

## Annual accounts 2021: Double-digit revenue growth, strengthened cash-flow and continued implementation of strategic plans

7 June 2022

The annual accounts relating to the 2021 financial year of SOFICO have been filed with the National Bank of Belgium. Both in terms of revenue, which now significantly exceeds pre-crisis levels, and cash flow, the company is in solid financial health. It confirms its major role in the implementation of 3 pillars of the Walloon recovery: the 'Infrastructure and Mobility Plan for All 2020-2026' (PIMPT-Plan Infrastructures et Mobilité pour Tous 2020-2026), the 'Strategic Optical Fibre Plan' (PsFO-Plan stratégique Fibre Optique) and the 'Walloon Recovery Plan' (PRW-Plan de Relance Wallon).

Key Financial Indicators	31 Dec2021	31 Dec2020	31 Dec2019
<b>(millions €)</b>			
Operating income	410.2	362.9	367.8
Non-recurring income	0.6	0.4	0.5
Operating costs	(369.0)	(348.9)	(350.6)
Net financial costs	(10.5)	(10.2)	(9.7)
Subsidies	10.5	2.8	13.8
Taxes and other charges	(3.5)	(6.1)	(4.3)
<b>Net profit</b>	<b>38.3</b>	<b>0.9</b>	<b>17.5</b>
<b>Investments</b>	<b>132.1</b>	<b>143.8</b>	<b>257.4</b>
<b>Infrastructure assets under management</b>	<b>2,393.1</b>	<b>2,429.6</b>	<b>2,433.7</b>
<b>Shareholder equity</b>	<b>1,866.0</b>	<b>1,795.9</b>	<b>1,779.9</b>
<b>Net cashflow</b>	<b>111.3</b>	<b>49.5</b>	<b>6.0</b>

### Key Financial Indicators 2021

**Operating income** amounted to €410.2 million, an increase of €47.3 million compared to the previous year (+13.0%). This increase is mainly related to the increase in the two most significant revenues:

- the kilometre-based levy on heavy goods vehicles (PKPL-prélèvement kilométrique sur poids lourds), which rose to €21.6 million (+8.5%) over the financial year
- the road shadow toll, which rose to €17.1 million (+28.9%) over the financial year

These are now higher than before the health crisis, reflecting the economy's recovery in 2021.

Regarding PKPL (heavy goods vehicles), after the year 2020 marked by the COVID-19 pandemic, the economic situation in Wallonia improved rapidly in 2021: despite an uncertain context, the growth of road freight transport activity remained on the rise with a general trend of 9% above the level of 2020 and more than 6% above the level of 2019 before the health crisis.

With an increase of +8.5% compared to 2020 (which includes a price effect of +0.5% linked to the indexation of tariffs on 1<sup>st</sup> January 2021), SOFICO's PKPL revenues followed this trend.

Regarding shadow toll (passenger transport and light vehicles), a sharp drop in demand was recorded in Belgium following the restrictive health measures taken in 2020 by the public authorities due to the risks generated by the pandemic. In 2021, the end of remote working and an increase in the use of the car for non-commuting trips, i.e., trips that do not involve travel between the place of residence and the place of work or school (bank, doctor, shopping, culture, leisure, visits, etc.) have led to a significant increase in this type of transport.

Overall, this growth in operating income was reflected in the increase in **profit for the financial year**, which stood at €38.3 million as at 31 December 2021, compared with €0.9 million at the end of the previous financial year.

During the financial year, the company made **investments** totalling €132.1 million, which are part of the 3 strategic plans pursued by the company: the 'Infrastructure and Mobility Plan for All 2020-2026' (PIMPT-Plan Infrastructures et Mobilité pour Tous 2020-2026), the 'Strategic Optical Fibre Plan' (PsFO-Plan stratégique Fibre Optique) and the 'Walloon Recovery Plan' (PRW-Plan de Relance Wallon).

### Net cash as at 31 December

SOFICO's **cash position** was €111.3 million at 31 December 2021 (compared to €49.5 million as at 31 December 2020).

