

FLUVIUS: BRIEF UPDATE ON CORONA CRISIS IMPACT

[12 May 2020]

1. Impact on operations and employees

The primary objective of the Fluvius management since the start of the covid-19 crisis, and especially during the lockdown period imposed by Belgian authorities, has been to safeguard the continuity of its critical services (energy distribution, public lighting, sewerage, cable television and others) to the general public, while at the same time keeping its employees (as well as members of the public) safe and healthy.

In the first and strictest period of the lockdown, only urgent operations were carried out. Meter reading by staff was postponed. For all non-technical staff, telework was the norm. In phase 2, technical operations requiring only one employee were restarted with the strictest sanitary measures in place. Meter reading was resumed in such a way that direct contact between our meter reader and the end consumer could be avoided. Since the end of April, a gradual uptake of normal operations was prepared, in consultation with the trade unions, our Dept. Safety & Wellbeing and the external medical staff. All of this was fully in line with the measures and guidelines issued by the public authorities. Starting on Monday 11 May, all technical activities have resumed and all customer centres are fully open again. Priority is now given to eliminate the backlog. An 19-item checklist should help our colleagues to protect their own and others' safety at all times, whatever the activity they have to carry out.

All Fluvius employees have been and will be fully paid throughout the lockdown period.

2. Impact on energy consumption

Based on a number of data sources (infeed data, consumption data by digital meters and automatic meter reading as of 22 April), we have seen the following trends:

- The decrease in energy consumption is more marked in the industrial consumer segment: minus 24% since early March; when comparing March 2019 with March 2020, we notice a 21% decrease of electricity consumption for the last week of the month, and minus 8,5% for the whole month of March 2020. (*FYI: restrictive measures in Belgium were launched mid-March¹*). Preliminary data for April confirm this trend.
- For the residential segment, our data show that consumption is more or less stable for consumers without local production. Consumers with local production show decreasing consumption volumes (as corroborated by less offtake from the distribution grid and more injection into the distribution grid). For residential gas consumption, we see a

¹ **12 March:** closures of restaurants and pubs, partial closure of shops, suspension of lessons at schools; **17 March:** closure of all non-essential shops, telework becomes the norm; **20 March:** further restrictions on the freedom of movement (non-essential travel forbidden)

decrease, but this effect is largely driven by outside temperatures rather than by restrictive corona measures.

- All trends in consumption described are synchronous to the measures taken by the national and regional authorities.
- These Fluvius figures for electricity distribution confirm the trends reported by Belgian transmission operator Elia.
- At this moment, it is still too early to reliably assess the overall final impact on energy consumption (degree and timing) of the partial lifting of the lockdown measures, since the first steps towards lifting these measures only became effective on 4 May.

3. Impact on financial position

Below, we summarize the impact of supportive corona-related measures on our cash flow development:

- accelerated payment of our contractors in subcontract as well as suppliers after an average 14-day period instead of the regular 30-day period. An amount of approx. 30 million EUR is to be paid under this accelerated scheme;
- the payment of VAT and income tax by Fluvius can be delayed for a period of two months; this applies to an amount of approx. 10 million EUR;
- additional contributions to the pension plans due to corona crisis might be necessary in the future to mitigate the impact of lower actualization of interest rates and decreasing market values. However, no exact amounts have been defined yet and no decisions have been taken at this moment. The recent rebound on stock markets might alleviate this issue.

In general, it is still too early to properly assess the exact impact on Fluvius's financials.

On 30 April 2020, Fluvius had drawn 602,8 million EUR on a total of 925 million EUR of available short-term financing facilities.

We bring to mind that the bulk of Fluvius Economic Group's cash-flows and financial performance is realized within a well-defined regulated context. Possible revenue decreases (triggered by lower volumes of energy delivered to the end consumers), which are being closely monitored, might have an impact on the Economic Group's liquidity position. But, according to the current tariff methodology, these revenue decreases from volume differences are in principle fully recoverable in subsequent grid tariffs.