



INFRABEL

ANNUAL FINANCIAL STATEMENTS

2019

infrabel.be



Annual Financial Statements 2019
Submitted by the Board of Directors to the General
Shareholders' Meeting of 20 May 2020

Free translation – The original signed versions of
this report are in Dutch and in French





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INTRODUCTION

COMPANY PRESENTATION

Infrabel is the manager of the Belgian railway infrastructure. The company was established on 29 October 2004 as a limited company under public law following the European Directives on separation of railway infrastructure management and railway transport service operation. The company's Articles of Association were last changed on 27 February 2018.

The company's registered office is located at place Marcel Broodthaers 2 in 1060 Brussels.

The annual accounts are prepared in accordance with the Belgian Accounting Law (Belgian GAAP), where the valuation rules were to the utmost aligned with the International Financial Reporting Standards (IFRS).

FINANCIAL YEAR

The financial year runs from 1 January to 31 December of each year.

CAPITAL

The capital of Infrabel consists of 53,080,660 registered shares without nominal value.

On 31/12/2019, the situation of the shareholders is as follows:

- the Belgian State holds 52,707,410 shares, i.e. 99.30 % of the capital
- the SFPI (the Federal Holding and Investment Company) holds 313,493 shares, i.e. 0.59 % of the capital
- private shareholders hold 59,757 shares, i.e. 0.11 % of the capital.

There are currently 27,824 shares registered in the name of private shareholders and 31,933 shares that Infrabel holds on behalf of holders of dividend-right shares of the former SNCB Holding. The latter holders may come forward until 31/12/2025 and if they hold at least 53 dividend-right shares, Infrabel is required to register them in the register of shareholders.

INFORMATION

The annual accounts are submitted to the National Bank of Belgium. The annual report of the Board of Directors to the General Shareholders' Meeting forms an integral part of the financial statements and is an adjacent document.

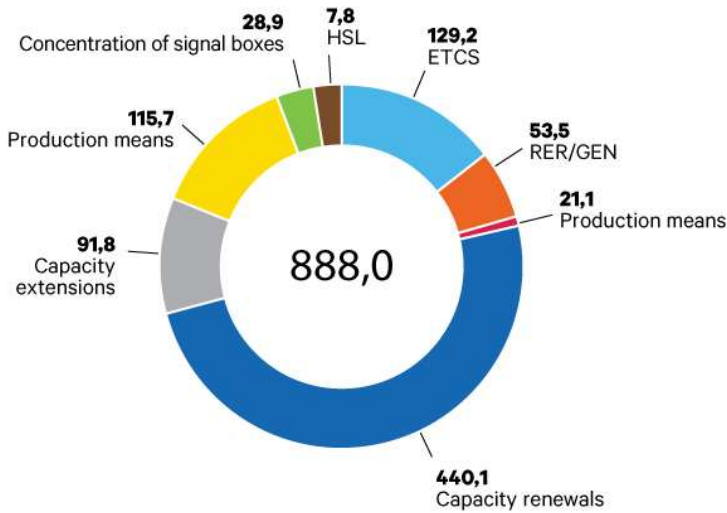




KEY FIGURES 2019

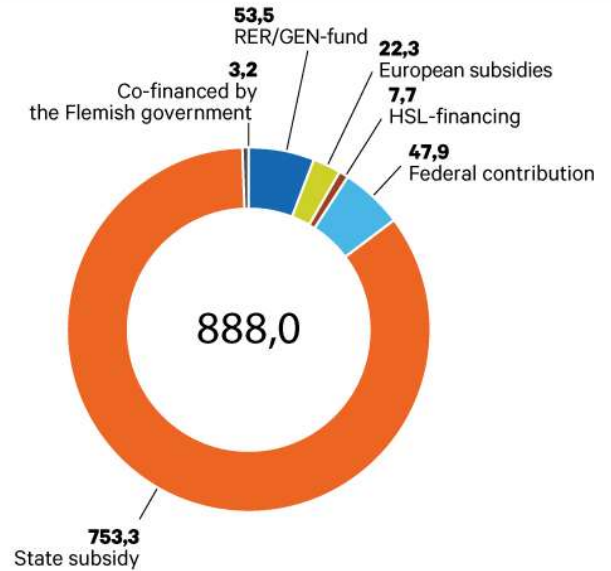
Investments made

(in Mio €)



