments designated as cash flow hedges are recognised directly in group equity. The ineffective portion of the gain or loss on the hedging instrument is recognised in the income statement. If the planned transaction is no longer likely to take place, gains or losses on the hedging instruments which were recognised directly in equity are recognised in the income statement.

Derivative instruments not designated as hedging instruments

Certain financial instruments, although hedging clearly defined risks, do not meet the criteria for the application of hedge accounting under IFRS 9 (Financial instruments).

Changes in the fair value of these financial instruments are directly recognised in the income statement.

2.11. Inventories

Valuation

Inventories are valued at the lower of cost and net realisable value.
Inventories are written down to account for:

- a reduction in net realisable value, or
- impairment losses due to unforeseen circumstances related to the nature or use of the assets.

These write-downs on inventories are recognised in the income statement in the period in which they arise.

Gas inventory

Gas inventory changes are valued under the weighted average cost method.

Supplies and consumables

Supplies and consumables are valued under the weighted average cost method.

Work in progress

Work in progress for third parties is valued at cost, including indirectly attributable costs.
When the outcome of a contract can be reliably estimated, contract revenue and expenses are recognised as revenue and expenses respectively by reference to the stage of completion of the contract at balance sheet date. Any expected loss is recognised immediately as an expense in the income statement.

2.12. Borrowing costs

Borrowing costs directly attributable to the acquisition, building or production of assets requiring a substantial period of time to get ready for their intended use (property, plant and equipment, inventories, investment property, etc.) are added to the costs of the assets concerned until they are ready for use or sale. The amount of the borrowing costs to be capitalised is the actual cost incurred in borrowing the funds, as reduced by income from any temporary investment of these funds.

2.13. Provisions

Provisions are recognised as a liability in the balance sheet when they meet the following criteria:

- the group has a present (legal or constructive) obligation arising from past events, and
- it is probable (i.e. more likely than not) that the settlement of this obligation will lead to an outflow of resources embodying economic benefits, and
- the amount of the obligation can be reliably estimated.

No provision is recognised if the above conditions are not met.
The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date, in other words the amount the entity reasonably expects to need to pay to discharge the obligation at balance sheet date, or to transfer it to a third party at the same date.

This estimation is based either on a request from a third party or on estimates or detailed calculations. For all provisions recognised, management considers that the probability of an outflow of resources exceeds 50%.
When the time value of money is significant, provisions are discounted. The discount rate used is a rate before tax reflecting current market estimates of the time value of money and taking into account any risks associated with the type of liability in question.
All risks incurred by the group that do not comply with the above-mentioned criteria are disclosed as contingent liabilities in the Notes.

Employee benefits

Some companies in the Fluxys group have established supplementary 'defined benefit' or 'defined contribution' pension plans. Benefits provided under these plans are based on the number of years of service and the employee's salary.

'Defined benefit' pension plans enable employees to benefit from a capital sum calculated on the basis of a formula which takes account of their annual salary at the end of their career and their seniority when they retire.

‘Defined contribution’ pension plans provide employees with a capital sum accumulated from personal and employer contributions based on their salary. In Belgium, the law requires that the employer guarantees a minimum return for defined contribution, which varies based on the market rates.

The accounting method used by the group to value these ‘defined contribution pension plans, with a guaranteed minimum return’, is identical to the method used for ‘defined benefit’ plans.

In case of death before retirement, these plans provide, in Belgium, a lump sum for the surviving spouse and benefits for the orphans.

Other employee benefits

Certain group companies offer their employees post-employment benefits such as the reimbursement of medical costs and tariff reductions, and other long-term benefits (seniority premiums).

Valuation

These liabilities are valued annually by a qualified actuary.
Regular payments made in relation to the supplementary pension plans are recognised as expenses at the time they are incurred.

'Defined benefit' pension plans

Provisions for pensions and other collective agreements are reported in the balance sheet in accordance with IAS 19 (Employee Benefits), using the projected unit credit method (PUCM).

The current value of post-employment benefits is determined at each balance sheet date based on the projected salary estimated at the end of the employee's career, the rate of inflation, life expectancy, staff turnover and the expected age of retirement. The present value of defined benefit obligations is determined using a discount rate based on high-quality bonds with maturity dates close to the weighted average maturity of the plans concerned and which are denominated in the currency in which the benefits are to be paid.

Where plan assets include qualifying insurance policies that exactly match the amount and timing of some or all of the benefits payable under the plan, the fair value of those insurance policies is deemed to be the present value of the related obligations (subject to any reduction required if the amounts receivable under the insurance policies are not recoverable in full).

The amount accounted for in respect of post-employment liabilities corresponds to the difference between the current value of future obligations and the fair value of assets in the plan destined to cover them. If the result of this calculation is a deficit, the commitment is entered in the liability side of the balance sheet. In the opposite case, an asset is recognised in line with the surplus of the defined benefit pension plan, capped at the current value of any future reimbursement from the plan or any reduction in future contributions to the plan.

The remeasurements of the liabilities or surplus assets in the balance sheet comprise:

- the actuarial gains or losses on the defined benefit liabilities resulting from adjustments relating to experience and/or changes in actuarial assumptions (including the effect of the change in the discount rate);
- the return on plan assets (excluding amounts included in net interest) and changes in the effect of the asset ceiling (excluding amounts included in net interest).

These remeasurements are directly recognised in equity ('Other comprehensive income') through the other items in comprehensive income.

'Defined contribution' pension plans

The liabilities of the group with regard to 'defined contribution' plans are limited to the employer contributions paid recorded in the results.

Actuarial gains and losses relating to other long-term employee benefits

The other long-term benefits are accounted for in the same way as the post-employment benefits, but remeasurements are fully accounted for in the financial results in the financial year in which they occur.

2.14. Revenue recognition

The group accounts for operating revenue as it meets a service obligation by supplying the customer with the promised good or service and as this latter obtains control thereof.

The Fluxys group uses a five-stage approach to determine whether a contract entered into with a customer may be accounted for and the way in which revenue should be recognised:

1. identification of the contract,
2. identification of the performance obligations,
3. determination of the transaction price,

4. allocation of the transaction price between the service obligations and
5. recognition of operating revenue where the performance obligations are met or where the control of the goods or services is transferred to the customer.

Group revenues mainly come from transmission, storage and terminalling service contracts for which both the services to be provided and the price of the service are clearly identified. Revenues from these contracts are mainly recognised based on reserved capacities.

Fluxys and its subsidiaries transfer the control of their services progressively and in doing so meet their performance obligation and account for operating revenue progressively. Furthermore, the Fluxys group makes sales of gas that are necessary for balancing operations and its operational needs. These services, fulfilled at a specific time, are recognised in operating revenue from the time of their fulfilment.

Regulated income received by the group may generate a gain or a loss compared to the fair margins on the capital invested.

Gains are reported and recognised as regulatory liabilities (under interest-bearing liabilities, current or non-current), whereas losses are included in operating revenue to offset the accounting of regulatory assets (under other non-current assets or in current trade and other receivables).

The regulatory framework is explained in further detail in chapter 10 of annual report. The distinction between the revenue invoiced and recognised (i.e. the movements in regulatory assets and liabilities) is shown in note 4 - Segment income statement.

2.15. Income taxes

Current tax is determined in accordance with local tax regulations and calculated on the income of the parent entity, subsidiaries and joint operations.

Deferred tax liabilities and assets reflect, respectively, the future taxable and deductible temporary differences between the book value and the tax base of assets and liabilities.

Deferred tax liabilities and assets are measured at the income tax rate applicable to the financial year in which the underlying asset is expected to be realised or the underlying liability settled, considering the new rates if they are enacted or substantially enacted at the closing date.

Any later change in rates requires a change to the deferred taxes. This is accounted for via the other items of comprehensive income for the part concerning operations that are usually accounted for in this statement. The balance of the change in deferred taxes is accounted for in the net profit/loss for the period.

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the future deductible temporary differences can be offset.

2.16. Foreign currency assets, rights, borrowings and liabilities

Recognition at the date of the transaction

Foreign currency receivables and payables are measured at the exchange rate prevailing at the transaction date.

Measurement at balance sheet date

At balance sheet date, in accordance with IAS 21 (Effects of Changes in Foreign Exchange Rates), monetary assets and liabilities, as well as rights and liabilities, are valued at the closing rate.
The resulting translation adjustments are recognised in the income statement.

Note 3. Investments

3.1. Consolidation scope

The consolidation scope remained stable compared to 2018. The only significant effects to be mentioned are those of the finalisation in 2019 of the purchase price allocation exercises for the DESFA and Dunkerque acquisitions realised in 2018.

3.1.1 Finalisation of the price allocation exercises for the DESFA and Dunkerque LNG acquisitions

Over the year 2019, the price allocation exercises for the DESFA and Dunkerque LNG acquisitions were finalised. By way of reminder:

- Dunkerque LNG is the owner of the LNG terminal in Dunkirk and Gaz-Opale is the operator of the same terminal. Fluxys took a controlling interest in these 2 companies at the end of October 2018 as part of a transaction managed in conjunction with AXA Infrastructure Equity I and Crédit Agricole Assurances through FluxDune, a company governed by Belgian law. Since 1st of November 2018, Fluxys fully consolidates these two companies.
- DEFSA is the natural gas system operator in Greece and was acquired on 20 December 2018 by the consortium with Snam (60%) and Enagás Internacional S.L.U. (20%) through the company Senfluga Energy Infrastructure Holdings SA (Senfluga), established in Greece. Senfluga is accounted for using the equity method.

The 2018 accounts took into consideration allocations at provisional prices. As soon as the price allocations are finalised and definitive, the 2018 accounts were restated, by virtue of IFRS 3.45. The impact of this restatement is shown in the tables below.

The impact of the finalisation of the purchase price on the consolidated balance sheet 2018 is material for the PPA of Dunkerque, but much less significant for the PPA of Senfluga. The effect is summarised below.

In thousands of €	31.12.2018 restated	31.12.2018	Change
Non-current assets	**7,633,877**	**7,752,717**	**-118,840**
Property, plant and equipment	5,537,966	5,554,625	-16,659
Intangible assets	1,506,714	1,737,465	-230,751
Goodwill	128,613	1,924	126,689
Equity consolidated investments	243,648	240,456	3,192
Deferred tax assets		1,311	-1,311
Current assets	**839,946**	**839,015**	**931**
Trade and other receivables	197,237	196,306	931
Total assets	**8,473,823**	**8,591,732**	**-117,909**
Equity	**3,622,693**	**3,622,519**	**174**
Equity attributable to the parent company's shareholders	2,141,694	2,138,962	2,732
Share capital and share premiums	*1,785,471*	*1,785,471*	*0*
Retained earnings and other reserves	*390,702*	*387,970*	*2,732*
Currency translation differences	*-34,479*	*-34,479*	*0*
Non-controlling interest	1,480,999	1,483,557	-2,558
Non-current liabilities	**4,246,739**	**4,364,820**	**-118,081**
Deferred tax liabilities	787,266	905,347	-118,081
Current liabilities	**604,391**	**604,393**	**-2**
Other current liabilities	16,370	16,372	-2
Total Equity and Liabilities	**8,473,823**	**8,591,732**	**-117,909**

The impact of the finalisation of the price allocations on the income statement 2018 is detailed below.

In thousands of €	31-12-2018 Revised	31-12-2018	Change	PPA Dun-kerque	PPA Sen-fluga	Other reclassi-fications
Operating revenue	981.050	981.050	0			
Sales of gas related to balancing operations and operational needs	117.388	117.388	0			
Other operating income	14.253	12.611	1.642		1.642	
Consumables, merchandise and supplies used	-4.280	-4.280	0			
Purchase of gas related to balancing of operations and operational needs	-130.243	-130.243	0			
Miscellaneous goods and services	-215.189	-223.182	7.993			7.993
Employee expenses	-138.678	-130.685	-7.993			-7.993
Other operating expenses	-11.040	-11.040	0			
Net depreciation	-382.676	-381.567	-1.109	-1.109		
Net provisions	7.960	7.960	0			
Impairment losses	-448	-448	0			
Profit/loss from continuing operations	**238.097**	**237.564**	**533**	**-1.109**	**1.642**	**0**
Earnings from associates and joint ventures	19.868	16.587	3.281		3.281	
Profit/loss before financial result and tax	**257.965**	**254.151**	**3.814**	**-1.109**	**4.923**	**0**
Change in the fair value of financial instruments	-5.544	-5.544	0			
Net profit on changes in the consolidation scope	303.907	303.907	0			
Financial income	22.835	22.835	0			
Finance costs	-74.729	-74.729	0			
Profit/loss from continuing operations after net financial result	**504.434**	**500.620**	**3.814**	**-1.109**	**4.923**	**0**
Income tax expenses	-56.245	-53.403	-2.842	-2.566	-276	0
Net profit/loss for the period	**448.189**	**447.217**	**972**	**-3.675**	**4.647**	**0**
Fluxys share	413.039	409.508	3.531	-1.116	4.647	0
Non-controlling interests	35.150	37.709	-2.559	-2.559	0	0

3.1.2 Evolution of participations

Fluxys UK

In the first half of 2019, the group combined its stakes in Interconnector (UK) (76.32%), IZT (26%) and GMSL (100%) under Fluxys UK. These changes have no impact on the consolidated accounts.

Rostock LNG

In October 2018, Fluxys Germany Holding acquired a 51% stake in Rostock LNG. At this stage, the capital injection amounted to €14 thousand. In the second half of 2019, this company's capital was increased by €7.0 million. The project in the German Port of Rostock plans to construct and operate a terminal, which will receive and unload medium-sized LNG vessels, store LNG and offer LNG distribution services. Novatek is the joint shareholder and holds 49% of the shares. As the group controls Rostock LNG jointly with Novatek, Fluxys Europe accounts for this entity using the equity method.

Flexfueler 002

In the first half of 2019, Flexfueler's capital was increased by €0.5 million and Titan LNG acquired an interest. This diluted the group's share in the capital of Flexfueler to 86.73%.

Fluxys TENP

In the second half of 2019, there was an internal reorganisation and 89% of Fluxys TENP was transferred from Fluxys Europe to Fluxys Germany Holding. This transaction has no impact on the consolidated financial statements.

Boostheat

In the second half of 2019, Boostheat launched a capital increase and an IPO. The group did not participate, which led to a dilution of the group's stake to 4.22%.

3.2. Nature and extent of stakes held in joint arrangements

Transitgas and TENP KG

Transitgas is a joint arrangement in which FluxSwiss exercises a joint control with the other joint operators.
Transitgas is qualified as a joint operation for the following reasons:
The purpose of the activities of Transitgas is essentially to put the capacity of its installations at the disposal of the joint operators. This gives them the right to almost all of the economic benefits of the assets of the operation. They also incur obligations against liabilities related to the operation. Indeed, the liabilities incurred by Transitgas are paid through cash flows received from the joint operators through the considerations paid for the capacity made available.
FluxSwiss holds 90% of the capacity of the Transitgas installations. The latter are therefore integrated for 90% in the consolidated financial statements of the group. This integration percentage is not based on the investment held in this company but on the rights to the assets and liabilities incurred by the group for the liabilities.
This method better reflects the risks and rewards of the joint operators related to the capacity reserved in the installations.

TENP KG is a joint arrangement in which Fluxys TENP exercises a joint control with the other joint operators.
The approach in the framework of this joint arrangement is identical to that of Transitgas, except that this joint operation is integrated for 64.25% in the consolidated financial statements of the group in accordance with the capacity reserved in the facilities.

BBL Company VOF, NEL and EUGAL

Through Fluxys Deutschland GMBH, Fluxys is joint owner of 16.5% of the assets and liabilities of EUGAL (gas pipeline linking Lubmin in northeast Germany with Deutschneudorf on the Czech border) and of 23.87% of the assets and liabilities of NEL (gas pipeline linking Lubmin with Rehden in southwest Germany).

Through Fluxys BBL, Fluxys is joint owner of 20% of the assets and liabilities of BBL Company, which operates a gas pipeline between Balgzand in the Netherlands and Bacton in England.

3.3. Nature and scope of the restrictions related to the assets and liabilities of the group

Special rights are attached to the special share of the Belgian State in Fluxys Belgium, other than the normal rights attached to all other shares. These special rights are exercised by the Federal Minister in charge of Energy and can be summarised as follows:

- The right to oppose all transfers, any assignment as security or change of the destination of strategic assets of Fluxys Belgium of which the list is set out in an annex to the royal decree of 16 June 1994, if the Federal Minister in charge of Energy considers that this operation prejudices the national interests in the area of energy;
- The right to appoint two representatives of the federal government with a consultative vote in the Board of Directors and the Strategic Committee of Fluxys Belgium.
- The right of the representatives of the federal government, within four business days, to appeal to the Federal Minister in charge of Energy on the basis of objective, non-discriminatory and transparent criteria, as defined in the Royal Decree of 5 December 2000, against any decision of the Board of Directors or any advice of the strategic Committee of Fluxys Belgium (including the investment and business plan and related budget) which they regard as contrary to the guidelines of the country’s energy policy, including the government's objectives concerning the country's

energy supply. The appeal is suspensive. If the Federal Minister in charge of Energy has not cancelled the decision concerned within eight business days after this appeal, it becomes final.

- A special voting right in case of deadlock in the General meeting on a matter concerning the objectives of the federal energy policy.

Other shareholders' agreements have been entered into within Fluxys group subsidiaries. These provide for pre-emptive rights at the time of transfer of securities by a shareholder, as well as certain special majorities needed for decision-making in specific matters. These do not affect the control exercised by the group over its subsidiaries or the joint control over its joint operations.

There are no other significant restrictions that could limit the ability of the group to access or use its assets and discharge its liabilities. However it must be noted that the assets of Flux Re are destined to cover the risk of the company in the scope of its reinsurance activities. The total assets in the balance sheet of Flux Re came to €169.9 million as at 31-12-2019 compared to €168.7 million as at 31-12-2018.