Cash flow has strengthened as a result of the double-digit growth in income described above. However, its level at the end of the financial year is favourably influenced by 2 subsidies granted by the Walloon Region before the end of the financial year, but for which the projects will be carried out afterwards (in 2022 and after):

- The 'Bus with High Service Level' project in Charleroi (pre-financing for a cumulative amount of €21 million by 31 December 2021)
- Projects related to the implementation of Axis VI of the 'PRW' (pre-financing for an amount of €24.8 million as at 31 December 2021).

#### Restatement Treasury

31 Dec2021 31

<b>Net cashflow (nominal)</b>	<b>111.3</b>	<b>49.5</b>
BHNS Pre-financing	(21.0)	(10.5)
PRW Pre-financing	(24.8)	-
<b>Net cash flow (underlying)</b>	<b>65.5</b>	<b>39.0</b>

Adjusted for these 2 pre-financing operations, the underlying cash position as at 31 December 2021 was €65.5 million, an increase of €26.5 million compared to the previous financial year (adjusted for the impact of the same pre-financing operations, the underlying cash position as at 31 December 2020 was €39.0 million).

### Financial market activity

In order to better align the maturity of its liabilities with the economic life of the infrastructure assets financed ('asset-liability management'), SOFICO has extended the maturity of its debt. During the financial years 2020 (in the context of a volatile financial market) and 2021, the company was able to restructure its MTN (Medium Term Notes) financing programme, converting its average maturity from the short (annual maturity) to the long term. The final stage of this

refinancing plan took place in March 2021 via a €30 million bond issue with a maturity of 50 years. The entirety of SOFICO's MTN programme (€182 million) is now financed through long-term bond issues with an average maturity of 25 years.

### Key operations of the past year

#### 1) 'Walloon Recovery Plan'

The PRW consists of 319 measures, spread over 6 axes with a total budget of €7.6 billion. SOFICO has been entrusted with the implementation of 4 projects resulting from this Plan, for a budget of €107 million.

One of them, under Axis VI of the WRP, is to rehabilitate the E25-E40/A602 link following the damage caused by the unprecedented floods that hit Wallonia in July 2021. In addition to the terrible human tragedy, there were many other difficulties, including the difficulty of getting around following the destruction of infrastructure.

**In the Liège region, the E25-E40/A602 link, which connects the north and south of the agglomeration, suffered considerable damage mainly on the right bank.** The Grosses-Battes and Kinkempois covered trenches, the open trench of the Ourthe Canal, the adjacent technical premises and all the electromechanical equipment in them were completely submerged by water and mud.

Thanks to the joint efforts of the various partners, a gradual reopening, by section and with adapted traffic conditions, was organised. Some of the equipment affected was either rehabilitated or replaced on a permanent or temporary basis in order to ensure that the minimum safety requirements were met. The specificity of some damaged parts and the global shortage of some components, caused by the health crisis, created difficulties in the supply chain that had to be addressed. The route finally recovered 100% of its capacity, i.e., 2 X 2 lanes, in November. Even today, the rehabilitation of the link continues with most operations carried out at night.

#### 2) 'Infrastructure and Mobility Plan for All 2020-2026'

With an overall budget of €2.1 billion, the 'PIMPT' has three strategic objectives: (i) to give priority to the maintenance and renovation of the existing network; (ii) to support modal shift and respect for all users; (iii) to allocate budgets to public transport and to soft and active mobility.

It is based on two project leaders: SOFICO and SPW MI. SOFICO finances and implements projects with a total budget of €1.1 billion, broken down as follows:

- €900 million for roads
- €150 million for inland waterways
- €60 million for TEC
- €30 million for soft and active mobility

As regards the structural road network, providing an infrastructure that combines safety, comfort and fluidity remains a priority for SOFICO. The efforts made in recent years have been continued in 2021 by combining **work to replace the top layers of our roads (preventive maintenance to avoid more in-depth interventions) and substantial rehabilitation work that has become necessary**. For this year 2021, the following should be noted in particular:

- On the E42/A15: the launch of the rehabilitation project for the Huccorgne viaduct
- On the E40/A3: the launch of the successive removal of asbestos from 6 bridges overhanging the motorway between Hélécine and Remicourt
- Rehabilitation of the E411/A4 between Wanlin and Lavaux-Saint-Anne towards Arlon
- In Beez: the rehabilitation of the Collard Bridge linking the E411/A4 to the N90 towards Jambes
- On the E19/A7: resurfacing between the Haut-Ittre interchange and the Orival motorway area towards Mons
- On the fringes of the E42-E19/A7: the completion of the construction of the roundabout at exit 25 'Tertre'
- On the R9 in Charleroi: the opening of a new access ramp to the ring from the 'Palais des Expositions'.