Financing of the investments

(in Mio €)



INCOME STATEMENT (IN MILLION €)

Operating revenues	1,433.60
Operating costs*	1,418.87
Recurring gross operating income (REBITDA)	14.73
Non-recurring operating income	17.69
Gross operating income (EBITDA)	32.42
Depreciation, impairments and provisions	-686.12
Recurring financial result	629.12
Non-recurring financial result	-2.21
Overall result (EBT)	-26.79

* Excluding depreciation, impairments and provisions

BALANCE SHEET

Infrabel's balance sheet total amounts to € 22,396,357,709.92 on 31/12/2019 compared with € 22,296,476,267.42 on 31/12/2018.

The balance sheet showing the amounts, by category of assets and liabilities, is presented from page 7 onward.



BALANCE SHEET

2019





1. Assets

BALANCE SHEET FINANCIAL YEAR 2019 (IN €)

ASSETS	Balance sheet at 31/12/2018	Balance sheet at 31/12/2019
I. Formation expenses	0.00	0.00
FIXED ASSETS	19,521,957,839.06	19,760,922,634.48
II. Intangible fixed assets	1,354,100,358.90	1,354,844,262.61
Concession right	1,167,676,767.65	1,153,939,393.91
Intangible assets excl. concession right	186,423,591.25	200,904,868.70
III. Tangible fixed assets	18,112,948,130.89	18,371,340,256.71
A. Land and buildings	7,425,766,583.60	7,531,263,028.27
Acquisition value	8,698,746,192.60	8,918,377,680.25
Depreciation	-1,272,979,609.00	-1,387,114,651.98
B. Plant, machinery and equipment	8,514,813,393.52	8,768,396,655.78
Acquisition value	15,387,670,921.62	15,941,645,151.04
Depreciation	-6,872,857,528.10	-7,173,248,495.26
C. Furniture and vehicles	69,490,800.41	71,363,297.15
Acquisition value	175,900,036.65	178,637,624.28
Depreciation	-106,409,236.24	-107,274,327.13
D. Leasing and similar rights	0.00	0.00
Acquisition value	0.00	0.00
Depreciation	0.00	0.00
E. Other tangible fixed assets	36,917,011.94	30,127,671.18
Acquisition value	146,741,591.37	136,929,002.51
Depreciation	-109,824,579.43	-106,801,331.33
F. Assets under construction and advance payments	2,065,960,341.42	1,970,189,604.33
IV. Financial fixed assets	54,909,349.27	34,738,115.16
A. Affiliated companies	43,889,633.80	23,714,409.21
1. Shareholdings	31,865,690.03	21,365,690.03
2. Accounts receivable	12,023,943.77	2,348,719.18
B. Companies linked by shareholding interests	10,991,955.00	10,991,955.00
1. Shareholdings	10,991,955.00	10,991,955.00
C. Other financial fixed assets	27,760.47	31,750.95
1. Shares	0.00	4,715.48
2. Accounts receivable and cash guarantees	27,760.47	27,035.47





ASSETS	Balance sheet at 31/12/2018	Balance sheet at 31/12/2019
CURRENT ASSETS	2,774,518,428.36	2,635,435,075.44
V. Accounts receivable after more than one year	977,153,373.44	920,592,717.62
B. Other accounts receivable	977,153,373.44	920,592,717.62
Receivable from the State related to PPP Diabolo	383,788,000.00	363,149,000.00
Other receivables from the State	592,811,405.03	556,415,403.61
Other	553,968.41	1,028,314.01
VI. Stocks and contracts in progress	236,854,369.04	267,916,375.89
A. Stocks	229,004,791.27	259,050,575.91
1. Raw materials	218,662,517.51	251,187,007.91
2. Work in progress	5,612,261.04	6,532,144.88
3. Finished products	4,730,012.72	1,331,423.12
6. Advance payments	0.00	0.00
B. Contracts in progress	7,849,577.77	8,865,799.98
VII. Accounts receivable within one year	343,694,858.77	364,245,159.97
A. Trade receivables	172,122,161.84	187,358,587.82
B. Other accounts receivable	171,572,696.93	176,886,572.15
Investment grants	46,232,999.92	29,764,969.20
Subsidised receivables	45,313,020.91	72,694,065.60
Recoverable VAT	37,964,981.29	31,634,721.85
Other	42,061,694.81	42,792,815.50
VIII. Cash investments	531,745,322.81	501,955,565.52
B. Other cash investments and deposits	531,745,322.81	501,955,565.52
IX. Cash at bank and in hand	154,510,983.99	112,665,239.32
X. Deferred charges and accrued income	530,559,520.31	468,060,017.12
Deferred charges related to PPP Diabolo	490,957,339.31	430,222,525.84
Other deferred charges	15,565,214.24	12,698,981.31
Accrued income	24,036,966.76	25,138,509.97
TOTAL ASSETS	22,296,476,267.42	22,396,357,709.92





