

- **Regulated revenue in the new regulatory period down as a result of the decrease in a number of authorised costs: operating expenses, financial expenses, and the authorised return affected by the continuing very low level of interest rates**
- **Fluxys Belgium will propose to the Annual General Meeting to be held on 9 May 2017 paying out the same gross dividend as the previous year, namely €1.20 per share**
- **Investments: €139.2 million, mainly relating to the fifth tank and the second jetty at the Zeebrugge LNG terminal**
- **Belgian grid plays a key role in meeting flexibility needs for the Northwest European and UK markets**
- **Belgian gas trading place ZTP hits record highs (up 50%)**
- **Small-scale LNG enjoys continued success and natural gas as a transport fuel makes considerable progress**

## 1. Key financial data

<b>Income statement</b>	<b>(in thousands of €)</b>	<b>31.12.2016</b>	<b>31.12.2015</b>
Operating revenue	—	509,490	538,007
EBITDA		276,705	291,977
EBIT		118,607	150,640
Net profit		48,484	61,096
<b>Balance sheet</b>	<b>(in thousands of €)</b>	<b>31.12.2016</b>	<b>31.12.2015</b>
Investments for the period in property, plant and equipment		139,219	188,094
Total property, plant and equipment		2,321,123	2,330,542
Equity		694,352	736,222
Total consolidated balance sheet		2,989,171	3,037,352

**EBITDA** Profit from continuing operations before depreciation, impairment losses and provisions

**EBIT** Profit from continuing operations

**Operating revenue for 2016: €509.5 million.** The Fluxys Belgium group achieved a turnover of €509.5 million in 2016, compared with €538.0 million over the same period in 2015, i.e. a decrease of 5.3%. In accordance with the regulation, this drop in regulated turnover is mainly the result of the decrease in a number of authorised costs that have to be covered by the tariffs: operating expenses, financial expenses and the return authorised by the regulation. This decrease in costs enabled Fluxys Belgium to maintain the tariffs charged to customers at their 2015 level, including a 7% reduction vis-à-vis the previous tariffs.

The tariff proposal for the 2016-2019 regulatory period sets out a new reference framework for Fluxys Belgium, in particular in terms of authorised manageable costs. By controlling its operating costs and through its ongoing efficiency drive, the Fluxys Belgium Group has managed to achieve the new regulatory objectives and to reap the benefits of the relevant incentives.

**Very low interest rates affect the Group's net profit.** Most of Fluxys Belgium's activities are regulated. The profit from these activities is determined by several regulatory parameters, amongst which the equity invested, the financial structure and the interest rates.

The average linear bond (OLO) interest rate for the year totalled 0.49% in 2016, as opposed to 0.86% in 2015. This decrease had a negative effect on the regulated return on capital invested and therefore also on the profit for 2016. Furthermore, the 2015 results were positively influenced by revaluation surpluses recovered from decommissioning old facilities as part of a decommissioning programme that ended in late 2015. As from 2016, this system of recovering revaluations is longer allowed. As a result, the net profit for 2016 was €48.5 million, a €12.6 million decrease compared with the €61.1 million profit achieved over the same period in 2015.

**€139.2 million of investments.** Investments in property, plant and equipment came to €139.2 million in 2016, as opposed to €188.1 million in 2015. More than €34.4 million were invested in transmission projects, and around €103.8 million in LNG infrastructure projects.

## 2. Key events

**Transported volumes up, booked capacity down.** In 2016, Fluxys Belgium transported slightly more natural gas through its network than in 2015, with mild increases in volumes for both the Belgian market and border-to-border transmission. In spite of this, Fluxys sold less transmission capacity in 2016 than in 2015, reflecting a general trend across Europe. This is because system users are increasingly optimising their capacity portfolios, calculating the minimum capacity that needs to be contracted based on the precise capacity they estimate they will need to supply their customers.

**Belgian grid plays a key role in meeting flexibility needs on the Northwest European and UK markets.** In the summer Fluxys transported record volumes from the UK, while in the winter record volumes flowed in the opposite direction. As for the storage activity, the changing flexibility needs on the Northwest European market brought about that Fluxys Belgium was able to sell all of its remaining short-term capacity.

**Belgian gas trading place ZTP hits record highs (up 50%).** In 2016, the traded quantities on the Zeebrugge Trading Point (ZTP) gas trading place was 50% up on the previous year. ZTP had a number of record-breaking days towards the end of the year, with daily traded quantities exceeding 1 TWh, as opposed to the highest daily traded quantity of 557 GWh in December 2015. There was a slight decrease of 4% in traded quantities on the Zeebrugge Beach gas trading place, probably as a result of the lower volume of LNG delivered. Overall traded quantities on the Belgian gas trading places again increased year-on-year, rising from 936 to 967 TWh.