3.4. Information on investments

Fully consolidated entities						
Name of the company	**Registered office**	**Entity number**	**% owner-ship**	**Core business**	**Cur-rency**	**Balance sheet date**
FLUXYS BELGIUM SA	Avenue des Arts 31 B - 1040 Brussels	0402 954 628	90.00%	Gas transmission	EUR	31 December
FLUXYS LNG SA	Rue Guimard 4 B - 1040 Brussels	0426 047 853	90.00%	LNG terminalling	EUR	31 December
FLUX RE SA	Rue de Merl 74 L - 2146 Luxembourg	-	90.00%	Reinsurance entity	EUR	31 December
FLUXYS EUROPE SPRL	Rue Guimard 4 B - 1040 Brussels	0712 615 547	100.00%	International activity	EUR	31 December
FLUXYS BBL BV	Lage Ham 45 NL – 5102 AA Dongen	-	100.00%	Gas transmission	EUR	31 December
Fluxys Germany Holding GmbH	Elisabethstr. 11 D - 40217 Düsseldorf	-	100.00%	Holding	EUR	31 December
FLUXYS DEUTSCHLAND GmbH	Elisabethstr. 11 D - 40217 Düsseldorf	-	100.00%	Gas transmission	EUR	31 December
FLUXYS TENP GmbH	Elisabethstr. 11 D - 40217 Düsseldorf	-	100.00%	Gas transmission	EUR	31 December
FLUXSWISS SAGL	Via della Scuole 8 CH - 6900 Paradiso	-	50.65%	Gas transmission	CHF	31 December

FLUXYS UK Ltd (*)	Clarendon Road GB - Cambridge CB2 8FH	-	100.00%	International activity	GBP	31 December
GMSL Ltd	Clarendon Road GB - Cambridge CB2 8FH	-	100.00%	Services	GBP	31 December
FLUXYS INTERCONNECTOR Ltd (*)	Clarendon Road GB - Cambridge CB2 8FH	-	100.00%	International activity	GBP	31 December
INTERCONNECTOR (UK) Ltd	Furnival Street 10 UK - London EC4A 1AB	-	76.32%	Gas transmission	GBP	31 December
INTERCONNECTOR ZEEBRUGGE TERMINAL SCRL	Rue Guimard 4 B - 1040 Brussels	0454 318 009	63.40%	LNG terminal	EUR	31 December
FLUXYS BUNKERING SPRL	Rue Guimard 4 B - 1040 Brussels	0645 978 824	100.00%	LNG Services	EUR	31 December
FLEXFUELER 002 SPRL	Rue Guimard 4 B - 1040 Brussels	0716.865.434	86.73%	LNG bunkering services	EUR	31 December
DUNKERQUE LNG SAS	Rue l'Hermitte 30 Immeuble des 3 Ponts F - 59140 Dunkerque	-	30.39%	LNG terminalling	EUR	31 December
DUNKERQUE LNG Holding SAS	Bld de Sébastopol F - 75001 Paris	-	30.39%	Holding	EUR	31 December
FLUXDUNE SA	Rue Guimard 4 B - 1040 Brussels	0697 786 623	50.01%	Holding	EUR	31 December
GAZ-OPALE SAS	Rue l'Hermitte 30 Immeuble Les 3 Ponts F - 59140 Dunkerque	-	64.50%	Services	EUR	31 December

(*) FLUXYS UK Ltd (company number 09829068) and Fluxys Interconnector Ltd (company number 09829086) are exempt from the obligation of an external audit following a request for exemption in accordance with section 479a of the 'Companies Act 2016' and for which Fluxys Europe is guarantor for the debts outstanding on the balance sheet date. The outstanding financial debts on 31 December 2019 correspond exclusively to intragroup debts.

Joint operations integrated based on rights on assets and obligations on liabilities						
Name of the company	**Registered office**	**Entity number**	**% ownership**	**Core business**	**Cur-rency**	**Balance sheet date**
TENP KG	Gladbecker Strasse 425 D - 45329 Essen	-	49.00%	Leasing of facilities and services	EUR	31 December
Transitgas AG	Franklinstrasse 27 CH - 8050 Zurich	-	46.00%	Leasing of facilities and services	CHF	31 December
BBL Company VOF	Concourslaan 17 NL - 9727 KC Groningen	-	20.00%	Gas transmission	EUR	31 December
NEL (Nordeuropäische Erdgasleitung)	Kölnische Strasse 108-112 D - 34119 Kassel	-	23.87%	Gas transmission	EUR	31 December
EUGAL (European Gas Pipeline Link)	Kölnische Strasse 108-112 D - 34119 Kassel	-	16.50%	Gas transmission	EUR	31 December

Subsidiaries with significant non-controlling interests						In thousands of €
	31-12-2019*	31-12-2019*	31-12-2019*	31-12-2019*	31-12-2019*	31-12-2019*
100 %	Fluxys Belgium Group	Swiss Group**	Intercon-nector (UK)	Dunkerque LNG Holding	Other subsidiaries	TOTAL
Non-current assets	2.469.302	982.207	493.779	2.548.687	0	
Current assets	562.056	65.576	44.163	230.146	0	
Equity	785.516	547.566	361.080	1.559.202	0	
Non-current liabilities	1.998.428	413.945	148.054	1.173.580	0	
Current liabilities	247.414	86.272	28.808	46.051	0	
Operating revenue	627.215	196.064	87.338	202.330	0	
Operating expenses	-501.139	-86.980	-60.417	-162.877	0	
Net financial result	-36.685	-17.015	-228	-11.451	0	
Income tax expenses	-26.065	-17.895	-3.937	-6.449	0	
Net profit/loss for the period	63.326	74.174	22.756	21.553	0	
Balance sheet - Non-controlling interests	78.550	270.224	85.795	1.085.278	-29.862	**1.489.985**
Profit/loss – Non-controlling interests	6.333	36.605	5.379	13.927	-43	**62.201**

* Figures on an annual basis are 100% subject to approval by the companies' management bodies and general meeting

** Swiss Group corresponds to the consolidation of FluxSwiss integrating 90% of Transitgas.

Subsidiaries with significant non-controlling interests						In thousands of €
	31-12-2018* revised	31-12-2018* revised	31-12-2018* revised	31-12-2018* revised	31-12-2018* revised	31-12-2018* revised
100 %	Fluxys Belgium Group	Swiss Group**	Inter-connector (UK)	Dunkerque LNG Holding	Other Subsidiaries	TOTAL
Non-current assets	2.494.243	992.417	508.926	2.601.550	0	
Current assets	593.210	55.799	47.327	110.012	0	
Equity	816.168	497.941	355.035	1.536.852	0	
Non-current liabilities	2.020.645	474.345	159.655	1.121.928	0	
Current liabilities	250.640	75.930	41.563	52.782	0	
Operating revenue	623.547	176.967	168.904	31.807	0	
Operating expenses	-511.711	-84.326	-157.561	-24.470	0	
Net financial result	-40.868	-20.235	-120	-1.539	0	
Income tax expenses	-22.672	-14.374	-3.451	-5.904	0	
Net profit/loss for the period	48.296	58.032	7.772	-106	0	
Balance sheet - Non-controlling interests	81.615	245.734	84.332	1.069.834	-516	**1.480.999**
Profit/loss – Non-controlling interests	4.830	28.639	1.824	-74	-69	**35.150**

* Figures on an annual basis are 100% subject to approval by the companies' management bodies and general meeting

** Swiss Group corresponds to the consolidation of FluxSwiss integrating 90% of Transitgas.

Equity accounted investees – Joint ventures						
Name of the company	**Registered office**	**Entity number**	**% ownership**	**Core business**	**Currency**	**Balance sheet date**
TENP GmbH	Gladbecker Strasse 425 D - 45329 Essen	-	50.00%	Services	EUR	31 December
BALANSYS SA	rue de Bouillon 59-61 L-1248 Luxembourg	-	50.00%	Balancing operator	EUR	31 December
E-LOOPS GmbH	Karolingerstrasse 96 D - 45141Essen	-	51.00%	Services	EUR	31 December
ROSTOCK LNG GmbH	Elisabethstr. 11 D - 40217 Düsseldorf	-	51.00%	LNG terminalling	EUR	31 December

Equity accounted investees - Associates						
Name of the company	**Registered office**	**Entity number**	**% ownership**	**Core business**	**Currency**	**Balance sheet date**
LNG LINK INVESTMENT AS	Luramyrveien 40 NO - 4391 Sandnes	-	25.00%	Shipping	NOK	31 December
MAHON SHIPPING SA	Kiwiweg 80 B - 8380 Zeebrugge	0633.885.793	25.00%	Shipping	EUR	31 December
TRANS ADRIATIC PIPELINE AG	Lindenstrasse 2 CH - 6340 Baar	-	19.00 %	Gas transmission	EUR	31 December
SENFLUGA ENERGY INFRASTRUCTURE HOLDING SA	D. Soutsou street 28 GR - 11521 Athens	-	20.00%	Holding	EUR	31 December
DESFA	Mesogion Av. 357-359 GR - 15231 Chalandri, Athens	-	13.20%	Gas transmission	EUR	31 December

Financial statements of equity accounted investees				In thousands of €
	31-12-2019*	31-12-2019*	31-12-2019*	31-12-2019*
100 %	Senfluga Energy Infrastructure Holdings**	Trans Adriatic Pipeline AG	Other companies	TOTAL
Non-current assets	838.493	4.229.413		
Current assets	220.254	155.159		
Equity	487.702	1.063.176		
Non-current liabilities	466.407	3.110.168		
Current liabilities	104.638	211.228		
Operating revenue	257.124	2.892		
Operating expenses	-116.764	-42.537		
Net financial result	-19.583	1.712		
Investments in associates	0	0		
Income tax expenses	-33.640	-45		
Net profit/loss for the period	87.137	-37.978		
Investments in associates & JV	46.253	202.003	7.101	**255.357**
Result from investments in associates & JV	10.921	-7.216	62	**3.767**

* Figures before eliminations of intra-group operations on an annual basis at 100% and subject to the approval of the management bodies and the general meeting of the companies.

** The figures concern the group Senfluga, which controls the company DESFA with a stake of 66%.

Financial statements of equity accounted investees							In thousands of €
	31-12-2018* Revised	31-12-2018* Revised	31-12-2018* Revised	31-12-2018* Revised	31-12-2018* Revised	31-12-2018* Revised	31-12-2018* Revised
100 %	Dunkerque LNG Holding	Senfluga Energy Infrastructure Holdings**	Trans Adriatic Pipeline AG	Swedegas Holding	Gaz-Opale	Other companies	TOTAL
Non-current assets	0	851.382	3.697.436	0	0		
Current assets	0	327.128	205.344	0	0		
Equity	0	505.811	1.032.502	0	0		
Non-current liabilities	0	496.716	2.612.932	0	0		
Current liabilities	0	175.983	257.346	0	0		
Operating revenue	174.999	0	0	32.650	14.263		
Operating expenses	-106.042	-458	-28.566	-21.062	-10.819		
Net financial result	-2.625	16.863	9.751	-8.288	-68		
Investments in associates	0	0	0	0	0		
Income tax expenses	-13.085	0	890	5.527	-987		
Net profit/loss for the period	53.247	16.405	-17.925	8.827	2.389		
Investments in associates & JV	0	43.677	196.175	0	0	3.796	**243.648**
Result from investments in associates & JV	13.312	3.281	-3.406	4.414	1.475	792	**19.868**

* Figures before eliminations of intra-group operations on an annual basis at 100% and subject to the approval of the management bodies and the general meeting of the companies.

** The figures concern the group Senfluga, which controls the company DESFA with a stake of 66%. The 2018 figures were restated following the finalisation of the purchase price allocation (PPA) of DESFA.

Main unconsolidated entities			
Name of the company	**Registered office**	**% ownership**	**Core business**
BOOSTHEAT SA	Bld Marcel Sembat 41-47 F-69200 Venissieux	4.22%	Innovation in natural gas usage
NETCONNECT GERMANY GmbH & Co KG	Kaiserswerther Strasse 115 D-40880 Ratingen	10.00%	Conduct market area corporation
NETCONNECT GERMANY MANAGEMENT GmbH	Kaiserswerther Strasse 115 D-40880 Ratingen	10.00%	Conduct market area corporation
PRISMA EUROPEAN CAPACITY PLATFORM GmbH	Reichsstrasse 1-9 D - 04109 Leipzig	10.95%	Transmission capacity reservation platform
F.L. ZEEBRUGGE SA	Chaussée de Gand 1440 B - 1082 Brussels	19.08%	Finance lease company
C4GAS SAS	Rue de la Pépinière 24 F - 75008 Paris	9.70%	Purchasing portal

The Fluxys group holds, through the Interconnector (UK) group, 19.08% of the company FL Zeebrugge NV, a company which provides tangible assets under finance lease to the company Interconnector Zeebrugge Terminal SCRL. The Interconnector (UK) group has subscribed to the bonds issued by FL Zeebrugge NV with a view to partially financing the assets provided under finance lease. The Interconnector (UK) group has a purchase option on these assets provided under finance lease which can be exercised until 2025. Although this entity is not consolidated, the assets held under finance lease are recognised in the balance sheet of the group as right-of-use assets with a lease debt as counterparty.

Note 4. Income statement and operating segments

Operating segments

The Fluxys group carries out activities in the following operating segments:

The Belgium segment comprises all services subject to the Belgian Gas Act, i.e. transmission, storage in Loenhout and LNG terminalling services in Zeebrugge. Other activities with a link to these services are included in this segment, whether or not subject to the Gas Act. They mainly comprise the stake in the IZT and ZPT terminals[2], making facilities or persons available as well as work for third parties.

The Europe segment comprises the revenue generated by the transmission facilities in Germany, Switzerland, between Zeebrugge in Belgium and Bacton in the UK (IUK) and between Balgzand in the Netherlands and Bacton in the UK (BBL). It includes the LNG terminalling activities in Dunkirk, fully integrated since November 2018, as well as the results of the participations in TAP and Desfa.

The ‘Unallocated’ column comprises the governance and financial management activities of the Fluxys group.

The segment information is based on a classification into these operating segments.

Basis of accounting relating to transactions between operating segments

Transactions between operating segments are valued either at the current regulated tariff or on the basis of the contractual prices in accordance with market conditions.

Information relating to the main customers

The group’s main customers are users of natural gas transmission and storage services and LNG terminalling services.

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[2] Interconnector Zeebrugge Terminal (IZT) and Zeepipe Terminal (ZPT)

Segment income statement at 31-12-2019					In thousands of €
	Fluxys Belgium	Fluxys Europe	Unallocated	Elimination between segments	Total
Operating revenue	**530,995**	**589,595**	**7,403**	**-16,108**	**1,111,885**
Sales and services to external customers	*489,041*	*602,418*	*-47*	*0*	*1,091,412*
Transactions with other segments	*8,658*	*0*	*7,450*	*-16,108*	*0*
Changes in regulatory assets and liabilities	*33,296*	*-12,823*	*0*	*0*	*20,473*
Sales of gas related to balancing operations and operational needs	**80,182**	**19,092**	**0**	**0**	**99,274**
Sales of gas related to balancing of operations and operational needs	*96,154*	*19,092*	*0*	*0*	*115,246*
Sales of gas related to balancing of operations and operational needs – Regulatory changes	*-15,972*	*0*	*0*	*0*	*-15,972*
Other operating income	16,038	16,105	2,027	-8,499	25,671
Consumables, merchandise and supplies used	-7,898	-92	0	0	-7,990
Purchase of gas related to balancing of operations and operational needs	-80,188	-26,278	0	0	-106,466
Miscellaneous goods and services	-129,584	-97,076	-10,094	24,607	-212,147
Employee expenses	-107,508	-26,021	-9,970	0	-143,499
Other operating expenses	-4,700	-21,509	-12	0	-26,221
Depreciation and amortisation	-166,721	-234,205	-237	0	-401,163
Provisions for risks and charges	-3,995	11,643	-23	0	7,625
Impairment losses	-546	-22	0	0	-568
Profit/loss from continuing operations	**126,075**	**231,232**	**-10,906**	**0**	**346,401**
Earnings from associates and joint ventures	0	3,767	0	0	3,767
Profit/loss before financial result and tax	**126,075**	**234,999**	**-10,906**	**0**	**350,168**
Change in the fair value of financial instruments					-5,288
Net profit on changes in the consolidation scope					0
Financial income					16,031
Finance costs					-75,959
Profit/loss from continuing operations after net financial result					**284,952**
Income tax expenses					-70,789
Net profit/loss for the period					**214,163**

Segment income statement at 31-12-2018 Restated					In thousands of €
	Fluxys Belgium	Fluxys Europe	Unallocated	Elimination between segments	Total
Operating revenue	**503,246**	**478,930**	**17,594**	**-18,720**	**981,050**
Sales and services to external customers	*522,256*	*476,101*	*2,940*	*0*	*1,001,297*
Transactions with other segments	*3,560*	*506*	*14,654*	*-18,720*	*0*
Changes in regulatory assets and liabilities	*-22,570*	*2,323*	*0*	*0*	*-20,247*
Sales of gas related to balancing operations and operational needs	**106,233**	**11,155**	**0**	**0**	**117,388**
Sales of gas related to balancing of operations and operational needs	*135,914*	*11,155*	*0*	*0*	*147,069*
Sales of gas related to balancing of operations and operational needs – Regulatory changes	*-29,681*	*0*	*0*	*0*	*-29,681*
Other operating income	14,068	4,707	664	-5,186	14,253
Consumables, merchandise and supplies used	-4,144	-138	-272	274	-4,280
Purchase of gas related to balancing of operations and operational needs	-106,240	-24,003	0	0	-130,243
Miscellaneous goods and services	-120,729	-95,428	-22,664	23,632	-215,189
Employee expenses	-107,852	-22,912	-7,914	0	-138,678
Other operating expenses	-6,202	-4,837	-1	0	-11,040
Depreciation and amortisation	-164,331	-218,273	-72	0	-382,676
Provisions for risks and charges	-1,816	9,799	-23	0	7,960
Impairment losses	-400	-48	0	0	-448
Profit/loss from continuing operations	**111,833**	**138,952**	**-12,688**	**0**	**238,097**
Earnings from associates and joint ventures	0	19,868	0	0	19,868
Profit/loss before financial result and tax	**111,833**	**158,820**	**-12,688**	**0**	**257,965**
Change in the fair value of financial instruments					-5,544
Net profit on changes in the consolidation scope					303,907
Financial income					22,835
Finance costs					-74,729
Profit/loss from continuing operations after net financial result					**504,434**
Income tax expenses					-56,245
Net profit/loss for the period					**448,189**

Note 4.1. Operating revenue

Analysis of operating revenue by business segment:

Operating revenue				In thousands of €
	Notes	31-12-2019	31-12-2018 Restated	Change
Fluxys Belgium	4.1.1	522,337	499,686	22,651
Fluxys Europe and corporate	4.1.2	589,548	481,364	108,184
Total		**1,111,885**	**981,050**	**130,835**

Operating revenue for 2019 was €1,111,885 thousand compared with €981,050 thousand in 2018. Their breakdown per country is the following:

Operating revenue by country under IFRS as at 31-12-2019							In thousands of €
	Belgium	Germany	England	Netherlands	Switzerland	France	TOTAL
Regulated	522,337	105,189					627,526
Non-regulated	0	0	13,716		181,747		195,463
Exempted & interconnections	0		83,329	15,909	0	189,356	288,594
Others	-47	0	0	349	0		302
Total	**522,290**	**105,189**	**97,045**	**16,258**	**181,747**	**189,356**	**1,111,885**

Operating revenue by country under IFRS as at 31-12-2018 Restated							In thousands of €
	Belgium	Germany	England	Netherlands	Switzerland	France	TOTAL
Regulated	499,686	86,097	0	0	0	0	585,783
Non-regulated	0	0	13,195	0	165,818	0	179,013
Exempted & interconnections	0	0	168,345	14,773	0	30,112	213,230
Others	2,940	0	0	84	0	0	3,024
Total	**502,626**	**86,097**	**181,540**	**14,857**	**165,818**	**30,112**	**981,050**

4.1.1. The ‘Fluxys Belgium’ segment comprises transmission, storage and terminalling services in Belgium which are subject to the Gas Act.

Revenue from these services aims to ensure an authorised return on capital invested and to cover the operating expenses related to these services, while integrating the productivity efforts to be accomplished by the network operator, as well as permitted depreciation.