2. Liabilities

BALANCE SHEET FINANCIAL YEAR 2019 (IN €)

LIABILITIES	Balance sheet at 31/12/2018	Balance sheet at 31/12/2019
EQUITY	17,298,590,469.04	17,544,956,954.25
I. Capital	770,080,391.67	770,080,391.67
A. Issued capital	770,080,391.67	770,080,391.67
B. Uncalled capital (-)	0.00	0.00
II. Share premium	299,317,752.80	299,317,752.80
III. Revaluation surpluses	56,314,172.32	55,647,763.54
IV. Reserves	17,170,597.69	17,170,597.69
A. Legal reserves	17,170,597.69	17,170,597.69
V. Result carried forward	-37,061,259.00	-63,852,026.67
VI. Investments grants	16,192,768,813.56	16,466,592,475.22
PROVISIONS AND DEFERRED TAXES	352,802,046.16	345,963,088.28
VII. Provisions for liabilities and charges and deferred taxes	352,802,046.16	345,963,088.28
A. Provisions for liabilities and charges	352,802,046.16	345,963,088.28
1. Pensions and similar obligations	176,570,197.30	195,824,369.01
4. Environmental liabilities	32,016,691.07	31,707,774.60
5. Other liabilities and charges	144,215,157.79	118,430,944.67





DEBTS		4,645,083,752.22	4,505,437,667.39
VIII. Accounts payable after more than one year		2,802,659,067.55	2,885,688,689.86
A. Financial debts		1,721,901,798.86	1,844,210,868.78
2. Unsubordinated debentures		1,219,168,110.40	1,219,585,004.27
4. Credit institutions		26,340,000.00	110,000,000.00
5. Other loans		476,393,688.46	514,625,864.51
B. Trade debts		1,027,409,295.23	998,494,796.53
PPP Liefkenshoek rail link		638,306,873.78	631,328,151.26
PPP Diabolo		383,785,653.68	363,147,840.32
Other		5,316,767.77	4,018,804.95
D. Other debts		53,347,973.46	42,983,024.55
IX. Accounts payable within one year		977,098,329.19	815,021,399.90
A. Accounts payable after more than one year due within the year		323,453,340.42	42,967,625.56
B. Financial debts		96,332,080.16	277,537,109.45
1. Credit institutions		0.00	197,190,000.00
5. Other loans		96,332,080.16	80,347,109.45
C. Trade payables		540,550,612.05	489,795,104.52
1. Trade creditors		540,550,612.05	489,795,104.52
D. Advances received on contracts		2,379,792.01	1,324,334.65
E. Debts with regard to taxes, remuneration and social security		45,764.67	30,342.66
F. Other debts		14,336,739.88	3,366,883.06
X. Accrued charges and deferred income		865,326,355.48	804,727,577.63
Accrued charges		148,883,181.14	149,948,078.67
Deferred income related to PPP Diabolo		502,965,073.53	430,223,647.50
Deferred income from infrastructure fee		122,037,278.14	124,519,978.98
Other deferred income		91,440,822.67	100,035,872.48
TOTAL LIABILITIES		22,296,476,267.42	22,396,357,709.92





3. NOTES TO THE BALANCE SHEET

1. INTRODUCTION

The balance sheet total increased from € 22.3 billion end 2018 to € 22.4 billion end 2019, an increase of 0.4 % compared to the previous year.

