

- **Favourable capacity sales in difficult market conditions**
- **€94.4 million invested in infrastructure in 2014**
- **Lower tariffs approved**
- **Successful private placement of €350 million**
- **Lower interest rates impact authorised return and consequently net profit**
- **Net dividend of €0.90 per share**

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## 1. Key events

**Favourable capacity sales in difficult market conditions.** In challenging market conditions characterised by lower consumption, Fluxys Belgium managed to sell slightly more transmission capacity for 2014 than for 2013. Results were good for storage too: despite rough times on the storage market, Fluxys Belgium sold its entire storage volume, unlike the year before. Moreover, the LNG terminal in Zeebrugge supplemented its sales from long-term contracts by selling twice as many loading slots for LNG trucks as in 2013.

**Growing market for small-scale LNG.** In addition to handling LNG arriving on large ships, the Zeebrugge LNG terminal in 2014 took new steps in its development into a hub for small-scale LNG:

- LNG trailers load at the terminal for supplying the company Belourthe in Hamoir, which switched from heavy fuel oil to LNG in 2014.
- The terminal is also the loading point to supply two LNG filling stations that have begun operating in Belgium. One of the two filling stations was built through cooperation between Fluxys Belgium's parent company Fluxys and haulage company Mattheeuws in Veurne.
- In November, additional slots were booked for loading small LNG ships in 2015-2016 to supply small-scale LNG consumers in Scandinavia.

**Significant liquidity growth on the ZTP trading point.** Trading on the ZTP trading point in 2014 increased by 70% compared with 2013. The growth potential during the coming years is rooted in the anticipated increase in the quantities of LNG available in Zeebrugge.

**€94.4 million invested in infrastructure in Belgium.** In 2014, Fluxys Belgium invested €94.4 million in infrastructure projects in Belgium. 68% of the total investment amount went to transmission projects, 3% to storage and 29% to LNG terminalling. The main projects were:

- A second jetty for unloading and loading LNG carriers is under construction at the LNG terminal. Once the jetty comes into operation in late 2015, ships with a capacity of 2,000 to 217,000 m<sup>3</sup> of LNG will be able to berth there, including LNG bunker ships, which supply LNG to LNG-fuelled vessels to LNG bunker terminals at other ports.
- In 2014, Fluxys began preparatory work for laying a new natural gas pipeline between Alveringem on the French-Belgian border and Maldegem, where the pipeline will connect into the existing grid. The new pipeline constitutes the Belgian part of the project to connect the LNG terminal under construction in Dunkirk with the Zeebrugge area. The connection will for the first time enable physical gas flows from France to Belgium and onwards via the Belgian grid to other markets in Europe. The project will not only strengthen security of supply and provide access to a more diverse range of gas sources, but will also broaden the opportunities for gas trading in North Western Europe.

**Historically low interest rates affect authorised return and net profit.** Despite good sales results, net profit for 2014 was €60.4 million, down €8.2 million from €68.6 million in 2013. This decrease is primarily attributable to the reduction of the authorised rate of return on regulated activities due to lower rates for Belgian linear bonds (OLOs). This has resulted in a €10.7 million decrease in the net profit authorised by the regulation, all other things remaining equal. The impact of the interest rates has partly been offset by efficiency gains and the more limited impact of tariff decisions relating to previous financial years.

**Successful completion of a private bond placement.** Fluxys Belgium secured €350 million from over 40 investors in seven countries. Overall, market interest totalled more than €700 million, which demonstrates institutional investors' confidence in Fluxys Belgium's creditworthiness and the key role of the Belgian natural gas grid as a crossroads in North Western Europe.

## 2. Fluxys Belgium Group – 2014 financial statements (IFRS)

**General development of the results.** The majority of the Fluxys Belgium group's business activities are regulated. The profits of these business activities are primarily determined by the invested equity, the financial structure and interest rates.