**Favourable utilisation rate at Zeebrugge LNG terminal.** In 2016, the Zeebrugge LNG terminal again saw a favourable utilisation rate compared to other terminals in Northwest Europe. Although fewer LNG vessels were unloaded than the previous year, more ships were loaded and small-scale LNG activities increased. The combination of fewer unloaded vessels and more loaded ships led to less gas being sent out from the terminal into the pipeline network.

**Success of small-scale LNG continues.** In addition to terminalling large LNG volumes, the Zeebrugge LNG terminal is diversifying its offer to capitalise on the new and growing market for small-scale LNG.

- The number of ship loading operations involving small LNG vessels grew again in 2016. A market test held in 2015 showed there was also interest in additional options for loading small LNG ships. As a result, Fluxys LNG is looking into expanding the range of small-scale LNG services on offer.
- The number of LNG tanker-truck loading operations also continued to rise, despite the launch of similar services at other terminals in Northwest Europe. With a view to making sure it can keep responding to the growing level of demand, Fluxys LNG is set to construct a second loading bay at the terminal in 2017.

**Second jetty at Zeebrugge LNG terminal operational since late December 2016.** The jetty was designed to receive LNG carriers ranging from the smallest ships with a capacity of 2,000 cubic metres of LNG up to large vessels with a capacity of 217,000 cubic metres of LNG. Some 200 loading slots for small LNG carriers at the second jetty have already been booked under long-term contracts. The ability to receive the smallest LNG vessels means that LNG bunker ships can now berth as well: a milestone in the development of small-scale LNG and in particular the development of LNG as a ship fuel. The second jetty also enables the terminal to respond flexibly to demand for simultaneous or consecutive berthings, as using both jetties allows two LNG carriers to be unloaded and/or loaded at the same time.

**Natural gas as a transport fuel making considerable progress.** Fluxys Belgium, Gas.be (formerly the Royal Association of Belgian Gas Companies), distribution system operators, filling station operators, automotive manufacturers and the various authorities are taking various initiatives to encourage the use of natural gas as a transport fuel. These efforts really paid off in 2016 as the number of vehicles running on natural gas in Belgium more than doubled from 2,600 to 5,400 in the space of just one year. The number of filling stations offering natural gas also rose sharply, from 42 to 74 filling stations in 2016, and according to the schedule will hit the 100 mark in 2017.

### **3. Fluxys Belgium SA – 2016 results (Belgian GAAP): proposed allocation of profits**

Fluxys Belgium SA's net profit amounted to €33.7 million compared with €49.3 million in 2015.

The decrease in the net profit vis-à-vis the previous year was a result of the same factors as for the consolidated result, namely the reduction in OLO rates affecting the authorised return, the new reference framework that has been laid down for manageable costs and the revaluation surpluses recovered in 2015 when decommissioning old facilities.

Since 2010 and barring unforeseen events, Fluxys Belgium has envisaged making an annual allocation of the entire net profit (100%), plus reserves released in line with the depreciation of the revaluation surplus.

Fluxys Belgium will propose to the Annual General Meeting to be held on 9 May 2017 that the same gross dividend as the previous year be paid out, thus releasing €9.9 million of unavailable reserves.

Factoring in a profit carried forward from the previous year of €30.9 million and withdrawal from reserves of €53.3 million, the Board of Directors will propose to the Annual General Meeting allocating the profit as follows:

- €84.3 million for the dividend pay-out; and
- €33.6 million for the profit to be carried forward.

If this proposed distribution of the profit is accepted, the total gross dividend will be €1.20 per share for the 2016 financial year. This amount will be paid as from 18 May 2017.

## 4. Financial outlook for 2017

The net profit from regulated activities is primarily determined by the equity invested, the financial structure and interest rates (OLOs). The recurring dividend will continue to evolve based 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.

## CONTACTS

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## 6. Annexes

Consolidated balance sheet	In thousands of €	
	31-12-2016	31-12-2015
<b>I. Non-current assets</b>	<b>2,463,346</b>	<b>2,490,573</b>
Property, plant and equipment	2,321,123	2,330,542
Intangible assets	52,250	60,986
Investments accounted for using the equity method	16	16
Other financial assets	57,022	48,624
Financial lease receivables	7,222	12,805
Loans and receivables	0	4,218
Other non-current assets	25,713	33,382
<b>II. Current assets</b>	<b>525,825</b>	<b>546,779</b>
Inventories	21,500	26,116
Financial lease receivables	5,581	3,836
Current tax receivable	113	774
Trade and other receivables	88,309	77,237
Short-term investments	101,209	96,487
Cash and cash equivalents	291,727	327,061
Other current assets	17,386	15,268
<b>Total assets</b>	<b>2,989,171</b>	<b>3,037,352</b>