2. INTANGIBLE FIXED ASSETS

The intangible fixed assets include, on the one hand, the right to operate the Belgian network with a book value of € 1,153,939,393.91. This operating right is depreciated on a straight-line basis over 99 years. On the other hand, they include the investments in software for specific applications like amongst others SAP. The book value of the software is € 200,904,868.70.

See also the notes to the annual financial statements – Statement 1 (page 28).

3. TANGIBLE FIXED ASSETS

Infrabel has a considerable annual investment budget. The company's investments particularly relate to expansion, modernisation and maintenance of the traditional railway infrastructure. Infrabel is investing significant amounts for investment projects foreseen in the strategic plan FOCUS, such as the deployment of the ETCS security system, the concentration of signalling boxes, access to the ports... Infrabel is also investing in the completion of railway infrastructure works aimed at providing greater accessibility to Brussels (RER).

The net increase of the tangible fixed assets compared to 31 December 2018 amounts to € 258,392,125.82. This increase is mainly due to investments made by Infrabel in 2019 for € 896,356,270.73. This increase is partially offset by depreciation of fixed assets, sales and retirements for € 637,964,144.91.

See also the notes to the annual financial statements – Statement 2 (page 29).

4. FINANCIAL FIXED ASSETS

Infrabel holds shareholding interests in 5 subsidiaries amounting to € 21,365,690.03:

- TUC RAIL SA for € 19,382,957.76
- Brussels Creosote Centre SA (CCB) for € 1,796,732.27
- SPV 162 SA for € 62,000.00
- SPV Zwankendamme NV for € 62,000.00
- SPV Brussels Port SA for € 62,000.00

The participation in AlphaCloud was cancelled following the simplified merger by absorption of AlphaCloud with Infrabel which entered into force on January 10, 2019 with retroactive effect at tax and accounting level as of January 1, 2019.

The loans to the SPVs, created for the pre-financing of some priority investment projects, represent an amount of € 2,348,719.18 end of 2019.

Infrabel also holds direct shareholding interests of less than 50% in 4 other companies.

HR Rail S.A. under public law acts as legal employer of all Infrabel staff. Infrabel holds 49% of the shares.

In addition, Infrabel holds a shareholding interest in CVBA Greensky and SPS Fin, which were established within the framework of projects for alternative energy.

Among the direct shareholdings, there is also the participation in the NPO Liège Carex which conducts studies on the construction of a trimodal terminal (air, HST and road) at Liège Airport.