**Presentation of the financial statements.** The way in which the Group's financial statements are presented has been altered so that grid-balancing transactions and purchases and sales of gas linked to our operational requirements are posted separately from profit from operations. Such operating income and expenses can vary significantly from one financial year to the next depending on grid utilisation and without having an impact on the Group's net earnings. The new presentation format will make trends in turnover and operating costs easier to understand.

Moreover, investments in bonds or securities with a term of more than one year (€33.3 million) were moved from the item *Short-term investments* to the item *Other non-current financial assets* for the 2013 comparative period, so as to better reflect the maturity of these instruments. The change in category was also applied to the cash flow table.

# Fluxys Belgium press release

25 March 2015 – Regulated information: 2014 results



## 2.1. Consolidated income statement

In thousands of €	31-12-2014	31-12-2013 revised
Operating revenue	554,957	548,049
Sales of gas for operating needs	40,393	72,025
Other operating income	17,873	21,380
Raw materials and other materials used	-4,232	-2,801
Purchases of gas for operating needs	-40,395	-72,027
Services and other goods	-138,555	-152,179
Personnel expenses	-117,428	-125,341
Other operating charges	-20,190	-9,882
Net depreciation and amortisation	-147,266	-142,220
Net provisions	3,030	19,732
Impairment losses	-1,902	-1,535
<b>Profit from continuing operations</b>	<b>146,285</b>	<b>155,201</b>
Change in the fair value of financial instruments	269	1,146
Financial income	3,194	2,385
Financial expenses	-57,884	-53,326
<b>Profit from continuing operations after net financial result</b>	<b>91,864</b>	<b>105,406</b>
Income tax expenses	-31,427	-36,788
<b>Net profit for the financial year</b>	<b>60,437</b>	<b>68,618</b>
Fluxys Belgium share	60,437	68,618
Non-controlling interests	0	0
Basic earnings per share attributable to the parent company's shareholders in €	0.8601	0.9766
Diluted earnings per share attributable to the parent company's shareholders in €	0.8601	0.9766

## 2.2. Consolidated statement of comprehensive income

In thousands of €	31-12-2014	31-12-2013
<b>Net profit for the period</b>	<b>60,437</b>	<b>68,618</b>
<b>Items that will not be reclassified subsequently in the income statement</b>		
Actuarial gains/losses on employee benefits	-13,691	9,989
Income tax expense on other comprehensive income	4,654	-3,395
<b>Other comprehensive income</b>	<b>-9,037</b>	<b>6,594</b>
<b>Comprehensive income for the period</b>	<b>51,400</b>	<b>75,212</b>
Fluxys Belgium share	51,400	75,212
Non-controlling interests	0	0

**Operating revenue.** Operating revenue totalled k€554,957 in 2014, up k€6,908 from k€548,049 in 2013.

- Income from regulated activities amounted to €540.8 million (accounting for 97.4% of the total), an increase of €10.3 million from 2013.  
This increase can be ascribed to a slight rise in transmission capacity sold and by a smaller impact of tariff decisions relating to previous financial years. A number of new long-term contracts for border-to-border transmission on the north-south route were launched in late 2013, and these resulted in additional capacity being sold for 2014. At the same time, however, sales of short-term border-to-border capacity declined. Fluxys Belgium managed to sell all of its storage volumes in 2014 in a difficult market environment which is playing in the disadvantage of physical storage. An unusual situation arose during 2014, with the price difference between summer 2014 and winter 2014-2015 exceeding the storage tariff, making it attractive to book storage. The turnover from terminalling services was slightly lower than in 2013. With 34 unloading and 19 loading operations in 2014, the Zeebrugge LNG terminal had a good utilisation rate compared with other terminals in North Western Europe.
- Turnover from the company's other activities totalled €14.2 million (accounting for 2.6% of the total), down €3.4 million from 2013.

**Profit from continuing operations.** Profit from continuing operations totalled €146.3 million in 2014, down €8.9 million from €155.2 million in 2013. The decrease can primarily be attributed to the reduction in the authorised return on regulated activities, due to lower rates for Belgian linear bonds (OLOs) (down €16.2 million before tax). This impact is partly offset by the positive effect of efficiency efforts and by the lesser effect of tariff decisions for previous years.