Revenue from this segment also includes work and services rendered for third parties as well as the provision of facilities.

In accordance with the regulatory framework, the increase in regulated revenue is primarily explained by an increase in the regulated authorised return for terminalling activities in accordance with the tariff proposal of June 2019. This increase is partly compensated by a decrease in operating expenses and interests to be covered by the tariffs of the other two regulated activities.

4.1.2. The 'Fluxys Europe' segment comprises mainly revenues generated by transmission facilities in Switzerland, Germany, between Bacton in the United Kingdom and Zeebrugge in Belgium (Interconnector UK) and between Balgzand in the Netherlands and Bacton in the United Kingdom (BBL), by terminalling facilities in Dunkirk and France, since November 2018, and gas flow monitoring services on behalf of third parties.

The increase in the revenue is primarily explained by the full consolidation of Dunkerque LNG, which has contributed for an entire year in 2019, compared to only two months in 2018. This effect was partially compensated by the expected end of the main long-term contracts of Interconnector (UK) in September 2018. The increase in Germany reflects the evolution of the costs covered by the tariff and is essentially linked to expansion investments. In Switzerland, revenue increased following higher sales in interruptible capacity and reverse flow capacity.

Note 4.2. Other operating income

Other operating income			In thousands of €
	31-12-2019	31-12-2018 Restated	Change
Other operating income	25,671	14,253	11,418

Other operating income mainly comprises various recoveries from insurance companies and other debtors and income earned from energy certificates and supplying property or people.

The increase can be explained by the contribution of Dunkerque LNG for a full year.

Note 4.3. Operating expenses

Operating expenses excluding net depreciation impairment losses and provisions			In thousands of €
	Notes	31-12-2019	31-12-2018 Restated
Consumables, merchandise and supplies used	4.3.1	-7,990	-4,280
Miscellaneous goods and services	4.3.2	-212,147	-215,189
Employee expenses	4.3.3	-143,499	-138,678
Other operating expenses	4.3.4	-26,221	-11,040
Total operating expenses		**-389,857**	**-369,187**

4.3.1. Consumables, merchandise and supplies used

This item mainly includes costs for transport material taken out of inventory for maintenance and repair projects and costs for work carried out on behalf of third parties.

4.3.2. Miscellaneous goods and services

Miscellaneous goods and services are mainly composed of:

In thousands of €	31-12-2019	31-12-2018 Restated
Purchase of equipment	-26,589	-5,332
Rent and rental charges (1)	-15,623	-11,401
Maintenance and repair expenses	-42,909	-40,445
Goods and services supplied to the group	-9,510	-5,161
Third-party remuneration	-49,382	-96,760
Royalties and contributions	-43,704	-35,864
Non-personnel related insurance costs	-12,065	-10,569
Other miscellaneous goods and services	-12,365	-9,657
Total	**-212,147**	**-215,189**

(1) This concerns the remaining amount after reclassification of rental charges to depreciations and interests following the first adoption of IFRS 16. It mainly relates to services and contracts which do not meet the definition of a lease contract.

Goods and services went down in 2019. This decrease primarily comes from lower costs in Interconnector (UK) following a cost-reduction programme which followed the end of the long-term sales contracts, lower costs for acquisition projects, efficiency efforts realised by the group and a decrease in facility inspection costs. These effects were largely compensated by the full consolidation of Dunkerque LNG for a full year in 2019 compared to 2 months in 2018, by the increase in electricity costs in the LNG terminal due to increased usage, an increase in the crossborder capacity and by inflation.

4.3.3. Employee expenses

Employee expenses are up €4,821 thousand. This change can be explained by the integration of Dunkerque LNG since November 2018, as well as by inflation and the increase in the workforce at Fluxys.

The group's average headcount was 1,245 in 2019 compared with 1,252 in 2018. Expressed in FTE (full-time equivalents), these figures convert to 1.207.6 in 2019 compared to 1,210.7 in 2018.

Workforce				
	Financial year		Preceding financial year	
	Total number of staff	Total in FTE	Total number of staff	Total in FTE
Average number of employees	**1,245**	**1.207.6**	**1,252**	**1,210.7**
Fluxys	**54**	**55.3**	**54**	**47.4**
Executives	43	45.1	42	36.6
Employees	11	10.2	12	10.8
Fluxys Belgium	**855**	**824.2**	**861**	**831.2**
Executives	268	261.3	267	260.5
Employees	587	562.9	594	570.7
Fluxys LNG	**41**	**40.3**	**38**	**37.1**
Executives	4	4.0	4	3.9
Employees	37	36.3	34	33.1
Flux Re	**1**	**0.5**	**1**	**0.5**
Fluxys Europe	**0**	**0.0**	**1**	**0.1**
FluxSwiss	**7**	**7.3**	**6**	**6.0**
Fluxys TENP	**12**	**11.6**	**12**	**11.5**
Fluxys Deutschland	**5**	**4.2**	**5**	**4.6**
GMSL	**97**	**96.1**	**96**	**95.1**
Fluxys BBL	**1**	**0.1**	**0**	**0.0**
Transitgas	**53**	**49.7**	**51**	**49.1**
Tenp KG	**2**	**1.6**	**2**	**1.6**
Interconnector (UK)	**45**	**44.9**	**55**	**54.5**
Gaz-Opale	**56**	**56.3**	**55**	**55.0**
Dunkerque LNG	**16**	**15.5**	**17**	**17.0**

Workforce				
	Financial year		Preceding financial year	
	Total number of staff	Total in FTE	Total number of staff	Total in FTE
Headcount at balance sheet date	**1,249**	**1,213.5**	**1,237**	**1,197.0**
Fluxys	**57**	**57.2**	**58**	**51.1**
Executives	45	46.1	48	41.8
Employees	12	11.1	10	9.3
Fluxys Belgium	**852**	**822.3**	**854**	**826.1**
Executives	269	262.6	265	259.2
Employees	583	559.7	589	566.9
Fluxys LNG	**45**	**44.2**	**39**	**37.8**
Executives	4	3.8	4	3.8
Employees	41	40.4	35	34.0
Flux Re	**1**	**0.5**	**1**	**0.5**
Fluxys Europe	**0**	**0.0**	**0**	**0.0**
FluxSwiss	**7**	**7.0**	**6**	**6.0**
Fluxys TENP	**13**	**13.0**	**12**	**12.0**
Fluxys Deutschland	**5**	**4.8**	**4**	**4.0**
GMSL	**96**	**95.5**	**94**	**93.6**
Fluxys BBL	**1**	**0.1**	**1**	**0.1**
Transitgas	**52**	**49.4**	**51**	**49.3**
Tenp KG	**2**	**1.6**	**2**	**1.6**
Interconnector (UK)	**48**	**47.9**	**43**	**42.9**
Gaz-Opale	**58**	**58.0**	**55**	**55**
Dunkerque LNG	**12**	**12.0**	**17**	**17**

4.3.4. Other operating expenses

Other operating expenses include property taxes, local taxes, and losses on disposals or retirements of property, plant and equipment. Other operating expenses increased by €15,181 thousand as compared with 2018, mainly because of the full consolidation of Dunkerque LNG.

4.3.5. Net depreciation, impairment losses and provisions

Net depreciation, impairment losses and provisions			In thousands of €
	Notes	31-12-2019	31-12-2018 Restated
Depreciation	**4.3.5.1**	**-401,163**	**-382,676**
Intangible assets		-101,810	-101,065
Property, plant and equipment		-285,557	-281,611
Right-of- use assets		-13,796	
Impairment losses		**-568**	**-448**
Inventories		-548	-400
Trade receivables		-20	-48
Provisions for risks and charges		**7,625**	**7,960**
Total net depreciation, impairment losses and provisions		**-394,106**	**-375,164**

4.3.5.1. Depreciation and amortisation

The intangible assets resulting from the business combinations have been amortised in accordance with the accounting methods, namely predominantly over 40 years for the fixed asset 'sole operator of the natural gas transmission network and storage facilities' in Belgium, over 20 years for the fixed asset 'sole operator of the LNG facilities' and between 20 and 45 years for the acquired customer portfolios.

The increase in amortisation is linked to Dunkerque LNG and the fact that it is fully consolidated since November 2018.

The depreciation recognised on the property, plant and equipment of the LNG terminal at Dunkirk is spread over a period of slightly over 40 years and is included in the group's income statement since the date of the acquisition of a controlling interest in the company, i.e. since the beginning of November 2018.

The intangible assets that arise from the business combination come to €1,229.4 million for Dunkerque.

This increase is partially compensated by a reduction in amortisations in Interconnector (UK) which can be explained by the fact that the Interconnector (UK) intangible assets are fully amortised since September 2018, the date of the end of the main long-term contracts.

The depreciation plan for the Interconnector (UK) facilities was reviewed in 2016 prospectively, following the fact that the long-term capacity subscription contracts ended in September 2018. As a result, depreciation decreased since September 2018.

The present value of the estimated future dividends, based on the 'Dividend Discount Model', supports the book value of the property, plant and equipment which, at the end of 2019 comes to €359.6 million for 'Interconnector (UK)' and €1,492.8 million for Dunkerque.

The value in use of these facilities is highly sensitive to the assumptions made, the large majority of capacity sales being based on short-term contracts. The assumptions have been established by the group based on best estimates of future market demand, necessary maintenance investments and the estimated change in operating expenses. The group reviews these assumptions every year.

Note 4.4.1. Net profit following changes in the consolidation scope

In 2018, this item included the favourable effects of the fair value accounting of the 25% stake initially held in Dunkerque LNG (€280.1 million) linked to the business combination transaction as well as the gain realised in consolidation on the sale of Swedegas Holding (€23.8 million) in November 2018.

There were no gains or losses for changes in the consolidation scope in 2019.

Note 4.4.2. Financial income

Financial income			In thousands of €
	Notes	**31-12-2019**	**31-12-2018 Restated**
Dividends from unconsolidated entities		0	0
Interest income on investments and cash equivalents	4.4.2.1.	7,206	6,973
Other interest income	4.4.2.2.	1,115	8,190
Unwinding of discounts on provisions		0	0
Other financial income	4.4.2.3.	7,710	7,672
Total		**16,031**	**22,835**

4.4.2.1. Interest on investments and cash equivalents mainly come from investments recognised at amortised cost in accordance with IFRS 9.

4.4.2.2. Other interest income received is down following the reimbursement of the loans granted to TAP in December 2018, the date on which TAP finalised its external financing.

4.4.2.3. Other financial income mainly reflects the exchange rate differences realised as part of our GBP and CHF transactions, an amount partly compensated by the fluctuation in the value of financial instruments (see Note 4.5.4).

Note 4.5. Finance costs and change in the fair value of financial instruments

Finance costs			In thousands of €
	Notes	**31-12-2019**	**31-12-2018 Restated**
Borrowing interest costs	4.5.1	-59,906	-61,247
Unwinding of discounts on provisions	4.5.2	-2,510	-1,503
Interest on lease liabilities	4.5.3	-8,372	-5,999
Other finance costs		-5,171	-5,980
Total		**-75,959**	**-74,729**

4.5.1. Borrowing interest costs mainly include interest on loans from the EIB (European Investment Bank), on bonds, bank loans, on subsidiary loans in foreign currencies, on regulatory liabilities, and short and medium term financing in place to cover the group's financial needs.

In 2019, interest costs are down mainly thanks to the favourable terms of new loans and lower outstanding debt. The decrease has, however, been attenuated by the full consolidation of Dunkerque LNG, the interest costs of which are now taking into account for a full year.

4.5.2. In 2019, like in 2018, the effects of discounting provisions are recognised in the recognition of a financial cost. The change can primarily be explained by the rates used to discount these liabilities (see Note 5.15).

4.5.3. Following the application of IFRS 16, interest costs on lease liabilities are from now on presented separately. The 2018 amount relates to the interests on the finance lease in Interconnector (UK).

4.5.4. Change in the fair value of financial instruments

Change in the fair value of financial instruments			In thousands of €
	Note	31-12-2019	31-12-2018 Restated
Use and change in the fair value of financial instruments		-5,288	-5,544
Total		**-5,288**	**-5,544**

This item shows the result related to the use of financial instruments. The evolution of these financial instruments is detailed in Note 6.

Note 4.6. Earnings from associates and joint ventures

The result from investments accounted for using the equity method is €3,767 thousand in 2019 compared with €19,868 thousand in 2018.

In 2018, Dunkerque LNG contributed to the profit/loss from investments in associates of €13,312 thousand for 10 months, the company being fully consolidated since November 2018, whilst Swedegas Holding contributed €4,414 thousand. This company was sold in November 2018.

Part of the costs related to the TAP project in construction is unable to be capitalised, which weighs on the results in 2019, just as in 2018.

The group observed in 2019 the first contribution to the profit/loss of €10.9 million from Desfa in Greece, whilst in 2018 restated, the inclusion of the badwill from Desfa contributed €3.3 million to this item.

Note 4.7. Income tax expenses

Income tax expense is analysed as follows:

Income tax expenses				In thousands of €
	Note	31-12-2019	31-12-2018 Restated	Change
Current tax	4.7.1	-92,253	-94,388	2,135
Deferred tax	4.7.2	21,464	38,143	-16,679
Total	**4.7.3**	**-70,789**	**-56,245**	**-14,544**

The income tax expense came to €70,790 thousand in 2019 compared with €56,245 thousand in 2018. It is broken down as follows:

4.7.1. Current tax			In thousands of €
	31-12-2019	31-12-201 Restated	Change
Income taxes on the result of the current period	**-92,093**	**-95,471**	**3,378**
Taxes and withholding taxes due or paid	-103,376	-100,400	-2,976
Excess of payment of taxes and withholding taxes included in assets	5,614	5,614	0
Additional taxes	5,669	-685	6,354
Adjustments to previous years' current taxes	-160	1,083	-1,243
Total	**-92,253**	**-94,388**	**2,135**

4.7.2. Deferred tax			In thousands of €
	31-12-2019	31-12-201 Restated	Change
Relating to origination or reversal of temporary differences	**21,464**	**38,143**	**-16,679**
Differences arising from the valuation of property, plant and equipment	29,068	50,162	-21,094
Changes in provisions	3,014	-2,984	5,998
Other changes	-10,618	-9,035	-1,583
Relating to tax rate changes or to new taxes	**0**	**0**	**0**
Relating to changes in accounting policies and errors	**0**	**0**	**0**
Relating to changes in fiscal status of entity or shareholders	**0**	**0**	**0**
Total	**21,464**	**38,143**	**-16,679**

Deferred tax is primarily influenced by the difference between the book value and the tax base of property, plant and equipment and intangible assets. The reduction is mainly explained by the fact that the intangible assets of Interconnector (UK) are completed amortised since September 2018, end date of the main long-term contracts (see Note 4.3.5.1).

4.7.3. Reconciliation of expected income tax rate and effective average income tax rate			In thousands of €
	31-12-2019	31-12-201 Restated	Change
Income tax as per effective average tax rate – Financial year	**-83,175**	**-143,335**	**60,160**
Profit/loss from continuing operations after net financial result	284,953	504,434	-219,481
Earnings from associates and joint ventures (-)	-3,767	-19,868	16,101
Earnings before tax	**281,186**	**484,566**	**-203,380**
Applicable tax rate	29,58%	29,58%	
Impacts to justify transition to the effective average tax rate	**12,477**	**86,007**	**-73,530**
Income tax rate differences between jurisdictions	7,743	8,998	-1,255
Changes in tax rates	1,595	0	1,595
Tax-exempt income	19,142	90,201	-71,059
Non-deductible expenses	-16,003	-13,193	2,810
Other	0	0	0
Income tax as per effective average tax rate – Financial year	**-70,698**	**-57,328**	**-13,370**
Earnings before tax	281,186	484,566	-203,380
Average effective tax rate	25,14%	11,83%	13,31%
Adjustments to previous years' current taxes	**-91**	**1,083**	**-1,174**
Total income tax expense	**-70,789**	**-56,245**	**-14,544**

The impact of the change in tax rate of € 1.6 million is related the decrease of the income tax rate in Luxembourg in 2019.

The impact of tax exempt income was very significant in 2018, which were mainly related to the gains as result of changes in the consolidation perimeter for an amount of € 303.9 million in 2018 (see also Note 4.6).

Note 4.8. Net profit/loss for the period

Net profit/loss for the period			In thousands of €
	31-12-2019	31-12-2018 Restated	Change
Non-controlling interests	62,201	35,150	27,051
Group share	151,962	413,039	-261,077
Total profit/loss for the period	**214,163**	**448,189**	**-234,026**

Fluxys group's net profit/loss in 2019 comes to €214,163 thousand compared to €448,189 thousand in 2018, a decrease of €234,026 thousand.

In 2018, the net result included the favourable effects of the fair value accounting of the 25% stake initially held in Dunkerque LNG (€280.1 million) linked to the business combination transaction as well as the gain realised in consolidation on the sale of Swedegas Holding (€23.8 million) in November 2018. There were no such gains or losses for changes in the consolidation scope in 2019.

Outside these non-recurring aspects, the net profit rose €69.9 million. This increase follows the evolution of the operating income.

Note 5. Segment balance sheet

Segment balance sheet at 31-12-2019				In thousands of €
	Fluxys Belgium	Fluxys Europe	Unallocated	Total
Property, plant and equipment	2,129,400	3,404,937	0	5,534,337
Intangible assets	197,210	1,225,020	0	1,422,230
Goodwill	1,924	126,689	0	128,613
Right-of- use assets	39,970	102,641	0	142,611
Investments in associates and joint ventures	14	255,343	0	255,357
Other financial assets	90,200	8,935	0	99,135
Inventories	26,488	11,824	0	38,312
Net trade receivables	85,613	78,911	0	164,524
Other assets			536,836	536,836
				8,321,955
Interest-bearing liabilities	1,599,265	1,957,674		3,556,939
Other financial liabilities	2,669	5,488		8,157
Other liabilities			1,114,685	1,114,685
				4,679,781
Equity			3,642,174	3,642,174
				8,321,955

Segment balance sheet at 31-12-2018 Restated				In thousands of €
	Fluxys Belgium	Fluxys Europe	Unallocated	Total
Property, plant and equipment	2,181,771	3,356,195	0	5,537,966
Intangible assets	212,413	1,294,301	0	1,506,714
Goodwill	1,924	126,689	0	128,613
Investments in associates and joint ventures	16	243,632	0	243,648
Other financial assets	77,525	12,810	0	90,335
Inventories	29,103	10,966	0	40,069
Net trade receivables	94,051	58,364	0	152,415
Other assets			774,063	774,063
				8,473,823
Interest-bearing liabilities	1,618,506	2,082,514	0	3,701,020
Other financial liabilities	1,794	4,934	0	6,728
Other liabilities			1,143,382	1,143,382
				4,851,130
Equity			3,622,693	3,622,693
				8,473,823

Note 5.1. Property, plant and equipment

Movements in property, plant and equipment				
	Land	Buildings	Gas transmission networks	Gas storage
Gross book value				
As at 31-12-2017	**53,151**	**177,505**	**6,145,752**	**381,061**
Investments	1,299	360	23,617	604
Disposals and retirements	-73	0	-3,428	0
Internal transfers	0	77	3,489	0
Changes in the consolidation scope and assets held for sale	0	216,365	0	0
Translation adjustments	0	0	40,600	0
As at 31-12-2018 Restated	**54,377**	**394,307**	**6,210,030**	**381,665**
Investments	1,060	11,467	161,739	4,350
Disposals and retirements	-319	-211	-1,741	0
Internal transfers	0	77	81,809	156
Changes in the consolidation scope and assets held for sale	447	0	0	0
Translation adjustments	0	0	103,288	0
Reclassification	0	0	-156,493	0
As at 31-12-2019	**55,565**	**405,640**	**6,398,632**	**386,171**

				In thousands of €
LNG Terminal	Other installations and machinery	Furniture, equipment & vehicles	Assets under construction & instalments paid	Total
1,144,680	**45,977**	**65,465**	**224,555**	**8,238,146**
4,686	33	5,795	202,037	238,431
-24	0	-8,569	0	-12,094
2,850	0	0	-6,416	0
1,129,732	0	106,396	37,653	1,490,146
0	0	-10	0	40,590
2,281,924	**46,010**	**169,077**	**457,829**	**9,995,219**
65,777	3	7,027	29,579	281,002
0	-31	-5,465	0	-7,767
369,379	0	-104,943	-346,478	0
0	0	0	0	447
0	230	220	290	104,028
0	0	0	0	-156,493
2,717,080	**46,212**	**65,916**	**141,220**	**10,216,436**

In December 2019 the 5th tank at the Zeebrugge LNG terminal was commissioned; this explains the significant transfer from 'assets under construction and instalments paid' to 'LNG terminal'.

