

## Fluxys Belgium Press Release

24 September 2014 – Regulated information

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### Results for the first half of 2014

Information on key events in the first half of 2014  
and their impact on the financial situation of Fluxys Belgium

- Sold capacity stable, but falling interest rates (OLOs) affect profit
- Proposal for 7% transmission tariff decrease starting in 2015
- €39.4 million investments
- Winter forecasts: Fluxys ready for winter

#### 1. Historically low interest rates affect authorised return and profit

Operating profit in the first half of 2014 was €67.7 million, compared to €70.5 million in the first half of 2013. That €2.8 million decrease is a consequence of the reduction in the authorised return on regulated activities, resulting from the drop in interest rates (OLOs). This resulted in a €3.9 million decrease in the net half-yearly profit authorised by the regulation, all things being equal. This impact is partly offset by the positive effect of efficiency gains and by the smaller effect of tariff decisions for previous years.

#### 2. Operating revenue stable

Operating revenue for regulated activities was €259.7 million (i.e. 97.7% of the total), a €6.4 million increase compared to the same period in 2013. This is a consequence of a slight rise in transmission capacity sales. In a difficult market for storage, Fluxys Belgium managed to sell all capacity still available in 2014. Terminalling services generated a stable operating revenue compared to the first half of 2013. The utilisation rate of the Zeebrugge terminal remained high for the North-Western European market (17 unloading operations and 11 loading operations).

While capacity sales remained stable, in the first half of 2014 Fluxys Belgium transmitted 18% less natural gas across its grid than in the same period last year. Transmitted volumes for consumption on the Belgian market were down 24% while transmitted volumes for other markets were down 13%. The smaller quantity of natural gas transmitted abroad is due to the fact that in the first quarter of last year there was exceptional demand for natural gas in the United Kingdom and Germany, thus increasing transit through Belgium last year. The main reason for the fall in transmitted volumes for the Belgian market was this year's mild winter.

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### 3. Proposal for transmission tariff decrease as of 2015

Following constructive consultation with Fluxys Belgium and Fluxys LNG, CREG has laid down the draft new tariff methodology for transmission, storage and LNG terminalling activities. The aim is to offer the market and the infrastructure operators continuity and a stable tariff framework. The draft new tariff methodology remains focused on offering the market tariffs which are amongst the most competitive in Europe. With regard to transmission activity, Fluxys Belgium will propose to CREG a tariff decrease of approximately 7%, effective 1 January 2015.

On 1 September CREG submitted the draft for public consultation. Afterwards, it will be sent to the House of Representatives. The new tariff methodology is expected to be finalized by the end of 2014 and apply as from the next regulatory period 2016-2019.

### 4. €39.4 million invested in infrastructure projects in the first half of 2014

Fluxys Belgium currently plans to invest €95 million in infrastructure projects in 2014 and invested a total of €39.4 million during the first half of the year. The three main projects for this year are the following:

- A second jetty is under construction at the LNG terminal for both loading and unloading LNG carriers and the development of small scale LNG.
- Preparations have started for building the pipeline between Alveringem and Maldegem in 2015.
- In and around Ghent, Fluxys Belgium is restructuring and upgrading its pipeline network with a view to efficiently continue supplying the region.

### 5. Ready for winter

Geopolitical tensions in 2014 are leading to a number of uncertainties about natural gas flows next winter. Fluxys Belgium is closely monitoring the situation within ENTSOG, the European network of transmission system operators. In October, the European Commission will publish the results of the so-called stress test for natural gas infrastructure, a survey of the sensitivity of European energy systems to interruptions in natural gas supplies from Russia via Ukraine. The filling level of storage facilities in Europe is currently higher than in 2013 so that a buffer is built up in case of an interruption in certain gas supply flows. In Belgium, too, we expect the Loenhout storage facility to be full by the winter. In addition, import capacity in Belgium suffices to be able in various scenarios to continue importing enough natural gas for consumption in Belgium and for transit to neighbouring countries.

If an electricity shortage emerges this winter in Belgium, the government can deploy a load-shedding plan to prevent a widespread blackout. At Fluxys Belgium, all appropriate measures are taken to cope with these temporary electricity cuts so that the continuity of the gas supply is guaranteed.

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### 6. Financial outlook for 2014

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.

### 7. External audit

The statutory auditor has confirmed that based on his audit, which has been worked through thoroughly, nothing has come to his attention that gives reason to believe that significant adjustments are required to the half-yearly accounting information in this press release or in the half-yearly report.

### 8. Half-yearly financial report available

The Fluxys Belgium half-yearly financial report – including an overview of changes in activities and services and the condensed financial statements – is [available on the website in Dutch and French](#).

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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).