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Consolidated balance sheet	In thousands of €	
	31-12-2016	31-12-2015
<b>I. Equity</b>	<b>694,352</b>	<b>736,222</b>
Equity attributable to the parent company's shareholders	694,352	736,222
Share capital and share premiums	60,310	60,310
Retained earnings and other reserves	634,042	675,912
Non-controlling interests	0	0
<b>II. Non-current liabilities</b>	<b>2,107,992</b>	<b>2,146,118</b>
Interest-bearing liabilities	1,765,025	1,778,934
Provisions	2,437	2,408
Provisions for employee benefits	62,224	59,781
Deferred tax liabilities	278,306	304,995
<b>III. Current liabilities</b>	<b>186,827</b>	<b>155,012</b>
Interest-bearing liabilities	79,472	73,329
Provisions	6,841	6,502
Provisions for employee benefits	4,472	3,533
Current tax payables	6,524	1,821
Trade and other payables	87,942	68,489
Other current liabilities	1,576	1,338
<b>Total liabilities and equity</b>	<b>2,989,171</b>	<b>3,037,352</b>

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Consolidated income statement	In thousands of €	
	31-12-2016	31-12-2015
Operating revenue	509,490	538,007
Sales of Gas related to balancing of operations and operational needs	47,245	55,104
Other operating income	13,607	12,205
Consumables, merchandise and supplies used	-3,837	-3,920
Purchase of Gas related to balancing of operations and operational needs	-47,138	-55,044
Miscellaneous goods and services	-121,894	-123,635
Employee expenses	-113,436	-112,072
Other operating expenses	-7,332	-18,668
Net depreciation	-159,141	-143,068
Net provisions	-964	2,268
Impairment losses	2,007	-537
<b>Profit/loss from continuing operations</b>	<b>118,607</b>	<b>150,640</b>
Change in the fair value of financial instruments	-1,010	-494
Financial income	2,065	5,061
Finance costs	-47,849	-59,539
<b>Profit/loss from continuing operations after net financial result</b>	<b>71,813</b>	<b>95,668</b>
Income tax expenses	-23,329	-34,572
<b>Net profit/loss for the period</b>	<b>48,484</b>	<b>61,096</b>
Fluxys Belgium share	48,484	61,096
Non-controlling interests	0	0
Basic earnings per share attributable to the parent company's shareholders in €	0.6900	0.8695
Diluted earnings per share attributable to the parent company's shareholders in €	0.6900	0.8695

Consolidated statement of comprehensive income	In thousands of €	
	31-12-2016	31-12-2015
<b>Net profit/loss for the period</b>	<b>48,484</b>	<b>61,096</b>
<b>Items that will not be reclassified subsequently in the income statement</b>		
Remeasurements of defined benefit plans	-9,147	15,056
Income tax expense on other comprehensive income	3,109	-5,118
<b>Other comprehensive income</b>	<b>-6,038</b>	<b>9,938</b>
<b>Comprehensive income for the period</b>	<b>42,446</b>	<b>71,034</b>
Fluxys Belgium share	42,446	71,034
Non-controlling interests	0	0

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Statement of changes in equity								In thousands of €
	Share capital	Share premium	Reserves not available for distribution	Reserves for employee benefits	Retained earnings	Equity attributable to the parent company's shareholders	Non-controlling interests	Total equity
<b>I. CLOSING</b>								
<b>BALANCE AS AT 31-12-2014</b>	<b>60,272</b>	<b>38</b>	<b>28,779</b>	<b>-11,189</b>	<b>671,604</b>	<b>749,504</b>	<b>0</b>	<b>749,504</b>
1. Comprehensive income for the period			16,950	9,938	44,146	71,034	0	71,034
2. Dividends paid					-84,316	-84,316		-84,316
3. Other changes						0		0
<b>II. CLOSING</b>								
<b>BALANCE AS AT 31-12-2015</b>	<b>60,272</b>	<b>38</b>	<b>45,729</b>	<b>-1,251</b>	<b>631,434</b>	<b>736,222</b>	<b>0</b>	<b>736,222</b>

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Statement of changes in equity								In thousands of €
	Share capital	Share premium	Reserves not available for distribution	Reserves for employee benefits	Retained earnings	Equity attributable to the parent company's shareholders	Non-controlling interests	Total equity
<b>III. CLOSING</b>								
<b>BALANCE AS AT 31-12-2015</b>	<b>60,272</b>	<b>38</b>	<b>45,729</b>	<b>-1,251</b>	<b>631,434</b>	<b>736,222</b>	<b>0</b>	<b>736,222</b>
1. Comprehensive income for the period				-6,038	48,484	42,446		42,446
2. Dividends paid					-84,316	-84,316		-84,316
3. Other changes								
<b>IV. CLOSING</b>								
<b>BALANCE AS AT 31-12-2016</b>	<b>60,272</b>	<b>38</b>	<b>45,729</b>	<b>-7,289</b>	<b>595,602</b>	<b>694,352</b>	<b>0</b>	<b>694,352</b>