Movements in property, plant and equipment				
	Land	Buildings	Gas transmission networks	Gas storage
Depreciation and impairment losses				
As at 31-12-2017	**0**	**-96,444**	**-2,971,423**	**-219,958**
Depreciation	0	-4,693	-211,826	-10,578
Disposals and retirements	0	0	68	0
Internal transfers	0	0	0	0
Changes in the consolidation scope and assets held for sale	0	0	0	0
Translation adjustments	0	0	-16,475	0
As at 31-12-2018 Restated	**0**	**-101,137**	**-3,199,656**	**-230,536**
Depreciation	0	-4,362	-188,230	-10,396
Disposals and retirements	0	16	3,680	0
Internal transfers	0	-101,352	0	0
Changes in the consolidation scope and assets held for sale	0	0	0	0
Translation adjustments	0	0	-56,428	0
Reclassification	0	0	109,512	0
As at 31-12-2019	**0**	**-206,835**	**-3,331,122**	**-240,932**
Net book values as at 31-12-2019	**55,565**	**198,805**	**3,067,510**	**145,239**
Net book values as at 31-12-2018 restated	**54,377**	**293,170**	**3,010,374**	**151,129**

				In thousands of €
LNG Terminal	Other installations and machinery	Furniture, equipment & vehicles	Assets under construction & instalments paid	Total
-786,732	**-43,646**	**-48,803**	**0**	**-4,167,006**
-48,402	-66	-6,046	0	-281,611
20	0	7,744	0	7,832
0	0	0	0	0
0	0	0	0	0
0	0	7	0	-16,468
-835,114	**-43,712**	**-47,098**	**0**	**-4,457,253**
-78,591	-54	-3,924	0	-285,557
0	0	4,045	0	7,741
101,352				0
				0
		-114		-56,542
				109,512
-812,353	**-43,766**	**-47,091**	**0**	**-4,682,099**
1,904,727	**2,446**	**18,825**	**141,220**	**5,534,337**
1,446,810	**2,298**	**121,979**	**457,829**	**5,537,966**

Movements in property, plant and equipment				
	Land	**Buildings**	**Gas transmission networks**	**Gas storage**
Net book values as at 31-12-2019 of which:	**55,565**	**198,805**	**3,067,510**	**145,239**
At cost	55,565	198,805	3,067,510	145,239
At revaluation	0	0	0	0
Supplementary information				
Net book value of assets temporarily retired from active use	110	0	0	0

Property, plant and equipment mainly comprises the group's transmission, storage (Loenhout) and LNG terminalling (Zeebrugge and Dunkirk) facilities.

In 2019, the Fluxys group made investments for an amount of €281.0 million. The primary investments made concern:

- Transmission facilities (€161.7 million; mainly for the 'EUGAL' facilities in Germany) and
- the LNG terminal facilities (€65.8 million; mainly for the construction of the fifth storage tank at the Zeebrugge LNG Terminal).

				In thousands of €
LNG Terminal	Other installations and machinery	Furniture, equipment & vehicles	Assets under construction & instalments paid	Total
1,904,727	**2,446**	**18,825**	**141,220**	**5,534,337**
1,904,727	2,446	18,825	141,220	5,534,337
0	0	0	0	0
0	0	0	0	110

The costs of loans activated on investments under construction amounted to €5.1 million in 2019 compared with €4.1 million in 2018. The interest rates used are based on the cost of the loans concerned.

The depreciation charge for the period amounts to €285.6 million and reflects the rate at which the group expects to consume the economic benefits of the property, plant and equipment.

The assets that are used within the regulated market are depreciated over their useful life, as stated in point 8 of the accounting principles (Note 2), without taking into account a residual value, given the specificity of the sector's activities.

Other property, plant and equipment is depreciated over its useful life as estimated by the group, taking into account actual and potential contracts, and considering reasonable market assumptions, based on the principle of matching of revenues and costs.

Given the specific nature of the activities concerned, the residual value, if any, of the facilities in question has been ignored.

At the balance sheet date, the group has identified no indication or event which would lead any item of property, plant and equipment to be considered impaired (see Note 4.3.5).

Note 5.2. Intangible assets

Movements in the book value of intangible assets				In thousands of €
	Software	'Sole operator of the network' assets	'Client portfolios' assets	Total
Gross book value				
As at 31-12-2017	**31,105**	**244,600**	**736,629**	**1,012,334**
Investments	4,128	0	0	4,128
Disposals and retirements	-10,662	0	0	-10,662
Translation adjustments	0	0	14,149	14,149
Changes in the consolidation scope	6,185	0	993,270	999,455
Other	0	0	0	0
As at 31-12-2018 restated	**30,756**	**244,600**	**1,744,048**	**2,019,404**
Investments	3,763	0	4,397	8,160
Disposals and retirements	-8,088	0	-354	-8,442
Translation adjustments	0	0	18,324	18,324
Changes in the consolidation scope	0	0	0	0
Other	0	0	0	0
As at 31-12-2019	**26,431**	**244,600**	**1,766,415**	**2,037,446**

Movements in the book value of intangible assets				In thousands of €
	Software	'Sole operator of the network' assets	'Client portfolios' assets	Total
Depreciation and impairment losses				
As at 31-12-2017	**-24,499**	**-63,279**	**-330,680**	**-418,458**
Depreciation and impairment losses	-3,051	-8,766	-89,248	-101,065
Disposals and retirements	10,593	0	0	10,593
Translation adjustments	0	0	-3,760	-3,760
Changes in the consolidation scope	0	0	0	0
Other	0	0	0	0
As at 31-12-2018 restated	**-16,957**	**-72,045**	**-423,688**	**-512,690**
Depreciation and impairment losses	-4,681	-8,766	-88,363	-101,810
Disposals and retirements	8,075	0	0	8,075
Translation adjustments	0	0	-8,791	-8,791
Changes in the consolidation scope	0	0	0	0
Other	0	0	0	0
As at 31-12-2019	**-13,563**	**-80,811**	**-520,842**	**-615,216**

Movements in the book value of intangible assets				In thousands of €
	Software	'Sole operator of the network' assets	'Client portfolios' assets	Total
Net book value as at 31-12-2019	12,868	163,789	1,245,573	1,422,230
Net book value as at 31-12-2018 restated	13,799	172,555	1,320,360	1,506,714

Intangible assets comprise the net book value of software and of emission rights, the value to the Fluxys group of the nomination of Fluxys Belgium and Fluxys LNG as sole network operators as well as the value of client portfolios acquired.

The software included in intangible assets is software developed or purchased by the group which bears characteristics of an investment. This software is depreciated on a straight-line basis. Major investments during the financial year concern software developed in relation to gas flow and asset management and related administrative tools.

Business combinations in Fluxys have been realised using the acquisition method. As part of the fair value accounting of the assets acquired and liabilities assumed, the group has accounted for intangible assets which represent the value for the group of the nomination of Fluxys Belgium as the sole operator of the natural gas transmission network and storage facilities and that of Fluxys LNG as sole operator of the LNG facilities. Fluxys has also accounted for the value of client portfolios of FluxSwiss, Fluxys TENP, Interconnector (UK), GMSL, Dunkerque LNG and Hub business. The principal depreciation periods used for these assets are described in the accounting methods (see Note 2.7). It should be noted that the intangible asset 'HUB in Belgium' will be fully depreciated in 2023, the FluxSwiss asset in 2034 and the Dunkirk asset for the most part in 2037 and the balance in 2061.

The changes in the consolidation scope include, in 2018, the entry of the intangible assets of Dunkerque LNG following the first full consolidation of the company since the acquisition of a controlling interest by the group on 31/10/2018. There were no new changes in the consolidation scope with impact on intangible assets in 2019.

At the balance sheet date, the group has identified no indication or event which would lead any intangible asset to be considered impaired.

Note 5.3. Goodwill

Goodwill		In thousands of €
	31-12-2019	**31-12-2018 Restated**
Fluxys Belgium SA	1,924	1,924
Dunkerque	126,689	126,689
Total	**128,613**	**128,613**

A goodwill of €1,924 thousand for Fluxys Belgium SA arose from the business combination transaction realised in September 2010, the date on which Publigas contributed its investment in Fluxys Belgium SA to Fluxys. The amount corresponds to the excess of the cost of the business combination with respect to the fair value of the assets, liabilities and any potential liabilities that could be identified as at 10 September 2010. It is allocated to the cash-generating unit 'regulated activities in Belgium' for the impairment test.

The final price allocation exercise following the acquisition of a controlling interest in Dunkerque LNG by Fluxys in 2018 results in goodwill of €126,689 thousand. This goodwill is the acquisition cost surplus on the net fair value of the identifiable assets and liabilities of Dunkerque LNG on 31 October 2018 established by virtue of IFRS.

This excess corresponds in part to the value of acquisition of a controlling interest in Dunkerque LNG and in part to the value of the future synergies thanks to the group's expertise in terminalling services. In addition, the acquisition of a controlling interest in Dunkerque LNG will reinforce the development of LNG activities that Fluxys pursues and contributes to the importance of Fluxys on the LNG market in northwest Europe. This goodwill is not tax deductible.

This goodwill is allocated to the cash-generating unit of Dunkerque LNG (segment Fluxys Europe) for the impairment test.

The group has conducted an impairment test, based on the value in use of the cash-generating unit and based on assumptions and financial data that correspond to the long-term plan approved by group management.

Taking into account that this acquisition was made recently (2018) and given the nature of the activities, the assumptions concerning the future cash flows remain similar :

- long-term contracts are in place for the major part of the capacity of the LNG terminal, and
- additional sales of available capacities in line with market forecasts and with tariffs consistent with the existing agreements.

All sales figures and costs considered are generated in euros.

Since the cash flows integrated in the value in use calculation are after tax, for coherence sake, the discount rate used is also after tax. This discount rate is based on market rates.

Furthermore, at the balance sheet date, the group has identified no indication or event which would lead to a goodwill impairment.

Note 5.4. Right-of-use assets

Evolution of right-of-use assets				In thousands of €
	Land and Buildings	Technical facilities	Vehicles	Total
As at 01-01-2019	**91,345**	**51,698**	**4,715**	**147,758**
Additional rights	4,242	369	2,282	6,893
Depreciation	-4,741	-7,145	-1,910	-13,796
Disposals	0	0	-100	-100
Other	176	1,678	2	1,856
As at 31-12-2019	**91,022**	**46,600**	**4,989**	**142,611**

The right of use assets are mainly linked to concession rights for land in the ports of Zeebrugge and Dunkirk (LNG terminals) as well as the Interconnector facilities in the port of Zeebrugge which were accounted for as finance leases in 2018.

See also note 1.e for the impact of IFRS 16 – Leases, which applies since 1 January 2019.

There are no significant extension options in these lease contracts.

Note 5.5. Investments accounted for using the equity method

As at 31 December 2019, the Fluxys group has the following investments in associates and joint ventures:

- TENP GMBH (50%),
- TAP (19%),
- Balansys (50%),
- LNG Link Investment (25%),
- Mahon Shipping (25%),
- E-Loops (51%),
- Rostock LNG (51%),
- Senfluga Energy Infrastructure Holdings (20%), and its 66% stake in Desfa.

Movements in equity accounted investees		**In thousands of €**
	31-12-2019	**31-12-2018 Restated**
Equity accounted investees – opening balance	**243,648**	**551,351**
Investments	0	40,500
Share in the total comprehensive result	-15,425	24,588
Earnings from associates and joint ventures	*3,767*	*19,868*
Other comprehensive income items that may be reclassified subsequently to profit or loss	*-19,192*	*4,721*
Dividends paid	0	-13,952
Changes in the consolidation scope	0	-184,064
Translation adjustments	68	189
Capital increases	34,395	36,283
Capital reductions	-7,329	-211,247
Equity accounted investees – closing balance	**255,357**	**243,648**

Note that the 2018 figures still included the contribution of Dunkerque LNG until the acquisition of a controlling interest in the company in November 2018 and of Swedegas Holding until the sale of this controlling interest, also in November 2018.

The result of these stakes accounted for using the equity method, which amounts to €3.8 million is commented in Note 4.6.

Other comprehensive income items that may be reclassified subsequently to profit or loss come to -€19.2 million and are mainly linked to the valuation of TAP's hedging instruments (-€17.5 million).

Capital increases, which come to €34.4 million correspond to the capital injections in TAP (€30.8 million) and Rostock (€3.6 million). The €7.3 million in capital reductions comes from Senfluga.

Note 5.6. Other financial assets

Other financial assets			In thousands of €
	Notes	**31-12-2019**	**31-12-2018 Restated**
Shares at cost	5.6.1	2,720	2,744
Investment securities at amortised cost	5.6.2/6	23,444	9,656
Other investments at amortised cost	5.6.2/6	63,990	65,990
Financial instruments at fair value through profit or loss	5.6.3/6	4,827	4,625
Financial instruments at fair value through other comprehensive income	5.6.4/6	2,960	5,708
Other financial assets at cost		367	272
Total		**98,308**	**88,995**

5.6.1 The shares in these companies, which have activity that is of interest to the Fluxys group are held with the intention of keeping them for the long term without being able to exercise significant control or influence. These shares are not listed on an active market. They are valued at the cost of acquisition (see note 2.10b).

5.6.2. These items include cash investments with a maturity longer than one year. They are mainly from Flux Re of which the cash is destined to cover the risk of the entity in the scope of its reinsurance business. The maturity of these investments is between 2021 and 2030.

5.6.3. As at 31-12-2019, the financial instruments at fair value through profit/loss mainly concern derivative instruments linked to SEK. With the sale of Swedegas Holding, the group proceeded to unwind the SEK interest rate hedge to neutralise these instruments. However, an amount still needs to be received in cash by the group over the coming years (see Note 6).

5.6.4. As at 31.12.2019, the fair value financial instruments with changes to other comprehensive income mainly concern the derivative instruments entered into with a view to hedging the risk incurred by the group with respect to CHF and interest rates (see Note 6).

Note 5.7. Other receivables and other non-current assets

Other receivables and other non-current assets			In thousands of €
	Notes	31-12-2019	31-12-2018 Restated
Regulated assets	5.7.1	10,217	
Non-current loans	5.7.2	87,379	99,957
Calls for funds and others		0	9,319
Total		**97,596**	**109,276**

5.7.1 The regulatory asset concerns EUGAL in Germany and will be recovered in the future tariffs once the pipeline is commissioned.

5.7.2. Interconnector (UK) has subscribed to the bonds of F L Zeebrugge, the final maturity of which is November 2025. These euro bonds have a fixed interest rate.

Maturity of non-current receivables at au 31-12-2019		In thousands of €
	Between one and five years	More than five years	Total
Regulated assets	10,217	0	10,217
Non-current loans	71,233	16,002	87,235
Calls for funds and others	144	0	144
Total	**81,594**	**16,002**	**97,596**

Maturity of non-current receivables at 31-12-2018 Restated			In thousands of €
	Between one and five years	More than five years	Total
Regulated assets	0	0	0
Non-current loans	60,402	39,555	99,957
Calls for funds and others	9,319	0	9,319
Total	**69,721**	**39,555**	**109,276**

Other non-current assets			In thousands of €
	Notes	31-12-2019	31-12-2018 Restated
Plan asset surpluses 'IAS 19 Employee benefits'	5.15	8,264	16,127
Prepaid insurance expenses	5.7.2	849	2,538
Total		**9,113**	**18,665**

5.7.2 Fluxys LNG is insured against certain risks incurred as part of the transshipment project with Credendo. This insurance is in effect until 2021. The part of this premium that has been paid and is not past due is included under this item for the part that is due in more than one year whilst the part that is due within the year is included in the item 'Other current assets' (see Note 5.11).

Note 5.8. Inventories

Book value of inventories		In thousands of €
	31-12-2019	31-12-2018 Restated
Supplies	**26,777**	**24,942**
Gross book value	33,546	31,708
Impairment losses	-6,769	-6,766
Goods held for resale	**9,928**	**14,897**
Gross book value	10,476	14,897
Impairment losses	-548	0
Work in progress	**1,607**	**230**
Gross book value	1,607	230
Impairment losses	0	0
Total	**38,312**	**40,069**

Impact of movements on net profit/loss		In thousands of €
	31-12-2019	31-12-2018 Restated
Inventories – purchased or used	-1,209	2,678
Impairment losses	-548	-400
Total	**-1,757**	**2,278**

Note 5.9. Trade and other receivables

Trade and other receivables			In thousands of €
	Notes	31-12-2019	31-12-2018 Restated
Gross trade receivables		166,096	153,982
Impairment losses		-1,572	-1,567
Net trade receivables	**5.9.1**	**164,524**	**152,415**
Other receivables		33,931	44,822
Total		**198,455**	**197,237**

5.9.1 The Fluxys group reduces its exposure to credit risk, both in terms of default and concentration of risk, by requiring short payment terms from its customers, a strict policy for the follow-up of trade receivables, and a systematic evaluation of its counterparties' financial position (see Note 6).

The credit losses expected and accounted for in trade and other receivables are not very material for the Fluxys group.

Trade receivables can be broken down as follows according to their ageing:

Net trade receivables according to ageing		In thousands of €
	31-12-2019	31-12-2018 Restated
Receivables not past due	163,401	148,820
Receivables < 3 months	655	3,399
Receivables 3 - 6 months	8	96
Receivables > 6 months	0	0
Receivables in litigation or doubtful	460	100
Total	**164,524**	**152,415**

Disputed or doubtful receivables mainly concern grid users. Those deemed irrecoverable have been subject to impairment losses of 100%.

Note 5.10. Short-term investments, cash and cash equivalents

Short-term investments are investments with a maturity of more than three months and maximum one year in bonds, commercial paper and bank deposits.