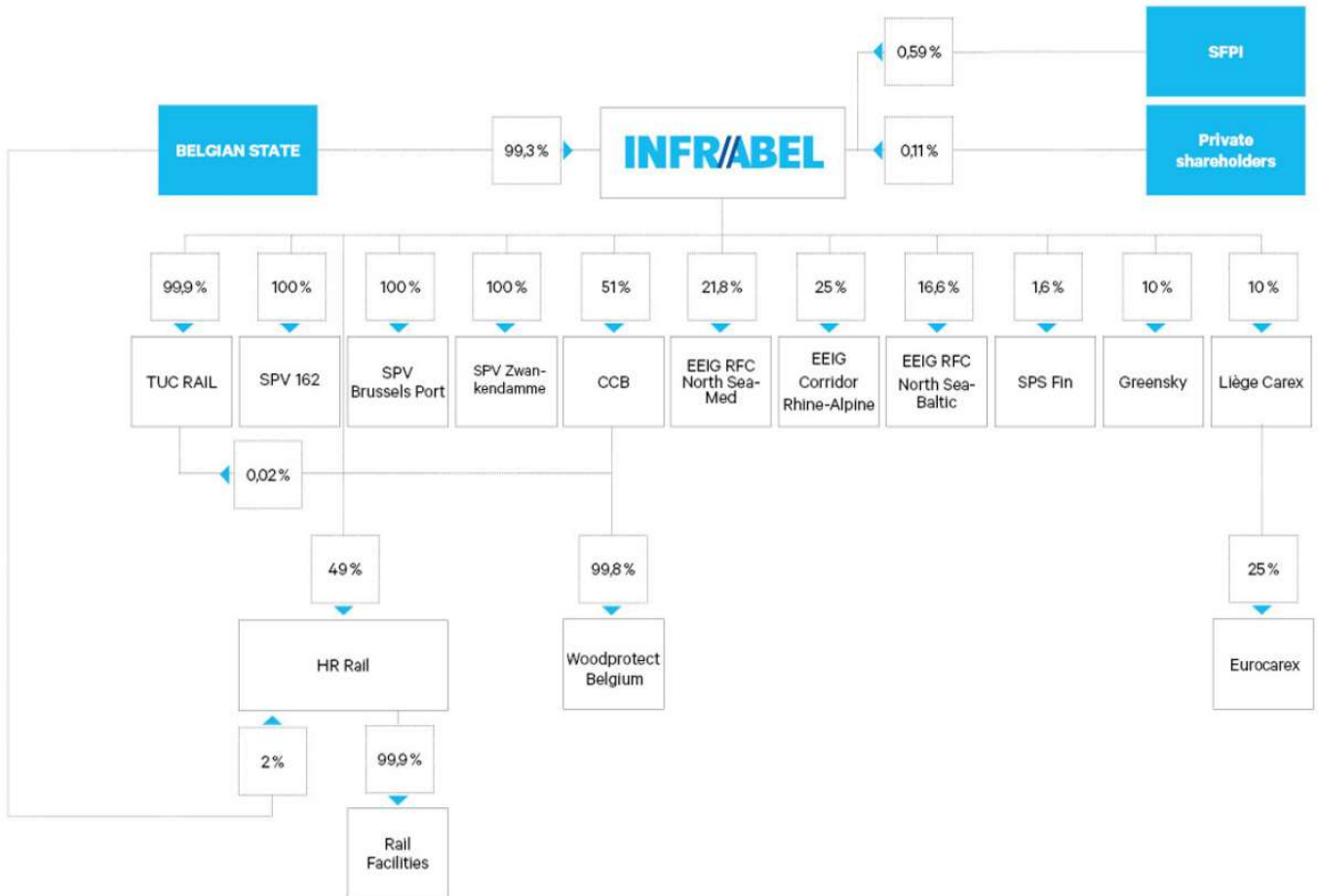


Furthermore, Infrabel is also member of the European Economic Interest Grouping (EEIG) Rail Freight Corridor North Sea – Mediterranean, the EEIG Corridor Rhine-Alpine and the EEIG RFC North Sea-Baltic Rail Freight Corridor. These EEIG are intended to promote and develop the transport of freight by rail via international rail corridors.

Through these subsidiaries, Infrabel indirectly inherits shareholdings in Woodprotect Belgium NV, Rail Facilities SA, INPO Eurocarex and TUC RAIL SA.

The general structure of Infrabel's shareholding interests in its subsidiaries' capital is presented in the following diagram.

See also the notes to the annual financial statements – Statement 3 (page 31).



5. ACCOUNTS RECEIVABLE AFTER MORE THAN ONE YEAR

On 31/12/2019, the accounts receivable after more than one year amount to € 920.592.717.62.

They include the following receivables:

- Receivable from the State related to the PPP Diabolo in the amount of € 363,149,000.00 for the implementation of the rail infrastructure intended to improve the access to the Brussels airport.
- Other receivables from the State amounting to € 556,415,403.61 for the implementation of various railway infrastructure works.
- Other receivables for an amount of € 1,028,314.01.





6. STOCKS AND CONTRACTS IN PROGRESS

On 31/12/2019, the company has a total amount of € 259,050,575.91 in stocks on its balance sheet. A large part of these stocks concern supplies in consumables, including advance payments, such as signalling equipment, sleepers, track equipment, telecom materials, etc. amounting to € 251,187,007.91. Finished products and work in progress have a value of € 1,331,423.12 € and € 6,532,144.88 respectively.

Contracts in progress amount to € 8,865,799.98 and mainly concern works where a contract is signed with the third party who placed the order. These open orders will later be invoiced to the third party in question.