In addition, with a view to improving the service to users, renovation and modernisation work on the **Bierges (E411/A4)** and **Waremme (E40/A3)** concession areas has begun and should be completed by autumn 2022.

In terms of the completion of the missing links in the trans-European transport network for which SOFICO is responsible, there are two important stages to note:

- **On the waterway: the commissioning of the medium gauge lock (225 x 12.5 metres = capacity of 4,500 tonnes) as part of the upgrading to a large gauge (225 x 25 metres = 9,000 tonnes) at the Ampsin-Neuville lock site.** Work to build the medium-sized lock on the site has been completed and enabled a trial phase to be launched with a

first boat passage on 8 November 2021. It was officially commissioned on 18 January 2022. It now ensures navigation on this site, while the construction of the large gauge lock, the final objective of the project, is underway.

- **On the road network (excluding 'PIMPT'): the completion of the last phase of the Couvin or E420 motorway bypass on 1<sup>st</sup> October 2021.** It consisted in building a hopper under the railway line at Frasnés-lez-Couvin. On 1<sup>st</sup> October last, the completion of this covered trench marked the final completion of the bypass.

### 3) 'Lighting Plan 4.0'

In 2021, **the modernisation of (motorway) road lighting continued to take shape on the core network**, through the implementation of the 'Lighting Plan 4.0', which aims to replace all sodium lighting with LEDs by the second half of 2023. These lights are more environmentally friendly, more economical, and also offer better colour rendering and less diffuse lighting, which improves road reading and user safety.

They also have another advantage: their intensity can be modulated in a pre-programmed manner on the majority of the network according to the pre-registered frequentation of these roads (according to the day, the time of night) or instantaneously at certain strategic points of the network (motorway entry and exit ramps, pedestrian crossings, etc.) thanks to various pieces of equipment placed on the site. Finally, each light point can also be instantly remote managed at night from the PEREX Centre.

**By the end of 2021, more than 60,000 lights (out of 110,000) were modernised, representing approximately 1,500 km of the structuring network.**

A technological innovation for safety was also presented to the general public in March 2021: a **warning light generated on certain motorway exit ramps when incorrect-direction drivers are detected**. By the end of 2021, around 40 of the 300 ramps planned for the second half of 2023 were equipped with this technology in the adjustment phase.

### 4) 'Fibre Optic Strategic Plan'

Regarding its activities in Telecommunications and more specifically its management of the Walloon fibre optic network, SOFICO has announced that by the end of 2024, it will connect 100% of Walloon Business Parks (292) with Very High Speed (THD).

The Strategic Deployment Plan (PsFO) presented in 2020 (total budget €80 million) foresees, among other things, to complete the coverage of the 103 existing zonings and to deploy fibre in 154 additional zonings. In total, 257 zonings, i.e., 87% of Walloon zonings, will be covered by this PsFO.

**Within the framework of Axis III of the PRW (see above), fibre optics will be deployed in the last 35 business parks that were not included in SOFICO's PsFO.**

**100% of the 292 Walloon parks will therefore be equipped by the end of 2024.**

#### 5) In renewable energy

During the past financial year, it is worth noting that within the framework of its concession programme to equip waterfalls with dams of **removable hydroelectric power stations, no less than 3 facilities became fully operational during the 2021 financial year 2021: Grosses Battes (Ourthe), Chanxhe (Ourthe) and Anseremme (Haute-Meuse).**

#### Legal notices

The annual accounts, prepared in accordance with the Royal Decree of 29 April 2019 in execution of the Companies and Associations Code, are available in full on the SOFICO website at [www.sofico.org](http://www.sofico.org) under the tab "Investors" => "Financial Statements". They were approved by the company's Board of Directors on 25 March 2022 and were the subject of an unqualified certificate issued by the Audit Board (composed of a member of the Court of Auditors and a member of the Institute of Registered Auditors). The annual accounts were approved by the representative of the Government of the Walloon Region at the Ordinary General Meeting of Shareholders held on 29 April 2022.

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