Cash and cash equivalents are mainly investments in commercial paper that mature within a maximum of three months after the date of acquisition, term deposits at credit institutions, current account bank balances and cash in hand.

Short-term investments, cash and cash equivalents	In thousands of €	
	31-12-2019	31-12-2018 Restated
Short-term investments	**182,964**	**270,215**
Cash and cash equivalents	**163,777**	**296,558**
Cash equivalents	0	0
Short-term deposits	21,032	22,707
Bank balances	142,714	273,823
Cash in hand	31	28
Total	**346,741**	**566,773**

The credit losses expected and accounted for in investments, cash and cash equivalents are not very material for the Fluxys group.

Note 5.11. Other current assets

Other current assets			In thousands of €
	Notes	**31-12-2019**	**31-12-2018 Restated**
Accrued income		2,754	2,528
Prepaid expenses		30,012	17,922
Other current assets	5.11.1	918	1,792
Total		**33,684**	**22,242**

Other current assets mainly comprise prepaid expenses amounting to €30,012 thousand (insurance, rent, etc.) as well as various items of accrued income to be cashed.

5.11.1. Other current assets for their part include the short-term share of the plan asset surpluses compared with the actuarial debt relating to the group's pension liabilities (see Notes 5.7 and 5.15).

Note 5.12. Equity

Publigas established the public limited company Fluxys on 12 July 2010, into which it transferred its stake (89.97%) in Fluxys Belgium SA on 10 September 2010.

On 30 March 2011, Caisse de dépôt et placement du Québec acquired a 10% stake in Fluxys SA, by means of a €150 million capital increase.

On 28 November 2011, Fluxys carried out a second capital increase of €300 million.

Fluxys carried out other capital increases for a total amount of €151.8 million, of which €34.7 million uncalled. As a result of these capital increases the Société Fédérale de Participations et d'Investissement (SFPI) has entered the capital of Fluxys as well as the employees and management of the group.

These capital increases fall within the group's objective to maintain a solvency ratio of at least a third of equity.

As at 31 December 2019, Fluxys' shareholder structure was as follows:

- 77.55%: Publigas
- 19.90%: Caisse de dépôt et placement du Québec
- 2.13%: SFPI
- 0.42%: Employees and management

Non-controlling interests amount to €1,489,985 thousand, representing mainly the 10.00% stake held by minority shareholders in Fluxys Belgium SA and its subsidiaries (€78.6 million); 49.35% % in FluxSwiss (€270.2 million); 23.68% in Interconnector (UK) (€85.8 million) and the 69.61% in Dunkerque LNG (€1,055.1 million).

Note on parent entity shareholding			
	Ordinary shares	**Preferential shares**	**Total**
I. Movements in number of shares			
1. Number of shares, opening balance	86,937,066	0	**86,937,066**
2. Number of shares issued	14,547	0	**14,547**
3. Number of ordinary shares cancelled or reduced (-)	0	0	**0**
4. Number of preference shares cancelled or reduced (-)	0	0	**0**
5. Other increase (decrease)	0	0	**0**
6. Number of shares, closing balance	86,951,613	0	**86,951,613**
II. Other information			
1. Face value of shares	No face value mentioned		
2. Number of shares owned by the company	0	0	**0**
3. Interim dividends during the financial year	0	0	**0**

Note 5.13. Interest-bearing liabilities

Non-current interest-bearing liabilities			In thousands of €
	Notes	31-12-2019	31-12-2018 Restated
Leases	5.13.1	182,784	101,655
Bonds	5.13.2	943,709	943,168
Other borrowings	5.13.3	1,638,087	1,737,103
Other financing	5.13.4	82,789	95,343
Other liabilities	5.13.5	410,249	407,319
Joint arrangements	5.13.6	60,583	45,789
Total		**3,318,201**	**3,330,377**
Of which debts guaranteed by the public authorities or by actual sureties		0	0

Current interest-bearing liabilities			In thousands of €
	Notes	31-12-2019	31-12-2018 Restated
Leases	5.13.1	17,804	11,053
Bonds	5.13.2	3,448	3,456
Other borrowings	5.13.3	104,231	230,670
Other financing	5.13.4	12,554	30,097
Other liabilities	5.13.5	100,701	95,367
Total		**238,738**	**370,643**
Of which debts guaranteed by the public authorities or by actual sureties		0	0

5.13.1. Interconnector (UK) entered into a fixed-rate euro financial lease which matures in 2026. This contract concerns the Zeebrugge compression facilities. The first application of IFRS 16 (see Note 1.e) has also led to the recognition of a debt for operating leases. These are mainly transmission facilities or the LNG terminals in Dunkirk and Zeebrugge.

5.13.2 In November 2014 and October 2017, Fluxys Belgium issued bonds for a total of €700,000 thousand. These bonds offer a gross annual coupon of 1.75% and 3.25% respectively. They will mature between 2027 and 2034.

Fluxys completed bond issues in the form of European Private Placements over the course of the months of December 2015 and January 2016 for a total of €250 million. An amount of €150 million was issued for a duration of 30 years and the balance was issued for a duration of 20 years. These bonds offer a gross annual coupon of 2.75% and 3.08% respectively.

These transactions enabled Fluxys to diversify the duration of its financing under advantageous conditions.

5.13.3. Other borrowings included as at 31-12-2019 include:

- A 25-year loan of €286.0 million at a fixed rate contracted with the EIB in December 2008 to finance investments in developing the gas transmission network.
- Loans taken out by FluxSwiss and Transitgas amounting to €252.1 million as at 31-12-2019. Cap instruments were acquired by the group to limit the risk incurred with variable interest rates for these loans.
- Loans taken out by TENP KG amounting to €131.8 million as at 31-12-2019.
- Fixed-rate loans taken out by Fluxys for €329.8 million for a duration of between 2021 and 2028 years.
- Fixed-rate loans granted by the shareholders Publigas and SFPI for €45.0 million with a maturity between 2020 and 2032.
- A loan taken out by Dunkerque LNG for €795.7 million, repayable on 31-12-2022. The loan, initially at a variable rate, was covered with a swap paying a fixed rate for the total of the amount and the period.
- Short term and medium term loans and pro rata interest for the balance.

5.13.4 Other financing corresponds to the amount at the group's disposal firstly to finance investments, notably in the second jetty at Zeebrugge and the cost associated with the conversion of part of the gas transmission network. Part of these amounts bears interest at a 10-year rate and the remainder at the average 1-year Euribor rate.

5.13.5 Regulatory liabilities included in 'other liabilities' represent the positive difference between the invoiced regulated tariffs and the authorised regulated tariffs. The share of tariffs listed as non-current liabilities corresponds to the regulatory liabilities to be used in more than one year's time, while the share to be used within the year is listed as current liabilities. These amounts bear interest.

5.13.6. These amounts correspond to contributions into the joint operations Transitgas and TENP KG by the joint operators. They arise from the fact that the integration percentages of these joint operations are not based on participations in these companies but are based on the rights attached to the assets and obligations for the liabilities incurred by the group in accordance with the capacity reserved in the installations.

	31-12-2018 Restated	Impact 1st application IFRS 16 1/1/2019	Cash flow	Other movements	
				New leases	Reclass non-current/ current
Non-current interest-bearing liabilities	**3,330,377**	**93,792**	**-22,279**	**5,289**	**-92,988**
Leases	101,655	93,792	0	5,289	-17,804
Bonds	943,168		0		0
Other borrowings	1,737,103		-27,449		-75,184
Other financing	95,343		-12,554		
Other liabilities	407,319		2,930		
Joint arrangements	45,789		14,794		
Current interest-bearing liabilities	**370,643**	**6,243**	**-237,822**		**92,988**
Leases	11,053	6,243	-26,094		17,804
Bonds	3,456		0		
Other borrowings	230,670		-199,519		75,184
Other financing	30,097		-17,543		0
Other liabilities	95,367		5,334		0
Total	**3,701,020**	**100,034**	**-260,101**	**5,289**	**0**

Other movements (continued)			Balance at 31.12.2019
Variation in accrued interests payable	Depreciation of issuance costs	Translation adjustments	
0	**4,158**	**-148**	**3,318,201**
	0	-148	182,784
	541		943,709
	3,617		1,638,087
			82,789
			410,249
			60,583
6,260	**0**	**427**	**238,738**
8,372		427	17,804
-8			3,448
-2,104			104,231
			12,554
0			100,701
6,260	**4,158**	**279**	**3,556,939**

Cash flows for interest-bearing liabilities are included in points IV.1.6, 2.3 and 2.5 of the consolidated statement of cash flows.

The columns 'Variation in accrued interests payable' and 'Depreciation of issuance costs' match the difference between the interests paid (see item IV.3.2 of the cash flow statement) and the interest charges of the debts (see Note 4.5.1)

The amount of €8,372 thousand is linked to the interests payable on lease contracts included in point IV 3.1 of the consolidated statement of cash flows. The 'variation in accrued interest payable' and 'amortisation of issuance cost' (excluding the lease contracts because these interests were already paid in the period itself) correspond to the difference between interest paid (see point IV.3.1 of the consolidated statement of cash flows) and interest charges on debts including interests on lease contracts (see Note 4.5).

Maturity of interest-bearing liabilities at 31-12-2019 undiscounted				**In thousands of €**
	Up to one year	**Between one and five years**	**More than five years**	**Total**
Leases	25,149	115,248	129,514	269,911
Bonds	27,898	97,598	1,164,808	1,290,304
Other borrowings	134,895	1,459,041	309,949	1,903,885
Other financing	13,135	47,701	40,375	101,211
Other liabilities	100,701	410,249	0	510,950
Joint arrangements	0	60,583	0	60,583
Total	**301,778**	**2,190,420**	**1,644,646**	**4,136,844**

Maturity of interest-bearing liabilities at 31-12-2018 Restated undiscounted				In thousands of €
	Up to one year	One to five years	More than five years	Total
Leases	17,738	59,350	62,823	139,911
Bonds	27,839	97,598	1,188,717	1,314,154
Other borrowings	271,199	1,522,012	427,958	2,221,169
Other financing	30,706	36,308	64,902	131,916
Other liabilities	95,367	292,064	115,255	502,686
Joint arrangements	0	45,789	0	45,789
Total	**442,849**	**2,053,121**	**1,859,655**	**4,355,625**

Note 5.14. Provisions

5.14.1. Provisions for employee benefits

Provisions for employee benefits	In thousands of €
Provisions at 31-12-2018 Restated	**73,119**
Additions	9,457
Use	-5,390
Release	0
Unwinding of the discount	3,608
Actuarial gains/losses recognised in the profit/loss (seniority bonuses)	856
Expected return on plan assets	-2,624
Actuarial gains/losses recognised in equity	6,113
Reclassification to the assets	-8,737
Foreign exchange effect	82
Provisions at 31-12-2019, of which:	**76,484**
Non-current provisions	71,608
Current provisions	4,876

The provisions for employee benefits (see Note 5.15) are slightly up. This is mainly explained by a decrease in the discount rates, which was only partially compensated by the return on plan assets.

The defined benefit pension plans in Belgium have surplus plan assets compared with the actuarial estimated liabilities of the group at 31-12-2019. The amount was therefore transferred to the assets in the balance sheet under 'Other non-current assets' (see Note 5.7) and 'Other current assets' see Note 5.11.1). The pension fund financing policy was amended in 2018 to ensure that surpluses are recovered over the duration of the pension plans.

5.14.2. Other provisions

Provisions for:			In thousands of €
	Litigation and claims	Environment and site restoration	Total other provisions
Provisions at 31-12-2018 Restated	**6,369**	**52,598**	**58,967**
Additions	29	0	29
Use	-3,866	-3,760	-7,626
Release	-12	0	-12
Unwinding of the discount	0	800	800
Foreign exchange effect	0	616	616
Other changes	0	0	0
Provisions at 31-12-2019, of which:	**2,520**	**50,254**	**52,774**
Non-current provisions	2,520	50,254	52,774
Current provisions	0	0	0

Provisions for litigation and claims decreased in 2019, as a result of the utilisation by Dunkerque LNG of a provision created for the additional costs in the context of a halt in the operations of the LNG terminal in Dunkirk, after resolution of the technical reasons for these additional costs.

Provisions for site restoration decreased in 2019, mainly because of a revision of the inflation rate for the dismantling provision linked to the installations of the LNG terminal in Dunkerque LNG.

5.14.3. Movements in the income statement and maturity of provisions

Movements in the income statement and maturity of provisions can be detailed as follows :

Impact			In thousands of €
	Additions	**Use and reversals**	**Total**
Operating results	9,486	-13,028	-3,542
Financial profit (loss)	4,408	-1,768	2,640
Total	**13,894**	**-14,796**	**-902**

Maturity of provisions at 31-12-2019				In thousands of €
	Up to one year	**Between one and five years**	**More than five years**	**Total**
Litigation and claims	**0**	5	2,515	2,520
Environment and site restoration	**0**	18,534	31,720	50,254
Subtotal	**0**	**18,539**	**34,235**	**52,774**
Employee benefits	4,876	19,504	52,104	76,484
Total	**4,876**	**38,043**	**86,339**	**129,258**

Maturity of provisions at 31-12-2018 Restated				In thousands of €
	Up to one year	Between one and five years	More than five years	Total
Litigation and claims	3,866	0	2,503	6,369
Environment and site restoration	209	2,830	49,559	52,598
Subtotal	**4,075**	**2,830**	**52,062**	**58,967**
Employee benefits	4,650	18,600	49,869	73,119
Total	**8,725**	**21,430**	**101,931**	**132,086**

Discount rate

Long-term provisions are discounted systematically based on interest rates that have changed as follows, according to time frame:

Discount rate		
	31-12-2019	31-12-2018 Restated
Between 1 and 5 years	-0.05%	0.31%
Between 6 and 9 years	0.28%	1.10%
Between 10 and 12 years	0.41%	1.27%
Between 13 and 19 years	0.93%	1.70%
Over 19 years	0.98%	1.72%

Provisions for litigation and claims

These provisions have been established to cover likely litigation payments arising in particular from the construction of the Zeebrugge LNG terminal (1983).

The estimation for these provisions are based on the value of claims filed or on the estimated amount of risk incurred.

Provisions for the environment and site restoration

These provisions essentially cover the costs of decommissioning, safety, clean-up and restoration of sites subject to closure.

In Belgium, these provisions come under the regional environmental legislative framework and the Gas Act. These works require action plans and numerous studies in cooperation with the various public authorities and the institutions established for this purpose.

Note 5.15. Provisions for employee benefits

Description of the principal retirement schemes and related benefits

In Belgium collective agreements regulate the rights of entity employees in the electricity and gas industries.

Defined benefit pension plans

These agreements, applicable in Belgium cover 'salary scale' personnel recruited before 1 June 2002 and management personnel recruited before 1 May 1999 allowing affiliates to benefit from a capital calculated based on a formula that takes account of their final annual salary and the number of years of service when they leave or retire. These are called ‘defined benefit pension plans’.

Obligations under these defined contribution pension plans are funded through a number of pension funds for the electricity and gas industries and through insurance companies.

Employees and employers contribute to these pension plans. The employer’s contribution is determined annually on the basis of an actuarial report. This is to ensure that the minimum legal funding requirements have been met and that the long-term funding of the benefits is assured.

Description of the main actuarial risks

The group is exposed, in connection with its defined benefit pension plans, to risks related to actuarial assumptions concerning investments, interest rates, life expectancy and salary development.

The present value of defined benefit obligations is determined using a discount rate based on high-quality bonds.

Each year, the discount rate used to calculate obligations for financing pension liabilities and minimum financing requirements is compared with the expected return on plan assets. The latter is obtained from the risk-free rate observed on the financial markets at the balance sheet date, the risk premiums for each category of assets in the portfolio and their corresponding volatility. If the expected return is lower than the discount rate, the latter is reduced.

The assumptions concerning salary increases, inflation, personnel movements and expected average retirement age are defined based on historic entity statistics. The mortality tables used as those published by the IABE (Institute of Actuaries in Belgium).

The defined benefit pension plans have surplus plan assets of €9, 182 thousand compared with the actuarial estimated liabilities of the group as at 31-12-2019. The amount was therefore transferred to the assets in the balance sheet under 'Other non-current assets' and 'Other current assets'. The pension fund financing policy was amended in 2018 to ensure that surpluses are recovered over the duration of the pension plans.

Defined contribution pension plans with guaranteed minimum return

In Belgium, 'Salary scale' personnel recruited after 1 June 2002 and management staff recruited after 1 May 1999 as well as the members of the management benefit from defined contribution pension plans. Other companies in the group also grant this type of benefit to certain categories of staff.

The pension plans are financed by contributions from employees and employers, the latter corresponding to a multiple of the contributions from employees.

In Belgium, obligations under these defined contribution pension plans are funded through a number of pension funds for the electricity and gas industries and through insurance companies.

The assets of the pension funds are allocated among the various categories of the following risks:

- Low risk: bonds in the euro zone and/or high-quality bonds.
- Medium risk: risk diversification between bonds, convertible bonds, real estate and equity instruments.
- High risk: equity instruments, real estate, etc.
- Dynamic Asset Allocation: rapid adjustment of the portfolio structure in case specific events in order to limit losses in periods of stress.

Belgian law requires that the employer guarantees a minimum return for defined contribution, which varies based on the market rates.

The minimum returns guaranteed by the employer are the following:
For contributions paid since 01-01-2016, the minimum return is variable based on OLO rates, with a minimum of 1.75% and a maximum of 3.75%. Given the current rates, this minimum guaranteed return has been initially set at 1.75%.
For contributions paid up until 31-12-2015, the minimum return of 3.25% for employer contributions and 3.75% for employee contributions applies up to that date. Since 01-01-2016, the minimum return is calculated as mentioned in the previous paragraph.

The accounting method used by the group to value these 'defined contribution pension plans, with a guaranteed minimum return', is identical to the method used for 'defined benefit plans' (see Note 2.13).

Description of the main risks

Defined contribution plans expose the employer to the risk of a minimum return on pension fund assets that do not offer a sufficient guaranteed return.

Other long-term employee benefits

Fluxys group also has other pension benefits, early pension schemes, other post-employment benefits such as reimbursement of medical expenses and price subsidies, as well as other long-term benefits (seniority payments). Not all of these benefits are funded.

Financial status of the employee benefits

In thousands of €	Pensions *		Other **	
	2019	2018 Restated	2019	2018 Restated
Present value of funded obligations	-245,305	-217,988	-47,335	-43,605
Fair value of plan assets	225,338	206,393	0	0
Funded status of plans	**-19,967**	**-11,595**	**-47,335**	**-43,605**
Effect of the asset ceiling	0	0	0	0
Other	0	0	0	0
Net employee benefit liability	**-19,967**	**-11,595**	**-47,335**	**-43,605**
Of which assets	9,182	17,919	0	0
Of which liabilities	-29,149	-29,514	-47,335	-43,605

* Pensions also include non-prefinanced early-retirement obligations. They also include, since 2018, contributions paid to cover pension schemes with a profile that takes into account seniority.

** The item 'Other' includes seniority bonuses paid over the course of the career as well as other post-employment benefits (reimbursement of medical expenses and tariff reductions).