Amounts in €	
STOCKS	259,050,575.91
1. Supplies	251,187,007.91
Acquisition value	272,286,083.48
- Signalling equipment	104,826,061.61
- Sleepers	27,829,224.85
- Crossings	18,415,457.82
- Various deliveries	18,174,336.49
- Catenary	16,925,494.67
- Rails	14,049,516.57
- Track equipment	12,823,624.71
- Telecom materials	9,834,130.80
- Decommissioned equipment	8,646,232.01
- Substation and power distribution equipment	5,839,999.99
- Ballast	1,702,936.36
- Rolling stock	851,624.40
- Raw materials	56,039.66
- Other track materials	32,311,403.54
Recorded impairments	-21,099,075.57
2. Work in progress	6,532,144.88
3. Finished products	1,331,423.12

Amounts in €	
CONTRACTS IN PROGRESS	8,865,799.98
Manufacturing cost	10,510,375.79
Impairments	-1,644,575.81





7. ACCOUNTS RECEIVABLE WITHIN ONE YEAR

The accounts receivable within one year stand at € 364,245,159.97 on 31/12/2019 and consist of trade receivables of € 187,358,587.82 and other receivables of € 176,886,572.15.

The trade receivables towards the railway operator SNCB amount to € 88,525,498.90. These relate mainly to the invoice for the infrastructure fee for the month of February 2020. Infrastructure fees are invoiced two months in advance to each operator active on the Belgian railway network. The receivable linked to the operating grant from the State amounts to € 40,167,325.14.

The other receivables, amounting to € 176,886,572.15, include mainly receivables linked to investment grants from the State for € 29,764,969.20 and funding by third parties for € 72,694,065.60, € 40,864,443.95 of which concerns the RER fund. The VAT amount to be recovered amounts to € 31,634,721.85.

8. CASH INVESTMENTS AND CASH AT BANK AND IN HAND

On 31/12/2019, Infrabel has cash investments amounting to € 501,955,565.52, of which € 494,155,773.25 is unavailable, because these cash investments have the same maturity dates as the debts they are linked to.

The cash investments are composed as follows :

- Fixed income securities and deposits held to cover some long-term debts for € 337,262,773.25.
- « Collaterals » related to swaps for € 157,660,000.00. For these swaps, « collaterals » need to be created as guarantee based on the fair value of the debts they cover.
- Short-term deposits for € 7,190,304.62.

On 31/12/2018, Infrabel has also cash at bank and in hand for € 112,684,474.61.

This amount also includes € 80,347,109.45 in deposits from subsidiaries at Infrabel in the context of the cash pooling. This cash does not belong to Infrabel.

The actual available cash for the treasury department amounts to € 32,337,365.16.

The cash flow table below presents the movements in cash investments and cash and the way in which these were generated and allocated. The definition of cash and cash equivalents includes fixed income securities, term deposits and cash with a maturity date of less than 3 months. The indirect method was applied for the preparation of the cash flow statement. This method reconstructs the cash flow by correcting the net profit for activities without a monetary character, such as depreciation, impairments and provisions.