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Consolidated statement of cash flows (indirect method)	In thousands of €	
	31-12-2016	31-12-2015
<b>I. Cash and cash equivalents, opening balance</b>	<b>327,061</b>	<b>240,937</b>
<b>II. Net cash flows from operating activities</b>	<b>239,258</b>	<b>237,106</b>
<b>1. Cash flows from operating activities</b>	<b>278,993</b>	<b>280,606</b>
1.1. Profit from operations	118,607	150,640
1.2. Non cash adjustments	158,139	153,187
1.2.1. Depreciation	159,141	143,068
1.2.2. Provisions	964	-2,268
1.2.3. Impairment losses	-2,007	537
1.2.4. Translation adjustments	0	0
1.2.5. Non cash adjustments	41	11,850
1.3. Changes in working capital	2,247	-23,221
1.3.1. Inventories	4,616	3,732
1.3.2. Tax receivables	661	531
1.3.3. Trade and other receivables	-11,072	-3,505
1.3.4. Other current assets	-2,669	42
1.3.5. Tax receivables	-723	-9,776
1.3.6. Trade and other payables	7,502	-5,889
1.3.7. Other current assets	238	-227
1.3.8. Other changes in working capital	3,694	-8,129
<b>2. Cash flows relating to other operating activities</b>	<b>-39,735</b>	<b>-43,500</b>
2.1. Current tax	-41,483	-46,671
2.2. Interests from cash investments, cash and cash equivalents	1,903	3,226
2.3. Other inflows (outflows) relating to other operating activities	-155	-55
<b>III. Net cash flows relating to investment activities</b>	<b>-138,476</b>	<b>-225,298</b>
<b>1. Acquisitions</b>	<b>-139,297</b>	<b>-248,346</b>
1.1. Payments to acquire property, plant and equipment, and intangible assets	-130,398	-244,213
1.2. Payments to acquire subsidiaries, joint arrangements or associates	0	-16
1.3. Payments to acquire other financial assets	-8,899	-4,117

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Consolidated statement of cash flows (indirect method)	In thousands of €	
	31-12-2016	31-12-2015
<b>2. Disposals</b>	<b>813</b>	<b>2,941</b>
2.1. Proceeds from disposal of property, plant and equipment, and intangible assets	312	2,925
2.2. Proceeds from disposal of subsidiaries, joint arrangements or associates	0	0
2.3. Proceeds from disposal of other financial assets	501	16
<b>3. Dividends received classified as investment activities</b>	<b>8</b>	<b>7</b>
<b>4. Subsidies received</b>	<b>0</b>	<b>20,100</b>
<b>5. Other cash flows relating to investment activities</b>	<b>0</b>	<b>0</b>
<b>IV. Net cash flows relating to financing activities</b>	<b>-136,116</b>	<b>74,316</b>
<b>1. Proceeds from cash flows from financing</b>	<b>57,227</b>	<b>376,295</b>
1.1. Proceeds from issuance of equity instruments	0	0
1.2. Proceeds from issuance of treasury shares	0	0
1.3. Proceeds from finance leases	3,838	3,334
1.4. Proceeds from other non-current assets	4,218	3,791
1.5. Proceeds from issuance of compound financial instruments	0	0
1.6. Proceeds from issuance of other financial liabilities	49,171	369,170
<b>2. Repayments relating to cash flows from financing</b>	<b>-62,726</b>	<b>-473,726</b>
2.1. Repurchase of equity instruments subsequently cancelled	0	0
2.2. Purchase of treasury shares	0	0
2.3. Repayment of finance lease liabilities	0	-19,700
2.4. Redemption of compound financial instruments	0	0
2.5. Repayment of other financial liabilities	-62,726	-454,026
<b>3. Interests</b>	<b>-41,579</b>	<b>-58,721</b>
3.1. Interest paid classified as financing	-41,712	-58,858
3.2. Interest received classified as financing	133	137
<b>4. Dividends paid</b>	<b>-84,316</b>	<b>-84,316</b>
<b>5. Increase (-) / Decrease (+) of cash investments</b>	<b>-4,722</b>	<b>314,784</b>
<b>6. Bank overdrafts increased (decreased)</b>		
<b>7. Other cash flows relating to financing activities</b>		
<b>V. Net change in cash and cash equivalents</b>	<b>-35,334</b>	<b>86,124</b>
<b>VI. VI. Cash and cash equivalents, closing balance</b>	<b>291,727</b>	<b>327,061</b>