Movements in the present value of obligations

In thousands of €	Pensions *		Other **	
	2019	2018 Restated	2019	2018 Restated
At the start of the period	**-217,988**	**-200,724**	**-43,605**	**-52,183**
Service costs	-9,080	-7,837	-1,097	-1,161
Early retirement costs	-889	274	0	0
Financial loss (-) / profit (+)	-2,939	-3,391	-669	-660
Participant's contributions	-1,520	-767	0	0
Change in demographic assumptions	2,302	-1,800	478	-75
Change in financial assumptions	-17,689	7,064	-5,372	256
Change from experience adjustments	-4,151	-4,116	1,225	297
Past service costs	0	0	0	0
Benefits paid	7,257	7,663	1,705	1,801
Change in the consolidation scope	0	-6,200	0	0
Reclassifications	0	-8,154	0	8,154
Other	-608	0	0	-34
At the end of the period	**-245,305**	**-217,988**	**-47,335**	**-43,605**

Reclassifications recognised in 2018 corresponded to commitments associated with pension schemes with a profile of contribution payments that takes account of seniority.

Movements in the fair value of plan assets

In thousands of €	Pensions *		Other **	
	2019	2018 Restated	2019	2018 Restated
At the start of the period	**206,393**	**215,969**	**0**	**0**
Interest income	2,738	2,180	0	0
Return on plan assets (excluding net interest income)	19,578	-11,096	0	0
Employer's contributions	3,936	5,461	1,705	1,801
Participants' contributions	1,520	767	0	0
Benefits paid by participants	-7,257	-7,663	-1,705	-1,801
Change in financial assumptions	-2,067	338	0	0
Other	497	437		
At the end of the period	**225,338**	**206,393**	**0**	**0**
Actual return on plan assets	**22,316**	**-8,916**	**0**	**0**

The actual return from plan assets is function of the evolution of the financial markets, this lead to a positive return on plan assets in 2019 versus a negative return in 2018.

Costs recognised in profit or loss

In thousands of €	Pensions *		Other **	
	2019	2018 Restated	2019	2018 Restated
Cost				
Service costs	-9,080	-7,837	-1,097	-1,161
Early retirement costs	-889	274	0	0
Past service costs	0	0	0	0
Actuarial gains/(losses) on other long-term benefits	-889	271	33	156
Net interest on net liabilities/(assets)				
Interest expense on obligations	-2,939	-3,391	-669	-660
Interest income on plan assets	2,738	2,180	0	0
Costs recognised in profit or loss	**-11,059**	**-8,503**	**-1,733**	**-1,665**

Actuarial losses (gains) recognised in other comprehensive income

In thousands of €	Pensions *		Other **	
	2019	2018 Restated	2019	2018 Restated
Change in demographic assumptions	2,302	-889	478	-75
Change in financial assumptions	-18,618	6,220	-5,405	100
Change from experience adjustments	-4,151	-4,116	1,225	297
Effect of the asset ceiling		15,000	0	0
Return on plan assets (excluding net interest income)	19,578	-11,096	0	0
Actuarial losses (gains) recognised in other comprehensive income	**-889**	**5,119**	**-3,702**	**322**

Allocation of obligation by type of participant to the plan

In thousands of €	2019	2018 Restated
Active plan participants	-242,530	-223,262
Non-active participants with deferred benefits	-17,854	-9,452
Retirees and beneficiaries	-32,256	-28,879
Total	**-292,640**	**-261,593**

Allocation of obligation by type of benefit

In thousands of €	2019	2018 Restated
Retirement and death benefits	-245,305	-217,988
Other post-employment benefits (medical expenses and tariff reductions)	-35,739	-31,947
Seniority bonuses	-11,596	-11,658
Total	**-292,640**	**-261,593**

Main actuarial assumptions used

	2019	2018 Restated
Discount rate between 10 to 12 years	0.41%	1.27%
Discount rate between 13 to 19 years	0.93%	1.70%
Discount rate over 19 years	0.98%	1.72%
Expected average salary increase	2.05%	2.05%
Expected inflation	1.75%	1.75%
Expected increase in health expenses	2.75%	2.75%
Expected increase of tariff advantages	1.75%	1.75%
Average assumed retirement age	63(BAR) / 65(CAD)	63(BAR) / 65(CAD)
Mortality tables	IABE prospective	IABE prospective
Life expectancy in years:		
For a person aged 65 at the balance sheet date:		
- Male	20	20
- Female	24	24
For a person aged 65 in 20 years:		
- Male	22	22
- Female	26	26

The discount rate used depends on the estimated average duration of the plans.

The fair value of plan assets per major category

	2019	2018 Restated
Listed investments	**79.70%**	**79.43%**
Shares – eurozone	15.45%	15.97%
Shares - outside eurozone	21.10%	20.61%
Government bonds - eurozone	1.82%	1.78%
Other bonds - eurozone	27.19%	27.08%
Other bonds - outside eurozone	14.14%	13.99%
Non-listed investments	**20.30%**	**20.57%**
Insurance contracts	0.00%	0.00%
Real estate	2.50%	2.75%
Cash and cash equivalents	3.79%	3.36%
Other	14.01%	14.46%
Total (in %)	**100.00%**	**100.00%**
Total (in thousands of €)	**225,338**	**206,393**

Sensitivity analysis

Impact on obligation	In thousands of €
	Increase (-) / Decrease (+)
Increase in discount rate (0.25%)	7,159
Average salary increase - Excluding inflation (0.1%)	-2,459
Increase in inflation rate (0.25%)	-5,382
Increase in healthcare benefits (0.1%)	-398
Increase in tariff benefits (0.5%)	-1,281
Increase in life expectancy of retirees (1 year)	-1,459

Average weighted duration of obligations

	2019	2018 Restated
Average weighted duration of defined benefit obligations	10	10
Average weighted duration of other obligations	18	19

Expected contribution to pay for employee benefits relating to extra-statutory pensions

	In thousands of €
Expected contribution for the next financial year	3,429

The contributions to be paid are based on changes in the payroll of the population concerned.

Note 5.16. Deferred tax assets and liabilities

Deferred tax assets and liabilities are offset within each taxable entity.

Following this compensation, there are no deferred tax assets on the balance sheet.

Deferred tax liabilities can be apportioned as follows, depending on their origin:

Deferred tax liabilities accounted for on the balance sheet		In thousands of €
	31-12-2019	**31-12-2018 Restated**
Valuation of assets	686,649	716,211
Accrued income	618	867
Fair value of financial instruments	-706	-198
Provisions for employee benefits or provisions not accepted under IFRS	80,022	68,606
Other normative differences	7,438	1,780
Total	**774,021**	**787,266**

Deferred tax is primarily influenced by the difference between the book value and the tax base of property, plant and equipment and intangible assets. This difference comes essentially from the fair value accounting of property, plant and equipment and intangible assets within the scope of business combination transactions (IFRS 3). Subsequently, these differences reduce gradually over time in line with the depreciations on these assets.

Provisions made in accordance with IAS 19 (Employee benefits) and provisions recognised under local GAAP but not recognised under IFRS are another major source of deferred tax.

Finally, the valuation at fair value of financial instruments also generates the recognition of deferred taxes. These instruments are primarily composed of instruments to hedge the interest rate risk and currency futures. Reference is made to the Note 6 on financial instruments for more information on this subject.

Movement for the period		In thousands of €
	Notes	Deferred tax
Total deferred taxes as at 31-12-2018 Restated		**787,266**
Deferred tax expenses – Profit & loss account	4.7.2	-21,464
Deferred tax expenses – other comprehensive income		-902
Translation adjustments		9,138
Other		-17
Changes in the consolidation scope		0
Total deferred taxes as at 31-12-2019		**774,021**
Of which deferred tax assets		0
Of which deferred tax liabilities		774,021

Note 5.17. Current trade and other payables

Trade and other liabilities		In thousands of €
	31-12-2019	31-12-2018 Restated
Trade payables	81,007	114,999
Payroll and related items	46,184	35,876
Other payables	30,914	21,164
Total	**158,105**	**172,039**

Note 6. Financial instruments

Principles for managing financial risks

In the course of conducting its activities, the Fluxys group is exposed to credit and counterparty risks, liquidity and interest rate risks and foreign exchange and market risks, all of which affect its assets and liabilities.

The Fluxys group policy as regards financial risk management is based on the principles of prudence and excludes seeking any speculative gain. It aims to cover, in the best possible way, the group's exposures to financial risk. All hedging strategies are put in place by way of a competitive process with a suitable number of counterparties based on the type of transaction and the value of the amount to be hedged.

The group's administrative organisation, controlling and financial reports ensure that these risks are constantly monitored and managed.

Cash management policy

The Fluxys group's cash is managed as part of a general policy that was approved by the Board of Directors.

The objective of this policy is to optimise the group's cash positions. Transactions are entered into at market terms and conditions.

In case of need, the group can borrow on a short- medium- or long-term basis to respond to its cash needs.

Cash surpluses are largely allocated to the operational needs and to development projects of the Fluxys group's companies. These investments are subject to constant monitoring and risk analysis on a case-by-case basis.

Cash surpluses other than those referred to above are kept either at first class financial institutions or invested in financial instruments issued by entities with a high credit rating or in financial instruments of issuers which are covered by a guarantee from a European Member State or whose share capital is predominantly controlled by state-owned entities. Cash surpluses are invested following a competitive bidding award, and in instruments that are sufficiently diversified to limit counterparty risk concentration.

At 31-12-2019, current and non-current investments, cash and cash equivalents amounted to €434,175 thousand, compared with €642,419 thousand at 31-12-2018. The repayment at the end of December 2018 by TAP of the shareholder loans granted pending the external financing explains the temporarily high level of investments, cash and cash equivalents as at 31-12-2018.

Credit and counterparty risks

The group systematically assesses its counterparties' financial capacity and systematically monitors receivables. Group policy regarding counterparty risks requires that the group submits potential customers and suppliers to a detailed preliminary financial analysis (liquidity, solvency, profitability, reputation and risks). The group uses internal and external information sources, such as official analysis performed by rating agencies (Moody's, Standard & Poor's and Fitch). These rating agencies assess entities in relation to risk and award them a credit score. The group also uses databases containing general, financial and market information to complement its own evaluation of potential customers and suppliers.

In addition, for most of its activities the group is allowed to contractually require guarantees (either bank guarantees or cash deposits) from counterparties. The group thereby reduces its exposure to credit risk both in terms of default and concentration of customers.

In view of the concentration risk it must be noted that three clients contribute 25%, 24% and 14% of the operating revenue. The breakdown of these by activity amounts to €330 million in transmission, €28 million in storage and €249 million in terminalling.

Foreign exchange risk

The currency used by the group is the euro.

Because of its international activity, the Fluxys group is exposed to foreign exchange risk. Group policy requires that all positions in currencies considered safe be hedged with an appropriate instrument. Foreign exchange exposures linked to net foreign investments may be hedged either by directly borrowing in foreign currencies and establishing a repayment schedule based on the income expected in foreign currency, or by buying the acquisition price amount in foreign currency and simultaneously selling it on maturity with a payment schedule based on the estimated income flows from the acquisition plan. In establishing its hedging strategy, the group ensures it uses 'plain vanilla' liquid instruments with sound counterparties.

The group is exposed to CHF/EUR currency fluctuation risks primarily because of its stake in FluxSwiss (capital invested, group share of €279.2 million). This net investment in an activity in Switzerland has been hedged through currency forward contracts. These financial instruments are qualified as hedging instruments. The variation in value of these latter has a direct impact on equity.

Intragroup loans to our subsidiaries in Switzerland and the UK are covered either through cross currency interest rate swaps or currency forward contracts. These instruments are a natural hedge for the risk incurred by the group with regard to CHF/EUR and GBP/EUR currency fluctuations. The variation in value of these latter instruments is accounted for in the profit/loss for the period.

The group is also exposed to USD/EUR currency fluctuation risks primarily because of its stake in LNG Link Investment AS and Mahon Shipping (capital invested, group share of €3.3 million). This net investment in dollar business has been hedged through currency forward contracts. These financial instruments are qualified as hedging instruments. The variation in value of these latter has a direct impact on equity.

The group was exposed to SEK/EUR currency fluctuation risks because of its holding in Swedegas until the sale of the stake in November 2018. The effects of the currency forward contracts were neutralised by new opposite contracts, definitively ending the group's exposure to SEK/EUR risks. These contracts appear in the balance sheet at their market value. The variations in value of these latter are expected to compensate each other.

The fair value of these instruments is detailed in Notes 6.3 and 6.4. The maturity of these investments is between 2020 and 2026.

In 2019, the Fluxys group has not identified any inefficiency in this hedging.

Sensitivity analysis:

Outside hedging instruments, a 10% variation in the CHF exchange rate would have an impact in 2019 of €24.4 million on equity whilst a 10% variation in the GBP exchange rate would have an impact of €31.3 million on equity attributable to the shareholders of the parent company. This impact is determined based on the net assets of the companies concerned on the balance sheet date.

Interest rate risk

As a general rule, given that the group's assets are long-term, loan contracts are, as long as the market permits, for a term close to the estimated economic life of the assets concerned.

These loans may be fixed rate or variable.

The Fluxys group manages its interest rate risk based on an in-depth assessment of its assets and liabilities. The variable-rate debts are only maintained if they are covered by assets subject to a comparable risk.

The other variable-rate debts are hedged using suitable financial instruments that can either convert the variable rates into fixed rates, or provide a cap for the variable interest rates. In establishing its hedging strategy, the group ensures it uses 'plain vanilla' liquid instruments with sound counterparties.

The group's debt is €3,556,939 thousand as at 31-12-2019 compared with €3,701,020 thousand as at 31-12-2018. It mainly consists of loans which mature between 2020 and 2045 (see Note 5.13).

Loans taken out by FluxSwiss and Transitgas (for €185.3 million) as well as part of the TENP KG loans (for €12.5 million) and the €800 million loan of Dunkerque LNG are financed with variable rates over the short term.

In order to manage this risk exposure, these companies have put in place, for the entire variable interest amount, cap and/or swap contracts destined to exchange this variable rate for a fixed rate. These financial instruments are qualified as hedging instruments. The variation in value of these latter has a direct impact on equity insofar as it concerns the effective part of the hedge.

The fair value of these instruments is detailed in Notes 6.3 and 6.4. The maturity of these investments is between 2020 and 2024.

In 2019, the Fluxys group has not identified any inefficiency in this hedging.

In 2017, FluxSwiss and Transitgas proceeded to renegotiate their loans. These companies on the same occasion, proceeded to unwind the cash-flow hedging instruments, these interest-rate swaps on longer being entirely effective in a negative interest rate environment. The cost of the unwinding of the interest rate swaps is progressively transferred into the financial results. The balance to be transferred into the results comes to €4,528 thousand as at the end of December 2019.

In addition, the group's interest-bearing liabilities include liabilities to be used within the regulatory framework. These latter bear interest. The group does not incur any interest rate risks related to this.

Sensitivity analysis:

Outside hedging instruments, a variation of 100 base points in interest rates on financing would have an impact on financial results in 2020 of:

- €1.2 million for FluxSwiss compared to €1.5 million the previous year,
- €0.5 million for Transitgas compared to €0.8 million the previous year,
- €0.1 million for TENP KG compared to €0.7 million the previous year, and
- €8.0 million for Dunkerque LNG, identical figure to the previous year.

Liquidity Risk

Liquidity risk management is one of Fluxys group's main objectives. The amounts invested and the investment period reflect the short- and long-term planning of cash needs as closely as possible, taking into account operational risks.

The Fluxys group was granted loans by the European Investment Bank (EIB). They contain contractual financial covenants which were fulfilled by the group as at 31-12-2019. These contractual clauses provided for ratios to be adhered to of the type 'Net Finance Charges to EBITDA ratio', 'Net Debt to EBITDA ratio' and 'Bond and other loan to EBITDA ratio' (see Note 7.7).

The maturity of interest-bearing liabilities is reported in Note 5.13.

Cash facilities

The group has cash facilities for an amount of €507.5 million as at 31-12-2019, compared with €512.5 million as at 31-12-2018.

6.1 Summary of financial instruments at balance sheet date				In thousands of €
	Category	Book value	Fair value	Level
I. Non-current assets				
Other financial assets at amortised cost	A	90,521	91,184	1&2
Other financial assets at fair value through profit or loss	B*	4,827	4,827	2
Other financial assets at fair value through other comprehensive income	C*	2,960	2,960	2
Other receivables	A	97,596	109,632	2
II. Current assets				
Other financial assets at fair value through profit or loss	B*	784	784	2
Other financial assets at fair value through other comprehensive income	C*	43	43	2
Trade and other receivables	A	198,455	198,455	2
Cash investments	A	182,964	182,964	1 & 2
Cash and cash equivalents	A	163,777	163,777	1 & 2
Total financial instruments – assets		**741,927**	**754,626**	
I. Non-current liabilities				
Interest-bearing liabilities	A	3,318,201	3,387,716	2
Other financial liabilities at fair value through profit or loss	B*	7,227	7,227	2
Other financial liabilities at fair value through other comprehensive income	C*	1,516	1,516	2
II. Current liabilities				
Interest-bearing liabilities	A	238,738	238,738	2
Other financial liabilities at fair value through profit or loss	B*	1,307	1,307	2
Other financial liabilities at fair value through other comprehensive income	C*	234	234	2
Trade and other payables	A	158,105	158,105	2
Total financial instruments - liabilities		**3,725,328**	**3,794,843**	

* The detail of these financial instruments is provided in Table 6.3.