**Net financial income.** Net financial income fell by €4.6 million from 2013, mainly due to the decrease in the rates used to update IAS19 employee benefits.

## 2.3. Consolidated balance sheet

In thousands of €	31-12-2014	31-12-2013 revised
<b>I. Non-current assets</b>	<b>2,391,714</b>	<b>2,483,128</b>
Property, plant and equipment	2,293,712	2,377,315
Intangible assets	11,940	16,174
Other financial assets	44,523	33,455
Finance lease receivables	16,641	19,975
Loans and receivables	8,009	18,098
Other non-current assets	16,889	18,111
<b>II. Current assets</b>	<b>795,224</b>	<b>375,127</b>
Inventories	29,848	46,741
Financial lease receivables	3,334	2,874
Current tax receivables	1,305	1,064
Trade and other receivables	93,832	66,303
Short-term investments	411,271	110,398
Cash and cash equivalents	240,937	130,758
Other current assets	14,697	16,989
<b>Total assets</b>	<b>3,186,938</b>	<b>2,858,255</b>

**Non-current assets.** The investments carried out in 2014 (€94.4 million) are lower than the depreciation (€140.5 million) and the grants awarded for the period, which explains the decrease in property, plant and equipment. The second jetty at the Zeebrugge LNG terminal (€24.6 million), the grid restructuring in Ghent, the compression in Winksele and the start of the works on the Alveringem-Maldegem pipeline accounted for the main part of the funds invested.

**Current assets.** The issue of a bond (see comment on interest-bearing liabilities) for a nominal amount of €350 million explains the temporarily high levels of short-term investments and cash and cash equivalents at the end of December 2014.

# Fluxys Belgium press release

25 March 2015 – Regulated information: 2014 results



In thousands of €	31-12-2014	31-12-2013 revised
<b>I. Equity</b>	<b>749,504</b>	<b>790,852</b>
Equity attributable to the parent company's shareholders	749,504	790,852
<i>Share capital and share premiums</i>	60,310	60,310
<i>Reserves and retained earnings</i>	689,194	730,542
Non-controlling interests	0	0
<b>II. Non-current liabilities</b>	<b>1,864,139</b>	<b>1,899,978</b>
Interest-bearing liabilities	1,476,421	1,503,758
Provisions	2,889	4,316
Provisions for employee benefits	66,823	50,130
Other non-current financial liabilities	0	122
Deferred tax liabilities	318,006	341,652
<b>III. Current liabilities</b>	<b>573,295</b>	<b>167,425</b>
Interest-bearing liabilities	479,794	84,326
Provisions	7,945	8,009
Provisions for employee benefits	4,046	3,503
Current tax payables	5,567	7,423
Trade and other payables	74,378	62,494
Other current liabilities	1,565	1,670
<b>Total equity and liabilities</b>	<b>3,186,938</b>	<b>2,858,255</b>

**Interest-bearing liabilities.** To refinance a debenture that will mature in 2015, Fluxys Belgium successfully completed a private placement for a nominal value of €350 million in late November 2014.

The private placement is split into two tranches:

- a €250 million 15-year tranche priced at 2.802% and maturing November 2029;
- a €100 million 20-year tranche priced at 3.29% and maturing November 2034.

## 2.4. Consolidated statement of changes in equity

The decrease in equity can be ascribed to the payment of the dividend over the previous fiscal year, the amount of which exceeded the comprehensive income for the period:

In thousands of €	Equity attributable to the parent company's shareholders	Non- controlling interests	Total equity
<b>CLOSING BALANCE AS AT 31-12-2013</b>	<b>790,852</b>	<b>0</b>	<b>790,852</b>
1. Comprehensive income for the period	51,400	0	51,400
2. Dividends paid	-92,748		-92,748
<b>CLOSING BALANCE AS AT 31-12-2014</b>	<b>749,504</b>	<b>0</b>	<b>749,504</b>

## 2.5. Consolidated statement of cash flows

In thousands of €	31-12-2014	31-12-2013 revised
<b>Cash at the start of the period*</b>	<b>241,156</b>	<b>223,797</b>
Cash flows from operating activities (1)	274,031	146,564
Cash flows from investing activities (2)	-99,645	-19,833
Cash flows from financing activities (3)	236,666	-109,372
<b>Net increase/decrease in cash</b>	<b>411,052</b>	<b>17,359</b>
<b>Cash at the end of the period*</b>	<b>652,208</b>	<b>241,156</b>

(1) Cash flows from operating activities also include changes in the working capital requirement.