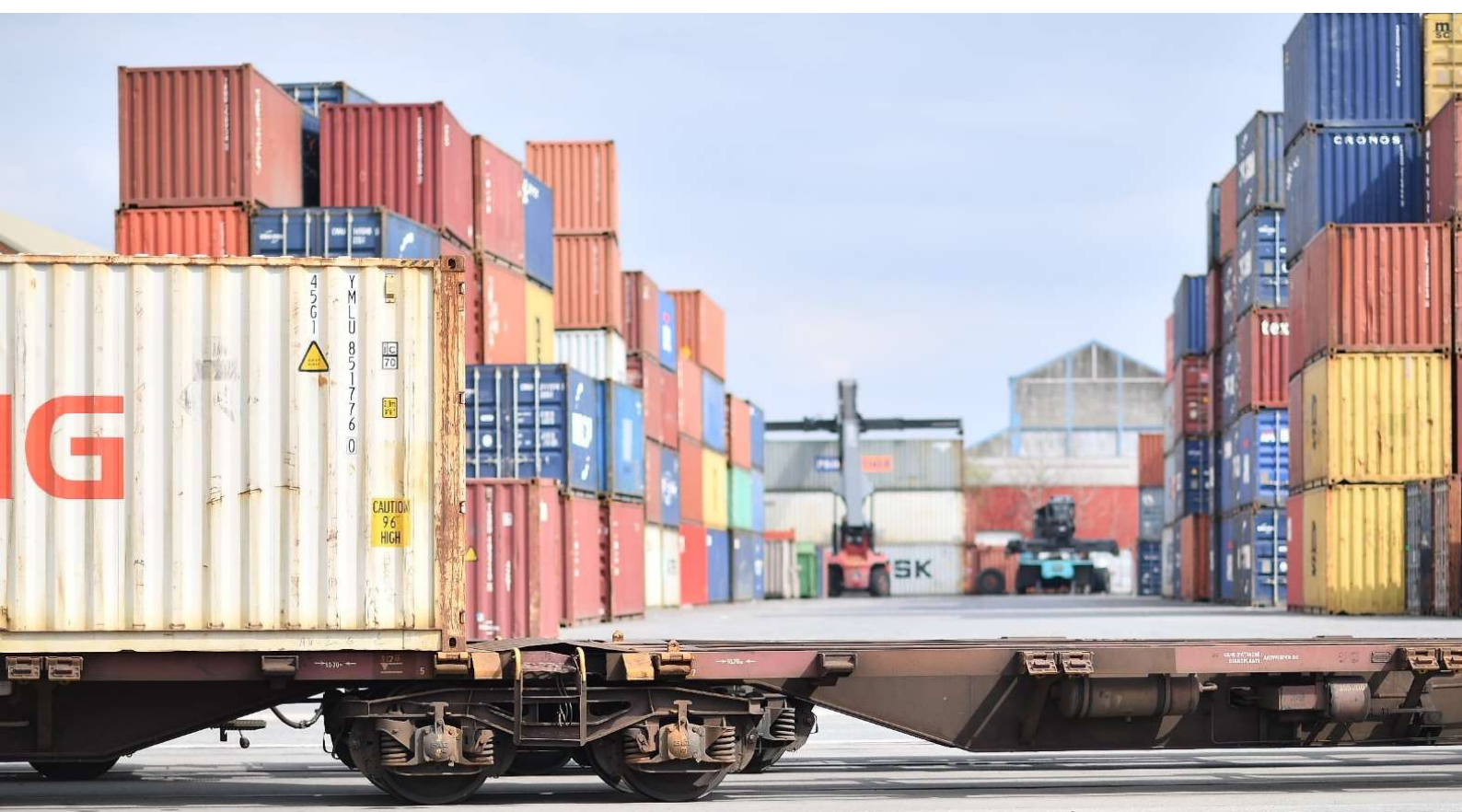


**CASH FLOW**

31.12.2019

CASH INVESTMENTS AND CASH EQUIVALENTS AT THE START OF THE FINANCIAL YEAR 200,097,671.35**OPERATIONAL ACTIVITIES**

Company result	-26,790,767.67
Non-cash items included in the company result	-2,265,112.93
Depreciation of fixed assets	681,355,810.99
Revenue recognition of investment grants	-664,524,461.79
Impairments	-5,130,062.96
Provisions for risks and charges	-6,922,283.33
Gains and losses on derecognition of fixed assets	-7,044,115.84
Gross cash flow generated by the company's operational activities	-29,055,880.60
Variation in stocks and contracts in progress	-27,513,141.30
Variation in short-term trade receivables	5,835,908.34
Variation in long-term trade receivables	57,035,001.42
Variation in receivables linked to the operating grant from the State	-20,809,723.67
Variation in other short-term receivables	683,115.83
Variation in short-term trade debts	-50,755,507.53
Variation in long-term trade debts	-33,080,213.56
Variation in other debts	-12,040,736.19
Variation in the accruals and deferrals	1,897,369.26
Variation in current account VAT	6,330,259.44
Interest income and expenses	47,666,431.79

NET CASH FLOW GENERATED BY OPERATIONAL ACTIVITIES -53,807,116.77



INVESTMENT ACTIVITIES	
Investment in intangible fixed assets	-55,537,180.53
Investment in tangible fixed assets	-887,600,734.96
Income from the sale of fixed assets	9,690,190.81
Investment in financial fixed assets	20,175,949.59
Interest received	6,140,897.81
NET CASH FLOW GENERATED BY INVESTMENT ACTIVITIES	-907,130,877.28