The categories correspond to the following financial instruments:

A. Financial assets or financial liabilities at amortised cost.

B. Assets or liabilities at fair value through profit or loss.

C. Assets or liabilities at fair value through other comprehensive income.

6.2 Summary of financial instruments at 31-12-2018 Restated				In thousands of €
	Category	Book value	Fair value	Level
I. Non-current assets				
Other financial assets at amortised cost	A	78,662	78,856	2
Other financial assets at fair value through profit or loss	B**	4,625	4,625	1 & 2
Other financial assets at fair value through other comprehensive income	C**	5,708	5,708	2
Other receivables	A	109,276	120,723	2
II. Current assets				
Other financial assets at fair value through profit or loss	B**	1,311	1,311	2
Other financial assets at fair value through other comprehensive income	C**	29	29	2
Trade and other receivables	A	197,237	197,237	2
Cash investments	A	270,215	270,215	1 & 2
Cash and cash equivalents	A	296,558	296,558	1 & 2
Total financial instruments – assets		**963,621**	**975,262**	
I. Non-current liabilities				
Interest-bearing liabilities	A	3,330,377	3,341,209	2
Other financial liabilities at fair value through profit or loss	B**	4,462	4,462	2
Other financial liabilities at fair value through other comprehensive income	C**	1,273	1,273	2
II. Current liabilities				
Interest-bearing liabilities	A	370,643	370,643	2
Other financial liabilities at fair value through other comprehensive income	C**	993	993	2
Trade and other payables	A	172,039	172,039	2
Total financial instruments - liabilities		**3,879,787**	**3,890,619**	

** The detail of these financial instruments is provided in Table 6.4.

6.3 Summary of derivate instruments at 31-12-2019					In thousands of €
	Qualification	Notional amounts covered	Carrying amount of the hedging instruments		Notes
		(in thousands)	Assets K€	Liabilities K€	
I. Non-current assets and liabilities			**9,914**	**8,743**	**5.6 & 6**
A. Net investment hedge			**2,016**	**0**	**5.6 & 6**
CHF	hedging instruments	CHF 89,102	2,016	0	5.6 & 6
One to five years		CHF 63,926	799	0	
More than five years		CHF 25,176	1,217	0	
B. Cash Flow Hedge			**3,070**	**1,516**	**5.6 & 6**
IRS	hedging instruments	EUR 8,031	0	268	6
One to five years		EUR 0	0	0	
More than five years		EUR 8,031	0	268	
IRS	hedging instruments	EUR 800,000	2,127	0	6
One to five years			0	0	
More than five years		EUR 800,000	2,127	0	
CAP	hedging instruments	CHF 207,486	943	1,248	5.6 & 6
One to five years		CHF 0	0	0	
More than five years		CHF 207,486	943	1,248	
C. Natural Hedge			**1,869**	**4,268**	**5.6 & 6**
CCIRS	Not designated as hedging instruments	CHF 46,835	0	4,268	6
One to five years		CHF 0	0	0	
More than five years		CHF 46,835	0	4,268	
SEK	Not designated as hedging instruments	SEK 0	1,551	0	5.6 & 6
One to five years		SEK 20,279	342	0	
One to five years		-SEK 20,279	1,209	0	

SEK	Not designated as hedging instruments	SEK 0	318	0	5.6 & 6
More than five years		-SEK 64,222	-26	0	
More than five years		SEK 64,222	344	0	
D. Other financial instruments	Not designated as hedging instruments		**2,959**	**2,959**	**5.6 & 6**
One to five years			2,959	2,959	
More than five years			0	0	
II. Current assets and liabilities			**827**	**1,541**	**5.6 & 6**
A. Net Investment Hedge			**43**	**234**	**5.6 & 6**
USD	Hedging instrument	USD 2,946	43	0	6
CHF	Hedging instrument	CHF 13,328	0	234	5.6 & 6
B. Cash Flow Hedge			**0**	**0**	**6**
C. Natural Hedge			**784**	**1,307**	**5.6 & 6**
GBP	Not designated as hedging instruments	GBP 22,104	0	1,307	5.6 & 6
SEK	Not designated as hedging instruments	-SEK 19,532	605	0	5.6 & 6
SEK	Not designated as hedging instruments	SEK 19,532	179	0	5.6 & 6

6.4 Summary of derivate instruments at 31-12-2018 Restated					In thousands of €
	Qualification	Notional amounts covered	Carrying amount of the hedging instruments		Notes
		(in thousands)	Assets	Equity and liabilities	
I. Non-current assets and liabilities			**10,333**	**5,735**	**5.6 & 6**
A. Net investment hedge			**4,338**	**0**	**5.6 & 6**
CHF	hedging instruments	CHF 102,430	4,338	0	5.6 & 6
One to five years		CHF 60,078	1,735	0	
More than five years		CHF 42,352	2,603	0	
B. Cash Flow Hedge			**1,370**	**1,273**	**5.6 & 6**
IRS	hedging instruments	EUR 8,031	0	106	5.6 & 6
One to five years		EUR 0	0	0	
More than five years		EUR 8,031	0	106	
CAP	hedging instruments	CHF 293,700	1,370	1,167	5.6 & 6
One to five years		CHF 0	0	0	
More than five years		CHF 293,700	1,370	1,167	
C. Natural Hedge			**2,636**	**2,473**	**6**
CCIRS	Not designated as hedging instruments	CHF 46,835	0	2,473	6
One to five years		CHF 0	0	0	
More than five years		CHF 46,835	0	2,473	
SEK	Not designated as hedging instruments	SEK 0	2,254	0	6
One to five years		-SEK 36,561	1,818	0	
More than five years		SEK 36,561	436	0	
SEK	Not designated as hedging instruments	SEK 0	382	0	6
More than five years		SEK 60,973	246	0	
More than five years		-SEK 60,973	136	0	
D. Other financial instruments	Not designated as hedging instruments		**1,989**	**1,989**	**5.6 & 6**

One to five years			1,989	1,989	
More than five years			0	0	
II. Current assets and liabilities			**1,340**	**993**	**5.6 & 6**
A. Net Investment Hedge			**29**	**132**	**5.6 & 6**
USD	hedging instruments	USD 3,305	0	132	5.6 & 6
CHF	hedging instruments	CHF 10,440	29	0	5.6 & 6
B. Cash flow hedge			**0**	**861**	**5.6 & 6**
IRS	hedging instruments	EUR 80,313	0	861	5.6 & 6
C. Natural Hedge			**1,311**	**0**	**5.6 & 6**
GBP	Not designated as hedging instruments	GBP 45,039	373	0	5.6 & 6
SEK	Not designated as hedging instruments	SEK 69,942	586	0	5.6 & 6
SEK	Not designated as hedging instruments	-SEK 69,942	352	0	5.6 & 6

All of the group's financial instruments fall within Levels 1 and 2 of the fair value hierarchy. Their fair value is measured on a recurring basis.

Level 1 of the fair value hierarchy includes short-term investments and cash equivalents whose fair value is based on quoted prices. They consist mainly of bonds.

Level 2 of the fair value hierarchy includes other financial assets and liabilities whose fair value is based on other inputs that are observable for the asset or liability, either directly or indirectly.

The techniques for measuring the fair value of Level 2 financial instruments are as follows:

- The items ‘Interest-bearing liabilities’ include the fixed-rate bonds whose fair value is determined based on active market rates, usually provided by financial institutions.
- The items 'Other financial assets’ and ‘Other financial liabilities’ include derivative instruments whose fair value is determined based on active market rates, usually provided by financial institutions.
- The fair value of other financial assets and liabilities categorised under level 2 is largely identical to their book value:
    - either because they have a short-term maturity (such as trade receivables and payables), or
    - because they bear interest at the market rate at the closing date of the financial statements.

Note 7. Contingent assets and liabilities – group's rights and commitments

7.1. Litigation

Litigation regarding the oil business

Pursuant to an agreement signed on 9 November 1979, the Belgian State commissioned Fluxys Belgium SA (formerly Distrigas) to negotiate the purchase of crude oil with the Kingdom of Saudi Arabia. Fluxys Belgium SA accepted this assignment provided that the Belgian State covered the costs, losses and all risks inherent to this assignment.

As part of the decision to discontinue the oil business, appeals were lodged against the Belgian State and Fluxys Belgium SA.

The risk incurred by Fluxys Belgium SA is covered by a guarantee from the Belgian State (Royal Decree of 3 February 1981 - Belgian Official Gazette of 17 February 1981) pursuant to the agreement of 9 November 1979 between the Belgian State and Fluxys Belgium SA and the letter of 30 December 1983 from the Ministers for Finance and Economic Affairs.

Other litigation

- Ghislenghien: As announced in 2011, Fluxys Belgium has undertaken, in agreement with insurers and other responsible parties, to proceed with the final compensation of private victims of the accident at Ghislenghien in 2004.

  Although most of the victims were compensated in 2012, some cases are still open. Fluxys Belgium conducts an evaluation of these cases as they evolve. No reliable estimate can be made at this stage. No provision has therefore been recognised as at 31-12-2019.

- Claim relating to the 'Open Rack Vaporiser' investment: A compensation claim for additional works was introduced by a supplier in the scope of the investment 'Open Rack Vaporiser' made by Fluxys LNG. The latter disputes this claim and an expert was appointed to assess the case. No reliable estimate can be made at this stage. No provision has therefore been recognised as at 31-12-2019.
- Other claims: Other claims arising from the operation of our facilities are in progress but their potential impact is immaterial.

7.2. Assets and items held for third parties, in their name, but at the risk and for the benefit of entities included in the consolidation scope

In the ordinary course of business, the group holds gas belonging to its customers in the pipelines, at its storage sites in Loenhout, and in the tanks at the LNG terminals in Zeebrugge and Dunkirk.

7.3. Guarantees received

Bank securities for the benefit of the group comprise guarantees received from contractors in respect of construction contracts as well as bank guarantees received from customers. The credit losses expected on guarantees received are not very material for the Fluxys group.

7.4. Guarantees provided by third parties on behalf of the entity

Rental guarantees have been issued in favour of owners of assets leased by the group and come to €13 thousand as at 31-12-2019.
Other guarantees have been issued in Belgium for an amount of €187 thousand as at 31-12-2019.

7.5. Commitments as part of the leases for Transitgas, TENP and Interconnector (UK)

As part of the leases for Transitgas and TENP, FluxSwiss and Fluxys TENP have committed to pay royalties dues for the provision of 90% and 64.25% respectively of the capacity of these facilities. The end date of these leases is 2021, with the option to extend.

Interconnector (UK) has committed, as part of a lease entered into with FL Zeebrugge, to pay the royalties due for the provision of the facilities. This lease requires maintenance of a minimum cash level in Interconnector (UK), a clause which was adhered to as at 31-12-2019. The maturity of this lease is in 2025.

7.6. Commitments under terminalling service contracts

The Capacity Subscription Agreements (CSA) entered into with the terminal users of the Zeebrugge LNG terminal provide for 829 slots to be available from 2019 to 2027. In addition, Yamal Trade (a 100% subsidiary of Yamal LNG) and Fluxys LNG signed a 20-year contract for the transshipment of a maximum of 8 million tonnes of LNG per year at the port of Zeebrugge in Belgium.

In 2019, in addition to the aforementioned contracts, a new long-term contract was entered into with Qatar Petroleum, subsidiary of Qatar Terminal Limited (QTL), for the remaining unloading slots until 2044 after the expiry of the current long-term slots in 2023.

7.7. Commitments in relation to loans and to the European Investment Bank (EIB)

The Fluxys Belgium group was granted loans by the European Investment Bank (EIB). They contain contractual financial covenants which are fulfilled by the group at 31 December 2019. Like bonds, these loans also contain a pari passu clause.

Dunkerque LNG obtained a variable-rate bank loan for €800 million, repayable in 2022. This loan provides for a contractual clause (financial covenant) of 'Net Debt to EBITDA ratio', a clause fulfilled by the group as at 31-12-2019.

External financing was granted to TAP from December 2018. The shareholders provide a full guarantee during the period of construction and a limited guarantee once the works have completed in the case of non-payment by shippers and in case of force majeure. Fluxys' share in the guarantee represents 20% of the amount drawn. The credit losses expected on guarantees given are not very material for the Fluxys group.

Finally, certain guarantees have been issued as part of financing agreements. They are primarily in the form of guarantees on revenue generated by the activity concerned, on trade receivables and on shares held.

7.8. Commitments with regard to projects under construction

The Fluxys group has a stake in TAP. The group progressively builds up TAP's equity with its joint shareholders. The amounts invested as at 31-12-2019 come to €244 million.

The Fluxys group also finances the investments provided for in the EUGAL project. Our total stake is estimated at €320.0 million, almost €300 million of which has already been invested on 31-12-2019.

7.9. Other commitments

Other liabilities have been made and received by the Fluxys group, but their potential impact is immaterial.

Note 8. Related parties

The Fluxys group is controlled by Publigas.

In 2019, the Fluxys group executed transactions with the joint operation Tenp KG and Transitgas and with associates, i.e. TAP and Balansys.

Other related parties include transactions with Publigas (financing), SFPI (financing) and FluxSwiss' shareholders as well as relations with directors and members of the management team, the latter being tasked the management of the company and decisions on investments.

Related parties					In thousands of €
			31-12-2019		
	Parent company shareholders	Joint arrange ments	Associates	Other Related parties	Total
I. Assets with related parties	**55**	**0**	**420**	**0**	**475**
1. Other financial assets	**0**	**0**	**0**	**0**	**0**
1.1. Securities other than shares	0	0	0	0	0
1.2. Other receivables	0	0	0	0	0
2. Other non-current assets	**0**	**0**	**0**	**0**	**0**
2.1. Finance leases	0	0	0	0	0
2.2. Other non-current receivables	0	0	0	0	0
3. Trade and other receivables	**55**	**0**	**420**	**0**	**475**
3.1. Clients	0	0	420	0	420
3.2. Finance leases	0	0	0	0	0
3.3. Other receivables	55	0	0	0	55
4. Cash and cash equivalents	**0**	**0**	**0**	**0**	**0**
5. Other current assets	**0**	**0**	**0**	**0**	**0**
II. Liabilities with related parties	**45,000**	**60,583**	**0**	**34,810**	**140,393**
1. Interest-bearing liabilities (current and non-current)	**45,000**	**60,583**	**0**	**34,810**	**140,393**
1.1. Bank borrowings	0	0	0	0	0
1.2. Leases	0	0	0	0	0
1.3. Bank overdrafts	0	0	0	0	0
1.4. Other borrowings	45,000	60,583	0	34,810	140,393
2. Trade and other payables	**0**	**0**	**0**	**0**	**0**
2.1. Trade payables	0	0	0	0	0
2.2. Other payables	0	0	0	0	0
3. Other current liabilities	**0**	**0**	**0**	**0**	**0**

Related parties					In thousands of €
			31-12-2018 Restated		
	Parent company shareholders	Joint arrange ments	Associates	Other Related parties	Total
I. Assets with related parties	**75**	**0**	**9,594**	**0**	**9,669**
1. Other financial assets	**0**	**0**	**9,175**	**0**	**9,175**
1.1. Securities other than shares	0	0	0	0	0
1.2. Other receivables	0	0	9,175	0	9,175
2. Other non-current assets	**0**	**0**	**0**	**0**	**0**
2.1. Finance leases	0	0	0	0	0
2.2. Other non-current receivables	0	0	0	0	0
3. Trade and other receivables	**75**	**0**	**419**	**0**	**494**
3.1. Clients	0	0	419	0	419
3.2. Leases	0	0	0	0	0
3.3. Other receivables	75	0	0	0	75
4. Cash and cash equivalents	**0**	**0**	**0**	**0**	**0**
5. Other current assets	**0**	**0**	**0**	**0**	**0**
II. Liabilities with related parties	**45,000**	**45,789**	**272**	**33,528**	**124,589**
1. Interest-bearing liabilities (current and non-current)	**45,000**	**45,789**	**0**	**33,528**	**124,317**
1.1. Bank borrowings	0	0	0	0	0
1.2. Leases	0	0	0	0	0
1.3. Bank overdrafts	0	0	0	0	0
1.4. Other borrowings	45,000	45,789	0	33,528	124,317
2. Trade and other payables	**0**	**0**	**272**	**0**	**272**
2.1. Trade payables	0	0	272	0	272
2.2. Other payables	0	0	0	0	0
3. Other current liabilities	**0**	**0**	**0**	**0**	**0**

Related parties					In thousands of €
	31-12-2019				
	Parent company shareholders	Joint arrangements	Associates	Other Related parties	Total
III. Transactions with related parties					
1. Sale of non-current assets	**0**	**0**	**0**	**0**	**0**
2. Purchase of non-current assets (-)	**0**	**0**	**0**	**0**	**0**
3. Services rendered and goods delivered	**0**	**0**	**657**	**0**	**657**
4. Services received (-)	**0**	**0**	**0**	**0**	**0**
5. Net financial income	**-800**	**-1,408**	**0**	**-1,895**	**-4,103**
6. Directors' and senior executives' remuneration				**2,933**	**2,933**
of which short-term employee benefits				2,474	2,474
of which post-employment benefits				459	459

Related parties					**In thousands of €**
			31-12-2018 Restated		
	Parent company shareholders	Joint arrangements	Associates	Other Related parties	Total
III. Transactions with related parties					
1. Sale of non-current assets	**0**	**0**	**0**	**0**	**0**
2. Purchase of non-current assets (-)	**0**	**0**	**0**	**0**	**0**
3. Services rendered and goods delivered	**0**	**0**	**2,641**	**0**	**2,641**
4. Services received (-)	**0**	**0**	**0**	**0**	**0**
5. Net financial income	**-800**	**-1,601**	**6,065**	**-1,826**	**1,838**
6. Directors' and senior executives' remuneration				**2,892**	**2,892**
of which short-term employee benefits				2,492	2,492
of which post-employment benefits				400	400

Note 9. Directors' and senior executives' remuneration

Pursuant to Article 14 of the Articles of Association, the Board of Directors of Fluxys SA comprises no more than 12 members, who can be natural persons or legal entities, shareholders or not, and appointed for six years as a maximum by the General Meeting of Shareholders.

The Fluxys group has not granted any loans to administrators and the administrators have moreover not executed any unusual transactions with the group.

Reference is made to Note 8 for more information on this subject.

Note 10. Events after the balance sheet date

No events after the balance sheet date had a material impact on the 2019 financial statements of the group.

At the time of adoption of the 2019 annual financial report, it is difficult to estimate the financial impact of the Covid-19 pandemic on the Fluxys group in 2020 given the uncertainty and rapid development of the pandemic in Belgium and across Europe.

The impact of the Covid-19 pandemic will depend on how the pandemic will continue to develop, how long it will last, what consequences it will have on the economy and, in particular, on energy demand, and the extent to which the adverse effects of the pandemic will be mitigated by government measures to support the economy.

Fluxys is monitoring the situation closely to be able, where possible, to mitigate the adverse effects of the pandemic on Fluxys' operations and financial results.

For a qualitative estimate of the risks associated with the Covid-19 pandemic, see the chapter Risk management p. 93.

Statutory accounts of Fluxys SA under Belgian GAAP

Given that Fluxys SA is essentially a holding company, holding the stakes at their book value, the unconsolidated annual accounts only give a limited view of the company's financial situation. As a result, the Board of Directors has deemed it appropriate to, in application of Article 3:17 of the Code of companies and associations, only publish an abridged version of the unconsolidated annual accounts as at 31 December 2019.

The statutory auditor has issued a report with an unqualified opinion on the statutory annual accounts of Fluxys SA.

These documents have been filed with the National Bank of Belgium.

They are available free of charge upon request at the following address:

Fluxys SA

Communication Department

Avenue des Arts 31, 1040 Brussels

1. Balance Sheet

Assets	In thousands of €	
	31-12-2019	31-12-2018
Formation expenses	**942**	**1,311**
Fixed assets	**1,694,488**	**1,691,177**
Intangible assets	0	0
Property, plant and equipment	905	368
Financial fixed assets	1,693,583	1,690,809
Current assets	**1,778,296**	**1,790,909**
Amounts receivable after more than one year	1,513,698	1,087,819
Stock and contracts in progress	0	0
Amounts receivable within one year	109,562	381,685
Cash investments	120,395	213,391
Cash at bank and in hand	23,019	92,290
Deferred charges and accrued income	11,622	15,724
Total	**3,473,726**	**3,483,397**

Liabilities	In thousands of €	
	31-12-2019	31-12-2018
Equity	**1,872,889**	**1,875,738**
Capital	1,704,310	1,704,019
Share premium account	81,508	81,452
Revaluation surpluses	0	0
Reserves	68,214	61,420
Accumulated profits (losses)	18,809	28,754
Capital subsidies	48	93
Provisions and deferred taxes	**25**	**88**
Provisions for liabilities and charges	8	55
Deferred tax	17	33
Amounts payable	**1,600,812**	**1,607,571**
Amounts payable after more than one year	608,606	623,519
Amounts payable within one year	983,802	961,489
Accrued charges and deferred income	8,404	22,563
Total	**3,473,726**	**3,483,397**

2. Income statement

Income statement		In thousands of €
	31-12-2019	31-12-2018
Operating income	9,457	18,266
Operating charges	20,254	30,852
Operating profit	**-10,797**	**-12,586**
Financial income	174,738	177,216
Finance costs	25,152	17,615
Net financial income	**149,586**	**159,601**
Earnings before taxes	**138,789**	**147,015**
Transfer from deferred taxes	**16**	**6**
Income tax expenses	**2,937**	**2,203**
Net profit/loss for the period	**135,868**	**144,818**
Transfer to untaxed reserves	**0**	**0**
Profit for the period available for appropriation	**135,868**	**144,818**

Fluxys' consolidated net profit/loss was €135,868 thousand compared with €144,818 thousand the previous year. The profit/loss for the financial year mainly consists of the dividends paid by Fluxys Belgium and Fluxys Europe.