(2) This sum takes into account disposals carried out, in particular the sale of the company Fluxys & Co for €70 million in 2013.

(3) These cash flows include the available reserves and dividends paid out. In 2014 they also include the issue of a bond loan for a nominal amount of €350 million.

\* "Cash" includes cash and cash equivalents, as well as short-term investments with a maturity of a year or less.



### 3. Fluxys Belgium SA – 2014 results (Belgian GAAP): proposed distribution of profit

Fluxys Belgium SA's net profit was €47.8 million, compared to €55.7 million in 2013.

The decrease in net profit from 2013 is mainly attributable to the same factors as the decrease in the consolidated income, namely lower interest rates (OLOs), which have had a negative impact on the regulated return.

As of 2010 and barring unforeseen events, Fluxys Belgium aims to distribute 100% of its net profit for the year plus any reserves released as and when the revaluation surplus depreciates.

Factoring in a profit of €45.1 million carried over from the previous year and withdrawal from reserves of €40.7 million, the Board of Directors will propose to the Annual General Meeting to allocate profits as follows:

- €84.3 million as a dividend pay-out
- €9.7 million as reserves not available for distribution
- €39.6 million as profit to be carried forward

If the proposed allocation of profits is accepted, the total gross dividend per share for 2014 will be €1.20 (€0.90 net). That amount will be payable as from 19 May 2015.

### 4. 2015 developments

**Transshipment services at the LNG terminal.** In 2014, Fluxys worked closely with the federal energy regulator CREG to draw up transshipment services enabling large cargos of LNG to be loaded into storage in Zeebrugge and subsequently to be reloaded onto another LNG ship. Yamal LNG has now booked all 214 annual berthing rights for such transshipment services and storage capacity of 180,000 m<sup>3</sup> of LNG. Fluxys will offer ship-to-ship transfer services as soon as the terminal's compression capacity has been fully extended. Additional storage capacity will be offered upon completing the construction of a fifth storage tank with a capacity of 180,000 m<sup>3</sup> of LNG and associated facilities.

**Lower tariffs approved.** In November 2014, CREG approved Fluxys Belgium's tariff proposal to reduce transmission tariffs by 7% from 1 January 2015. This reduction will not affect Fluxys Belgium's net profit for 2015. Fluxys Belgium is the only system operator in North Western Europe to have carried out an overall tariff decrease.

**Integrated gas market for the grand duchy of Luxembourg and Belgium.** Fluxys Belgium, Creos Luxembourg and their respective regulators CREG and ILR are cooperating closely to integrate both countries' markets by the end of 2015. This initiative comes in response to the European Union's blueprint of a European gas market without borders and

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will be the first market-integration project between two Member States. The integration of the Belgian and Luxembourg gas markets will enhance market operation, liquidity and security of supply in the grand duchy of Luxembourg.

**Financial outlook.** Net profit from regulated activities is primarily determined by the equity invested, the financial structure and the interest rates (OLOs). The recurring dividend will continue to evolve depending on the development of these three parameters. The current financial markets do not allow for accurate projections regarding changes to interest rates and, therefore, the return on regulated activities.

## 5. External audit

The statutory auditor has confirmed that his audit activities, which have been thoroughly carried out, have not revealed the need for any significant adjustments to the accounting information contained in this press release.

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**Other languages:** this press release is also available in Dutch and French on the Fluxys Belgium website: [www.fluxys.com/belgium](http://www.fluxys.com/belgium).

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