3. Appropriation account

Appropriation account		In thousands of €
	31-12-2019	31-12-2018
Profit to be appropriated	**164,622**	**174,924**
Profit for the period available for appropriation	135,868	144,818
Profit carried forward from the previous period	28,754	30,106
Transfer from equity		
From reserves	**0**	**0**
Transfer to equity	**6,794**	**7,241**
To the legal reserve	6,794	7,241
To the other reserves	0	0
Result to be carried forward	**18,809**	**28,754**
Profit to be carried forward	**18,809**	**28,754**
Profit to be distributed	**139,019**	**138,929**
Dividends	139,019	138,929

4. Capital at the end of the period

Capital at the end of the period	In thousands of €
	31-12-2019
Subscribed capital	
At the end of the previous period	1,738,741
At the end of the period	1,739,032
Capital represented by	
Registered shares	86,951,613
Dematerialised shares	0
Bearer shares	0
Shareholders' structure :	

Shareholders	***Type***	***Number of voting rights declared***	***%***
Publigas	Shares without nominal value	67,427,583	77.55 %
Caisse de dépôt et placement du Québec	Shares without nominal value	17,305,412	19.90 %
Federal Holding and Investment Company	Shares without nominal value	1,851,852	2.13 %
Members of staff and management	Shares without nominal value	366,766	0.42 %

5. Income taxes

Income taxes	In thousands of €
	31-12-2019
Breakdown of heading 670/3	
Income taxes on the result of the current period	**2,871**
Taxes and withholding taxes due or paid	1,803
Excess of income tax prepayments	0
Estimated additional taxes	1,068
Income taxes on previous periods	**66**
Additional taxes due or paid	41
Additional taxes (estimated or provided for)	25
Reconciliation between profit before taxes and estimated taxable profit	
Profit before taxes	**138,789**
Permanent differences:	**-129,313**
Definitively taxed income	-129,679
Non-deductible expenses	350
Notional interest	0
Transfer from deferred taxes	16
Total	**9,476**

6. Workforce

6.1. Headcount

A. Employees recorded in the personnel register

1a During the current period			
	Total	**Men**	**Women**
Average number of employees			
Full time	51.2	37.3	13.9
Part-time	12.4	7.4	5.0
Total in full-time equivalents (FTE)	56.6	40.1	16.5
Number of hours actually worked			
Full time	80,177	58,728	21,449
Part-time	8,387	4,245	4,142
Total	88,564	62,973	25,591
Employee expenses			
Full time	7,379,644 €	5,395,489 €	1,984,155 €
Part-time	2,556,108 €	2,237,156 €	318,952 €
Total	9,935,752 €	7,632,645 €	2,303,107 €
Advantages in addition to wages	**45,434 €**	**34,903 €**	**10,531 €**

1b. During the previous period			
	Total	**Men**	**Women**
Average number of employees (FTE)	47.4	32.4	15.0
Number of hours actually worked	74,132	51,334	22,798
Employee expenses	7,889,735 €	5,856,550 €	2,033,185 €
Advantages in addition to wages	37,812 €	28,068 €	9,744 €

2. At the closing of the period			
	Full time	**Part-time**	**Total FTE***
Employees recorded in the personnel register	54	12	59.2
By nature of the employment contract			
Contract for an indefinite period	53	12	58.2
Contract for a definite period	1	0	1.0
Contract for execution of specifically assigned work	0	0	0.0
Replacement contract	0	0	0.0
According to gender and study level			
Men	40	7	42.6
Primary education	0	0	0.0
Secondary education	1	0	1.0
Higher non-university education	3	1	3.4
University education	36	6	38.2
Women	14	5	16.6
Primary education	0	0	0.0
Secondary education	0	0	0.0
Higher non-university education	2	4	4.3
University education	12	1	12.3
By professional category			
Management	45	9	48.1
Employees	9	3	11.1
Workers	0	0	0.0
Other	0	0	0.0

* full-time equivalent

B. Hired temporary staff and personnel placed at the enterprise's disposal

During the current period	Hired temporary staff	Personnel placed at the enterprise's disposal
Average number of persons employed	0.9	0.0
Number of hours actually worked	1,703	0.0
Costs for the enterprise	72,524 €	0.0 €

6.2. Table of movements in personnel during the period

	Full time	Part-time	Total FTE*
Entries			
a. Employees recorded in the personnel register	17	1	17.4
b. By nature of the employment contract			
Contract for an indefinite period	16	1	16.4
Contract for a definite period	1	0	1.0
Contract for execution of specifically assigned work	0	0	0.0
Replacement contract	0	0	0.0
Exits			
a. Employees whose contract end-date has been recorded in the personnel register in this financial year	9	1	9,3
b. By nature of the employment contract			
Contract for an indefinite period	9	1	9,3
Contract for a definite period	0	0	0,0
Contract for execution of specifically assigned work	0	0	0,0
Replacement contract	0	0	0,0
c. By reason of termination of contract			
Retirement	0	0	0,0
Early retirement	0	0	0,0
Dismissal	0	0	0,0
Other reason	9	1	9,3
Of which: the number of persons who continue to render services to the company at least part-time on a self-employed basis	0	0	0.0

* full-time equivalent

6.3. Information on training provided to employees during the period

	Men	Women
Initiatives in formal continued professional development at the expense of the employer		
Number of employees involved	39	16
Number of actual training hours	955	583
Net costs for the enterprise	250,464 €	123,309 €
Of which gross costs directly linked to training	250,464 €	123,309 €
Of which fees paid and payments to collective funds	0 €	0 €
Of which subsidies and other financial advantages received (to deduct)	0 €	0 €
Total of initiatives of less formal or informal professional training at the expense of the employer		
Number of employees involved	39	15
Number of actual training hours	1,617	425
Net costs for the enterprise	172,487 €	35,238 €
Total of initiatives of initial professional training at the expense of the employer		
Number of employees involved	0	0
Number of actual training hours	0	0
Net costs for the enterprise	0 €	0 €

Statutory auditor's report and declaration by responsible persons

Statutory auditor's report to the General Meeting of Fluxys NV/SA for the financial year ended 31 December 2019

As required by law and the Company's articles of association, we report to you as statutory auditor of Fluxys NV (the "Company") and its subsidiaries (together the "Group"). This report includes our opinion on the consolidated balance sheet as at 31 December 2019, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 December 2019 and the disclosures (all elements together the "Consolidated Financial Statements") as well as our report on other legal and regulatory requirements. These two reports are considered one report and are inseparable.

We have been appointed as statutory auditor by the shareholders' meeting of 14 May 2019, in accordance with the proposition by the Board of Directors. Our mandate expires at the shareholders' meeting that will deliberate on the Consolidated Financial Statements for the year ending 31 December 2021. We performed the audit of the Consolidated Financial Statements of the Group for one year.

Report on the audit of the Consolidated Financial Statements

Unqualified opinion

We have audited the Consolidated Financial Statements of Fluxys NV, that comprise of the consolidated balance sheet on 31 December 2019, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the year and the disclosures, which show a consolidated balance sheet total of € 8.321,96 million and of which the consolidated income statement shows a profit for the year of € 214,2 million.

In our opinion, the Consolidated Financial Statements give a true and fair view of the consolidated net equity and financial position of the Group as at 31 December 2019, and of its consolidated results and cash flows for the year then ended, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and with applicable legal and regulatory requirements in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the Consolidated Financial Statements" section of our report.

We have complied with all ethical requirements that are relevant to our audit of the Consolidated Financial Statements in Belgium, including those with respect to independence.

We have obtained from the Board of Directors and the officials of the Company the explanations and information necessary for the performance of our audit and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The consolidated financial statements of the Company for the year ended 31 December 2018 have been audited by another statutory auditor who expressed an unqualified opinion on these consolidated financial statements in his audit report dated 23 April 2019.

Responsibilities of the Board of Directors for the preparation of the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the Consolidated Financial Statements that give a true and fair view in accordance with IFRS and with applicable legal and regulatory requirements in Belgium and for such internal controls relevant to the preparation of the Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of Consolidated Financial Statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, and provide, if applicable, information on matters impacting going concern, The Board of Directors should prepare the financial statements using the going concern basis of accounting, unless the Board of Directors either intends to liquidate the Company or to cease business operations, or has no realistic alternative but to do so.

Our responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance whether the Consolidated Financial Statements are free from material misstatement, whether due to fraud or error, and to express an opinion on these Consolidated Financial Statements based on our audit. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and we maintain professional skepticism throughout the audit. We also perform the following tasks:

- identification and assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, the planning and execution of audit procedures to respond to these risks and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatements resulting from fraud is higher than when such misstatements result from errors, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining insight in the system of internal controls that are relevant for the audit and with the objective to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

- evaluating the selected and applied accounting policies, and evaluating the reasonability of the accounting estimates and related disclosures made by the Board of Directors as well as the underlying information given by the Board of Directors;
- conclude on the appropriateness of the Board of Directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, whether or not a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going-concern;
- evaluating the overall presentation, structure and content of the Consolidated Financial Statements, and evaluating whether the Consolidated Financial Statements reflect a true and fair view of the underlying transactions and events.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the audits of the subsidiaries. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities.

Report on other legal and regulatory requirements

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and the content of the Board of Directors' report on the Consolidated Financial Statements, and other information included in the annual report.

Responsibilities of the auditor

In the context of our mandate and in accordance with the additional standard to the ISAs applicable in Belgium, it is our responsibility to verify, in all material respects, the Board of Directors' report on the Consolidated Financial Statements, and other information included in the annual report, as well as to report on these matters.

Aspects relating to Board of Directors' report and other information included in the annual report

In our opinion, after carrying out specific procedures on the Board of Directors' report, the Board of Directors' report is consistent with the Consolidated Financial Statements and has been prepared in accordance with article 3:32 of the Code of companies and associations. (former article 119 of the Belgian Company code)

In the context of our audit of the Consolidated Financial Statements, we are also responsible to consider whether, based on the information that we became aware of during the performance of our audit, the Board of Directors' report and other information included in the annual report, being:

- Key financial data 2019 (pg 40)
- Chapter 'Legal and regulatory framework' (pg 96)

contain any material inconsistencies or contains information that is inaccurate or otherwise misleading. In light of the work performed, there are no material inconsistencies to be reported. In addition, we do not provide any assurance regarding the Board of Directors' report and other information included in the annual report.

Independence matters

Our audit firm and our network have not performed any services that are not compatible with the audit of the Consolidated Financial Statements and have remained independent of the Company during the course of our mandate.

The fees related to additional services which are compatible with the audit of the Consolidated Financial Statements as referred to in article 3:65 of the Code of companies and associations were duly itemized and valued in the notes to the Consolidated Financial Statements.

Diegem, 15 April 2020

EY Bedrijfsrevisoren BV
Statutory auditor
Represented by

Marnix Van Dooren *	Wim Van Gasse*
Partner	Partner

*Acting on behalf of a BV/SRL

Declaration by responsible persons

Declaration regarding the financial year ended 31 December 2019

We hereby attest that to our knowledge:

- Fluxys' financial statements, drawn up in accordance with the applicable accounting standards, give a true and fair view of the company's assets, liabilities, financial position and profit or loss as well as those of the companies included in the consolidation scope;
- the annual report gives a true and fair view of the development and performance of the business and of the position of the company itself and of the companies included in the consolidation scope, together with a description of the principal risks and uncertainties that they face.

Brussels, 25 March 2020

Christian Leclercq Member of the Executive Board Chief Financial Officer	Pascal De Buck Managing Director Chief Executive Officer

Glossary

Pertinence of published financial ratios (see 'Financial situation: key statistics, p.39)

The Fluxys group continually evaluates its financial solidity, in particular using the following financial ratios:

- **Solvency:** The ratio between net financial debt and the sum of equity and net financial debt indicates the solidity of the Fluxys group's financial structure.
- **Interest coverage:** The ratio between the FFO, before interest expenses, and interest expenses represents the group's capacity to cover its interest expenses thanks to its operating activities.
- **Net financial debt/extended RAB:** This ratio expresses the share of the extended RAB financed by external debt.
- **FFO/Net financial debt:** This ratio is to determine the group's capacity to pay off its debts based on cash generated by its operating activities.
- **RCF/Net financial debt:** This ratio is to determine the group's capacity to pay off its debts based on cash generated by its operating activities after payment of dividends.

Definition of indicators

Other property, plant and equipment investments outside the RAB

Average combined investments in property, plant and equipment linked to the extensions to the Zeebrugge LNG terminal and in unregulated activities.

Net finance costs

Interest charges less financial income from lease contracts, interest on investments and cash equivalents and other interest received, excluding interest on regulatory assets.

Interest expenses

Interest expenses on debts (including interest charges on leasing debts), less interest on regulatory assets.

EBIT

Earnings Before Interests and Taxes plus the result of investments accounted for using the equity method and the dividends received from non-consolidated entities.

EBITDA

Earnings Before Interests, taxes, depreciation and amortisation, plus the result of investments accounted for using the equity method and the dividends received from non-consolidated entities.

Net financial debt

Interest-bearing liabilities and guarantees granted, less regulatory liabilities, non-current loans linked to debts, cash linked to early refinancing transactions and 75% of the balance of cash, cash equivalents and short- and long-term cash investments.

FFO

Funds from Operations or profit/loss from continuing operations, excluding changes in regulatory assets and liabilities, before depreciation, amortization, impairment and provisions, to which dividends received from associates and joint ventures and unconsolidated entities are added, and from which net financial expenses and current tax are deducted.

RAB

Average Regulatory Asset Base, or average value of the regulated asset base for the year.

Extended RAB

Total of the RAB and other property, plant and equipment investments outside the RAB.

RCF

Retained Cash-Flow or FFO, less dividends paid.

Fluxys SA consolidated income statement in thousands of €	31.12.2019	31-12-2018 Restated	Notes
Profit/loss from continuing operations	346,401	238,097	4
Net depreciation	401,163	382,676	4.3.5
Net provisions	-7,625	-7,960	4.3.5
Impairment losses	568	448	4.3.5
Earnings from associates and joint ventures	3,767	19,868	4.6
Dividends from unconsolidated entities	0	0	4.4.2
EBITDA In thousands of €	**744,274**	**633,129**	

Fluxys SA consolidated income statement in thousands of €	31.12.2019	31-12-2018 Restated	Notes
Profit/loss from continuing operations	346,401	238,097	4
Earnings from associates and joint ventures	3,767	19,868	4.6
Dividends from unconsolidated entities	0	0	4.4.2
EBIT in thousands of €	**350,168**	**257,965**	

Fluxys SA consolidated income statement in thousands of €	31.12.2019	31-12-2018 Restated	Notes
Financial income from lease contracts	0	0	
Interest income on investments, cash and cash equivalents at fair value through profit and loss	7,206	6,973	4.4.2
Other interest income	1,115	8,190	4.4.2
Borrowing interest costs	-59,906	-61,247	4.5
Borrowing interest cost on leasing	-8,372	-5,999	4.5
Interest on regulatory assets and liabilities	529	1,433	
Net financial expenses in thousands of €	**-59,428**	**-50,650**	

Fluxys SA consolidated income statement in thousands of €	31.12.2019	31-12-2018 Restated	Notes
Borrowing interest costs	-59,906	-61,247	4.5
Borrowing interest costs on leasing	-8,372	-5,999	4.5
Interest on regulatory liabilities	529	1,433	
Interest expenses in thousands of €	**-67,132**	**-65,813**	

Fluxys SA consolidated income statement in thousands of €	31.12.2019	31-12-2018 Restated	Notes
Profit/loss from continuing operations	346,401	238,097	4
Operating revenue - Movements in regulatory assets and liabilities	-4,377	49,928	
Net depreciation	401,163	382,676	4.3.5
Net provisions	-7,625	-7,960	4.3.5
Impairment losses	568	448	4.3.5
Inflows related to associates and joint ventures	0	13,952	
Dividends from unconsolidated entities	0	0	4.4.2
Net financial expenses	-59,428	-50,650	
Current tax	-92,253	-94,388	4.7
FFO In thousands of €	**584,449**	**532,103**	

Fluxys SA consolidated income statement in thousands of €	31.12.2019	31-12-2018 Restated	Notes
FFO	584,449	532,103	
Dividends paid	-172,854	-174,838	
RCF	**411,595**	**357,265**	

Fluxys SA consolidated balance sheet In thousands of €	**31.12.2019**	**31-12-2018 Restated**	**Notes**
Non-current interest-bearing liabilities	3,318,201	3,330,377	5.13
Current interest-bearing liabilities	238,738	370,643	5.13
Granted guarantees	549,312	537,450	7.7
Other financial assets	-12,554	-30,097	6
Other financing (non-current)	-82,789	-95,343	6
Other liabilities (current)	-100,701	-95,367	6
Other liabilities (current)	-410,249	-407,319	6
Non-current loan	-87,379	-99,957	5.7
Cash investments (75%)	-137,223	-202,661	5.10
Cash and cash equivalents (75%)	-122,833	-222,419	5.10
Other financial assets (75%)	-65,576	-56,735	6
Net financial debt in thousands of €	**3,086,947**	**3,028,572**	

Fluxys SA consolidated balance sheet in millions of €	**31.12.2019**	**31-12-2018 Restated**	**Notes**
Transmission	2,939.7	2,874.1	
Transmission - Fluxys Belgium	*2,125.3*	*2,194.1*	
Transmission - Fluxys TENP	*7.1*	*14.1*	
Transmission – TENP	*260.5*	*248.1*	
Transmission - Fluxys Deutschland	*546.8*	*417.8*	
Storage	239.7	246.1	
LNG terminalling	314.4	324.6	
RAB (in millions of €)	**3,493.8**	**3,444.8**	
Other tangible investments outside RAB	3,029.9	3,111.8	
Extended RAB in millions of €	**6,523.7**	**6,556.6**	

In Belgium, the Regulated Asset Base (RAB) is determined based on the average book value of the fixed assets for the period, plus essentially the accounting amortisations accumulated on the revaluation surpluses. The calculation is in line with the tariff methodology published by the CREG.

Questions about financial or accounting data

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