FINANCING ACTIVITIES	
Investment grants from the State for the funding of assets	938,348,123.46
Variation in receivables linked to the investment grant from the State	16,468,030.72
Variation in receivables linked to the RER fund	-6,240,278.01
Variation in other receivables linked to the financing of investment projects	-21,140,766.68
Variation in financial and non-financial debts	16,829,150.30
Variation in revaluation surpluses	-666,408.78
Variation in guarantee payments linked to swaps and investments directly related to financial debts	-8,612,129.68
Variation in other receivables related to hedge positions	-466,645.87
Interest paid	-53,807,329.60

NET CASH FLOW GENERATED BY FINANCING ACTIVITIES	880,711,745.86
Effect of exchange rate fluctuations	3,356.07

CASH INVESTMENTS AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	119,874,779.23
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9. SHAREHOLDERS' EQUITY

The shareholders' equity amounts to € 17,544,956,954.25 and can be summarised as follows:

Issued capital	770,080,391.67
Uncalled capital	0.00
Share premium	299,317,752.80
Revaluation surpluses	55,647,763.54
Reserves	17,170,597.69
Result carried forward	-63,852,026.67
Investment grants	16,466,592,475.22
TOTAL	17,544,956,954.25

On December 31, 2019, the share capital of Infrabel is represented by 53,080,660 shares with voting right, without nominal value, representing each 1/53,080,660 part of the share capital. All shares are fully paid.

The increase in investment grants compared with the previous financial year, relates to new investment grants received for different investment projects financed by the State, the European Union, the provinces, etc.





10. PROVISIONS AND DEFERRED TAXES

To cover all known significant liabilities and obligations, Infrabel provisions in the balance sheet totalling € 345,963,088.28. The provisions refer to:

Pensions and similar obligations	195,824,369.01
Environmental liabilities	31,707,774.60
Financial instruments	21,383,613.17
Deferred leave	42,210,648.36
Legal disputes	41,057,187.90
Tax dispute	6,964,119.72
Seniority leave and seniority premiums	6,755,416.87
Other risks and costs	59,958.65

TOTAL

345,963,088.28

The provisions for pensions and similar obligations as well as the provisions for seniority leave and seniority premiums, which are valued according to the IAS 19 standard for employee benefits, are calculated actuarially and individually.

Provisions for environmental liabilities relate to provisions for the sanitation of historical soil pollution.

The provision for legal disputes is linked to a number of pending legal cases for which the risk of compensation is higher than 50 %.

Since 2017, compensatory and normal deferred leave are no longer recognised as "Provisions", but as "Accrued charges".

Provisions for financial instruments are linked to the debts transferred to Infrabel following the reform of the SNCB Group.

Following a tax control at HR Rail in 2015, Infrabel has partially repaid the income related to certain exemptions from payroll withholding tax included in the payroll withholding tax declaration of 2013. Out of prudence, a provision has been recorded for the tax years 2014 and 2015. As from 2016, Infrabel applies the most stringent tax interpretation for these exemptions from payroll withholding tax. A provision for the tax year 2016 is therefore no longer necessary. From 2017, the recovery plan mechanism no longer applies to Infrabel. On December 31, 2019, the provision related to fiscal year 2014 was cancelled since the limitation period was reached.





11. ACCOUNTS PAYABLE AFTER MORE THAN ONE YEAR

Long-term debts amount to € 2,885,688,689.86 and can be broken down as follows:

Unsubordinated debentures	1,219,585,004.27
Financial debts with credit institutions	110,000,000.00
Other financial debts	514,625,864.51
Trade payables	998,494,796.53
Other debts	42,983,024.55

TOTAL	2,885,688,689.86
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Following the allocation of the historical debt as part of the reform of the SNCB Group, Infrabel was allotted:

- unsubordinated debentures (Euro Medium Term Notes and private placements),
- financial debts with credit institutions,
- other unsecured financial debts,
- other debts related to currency swaps.

The other debts also contain a long-term deposit in several installments of HR Rail with Infrabel for an amount of € 15,000,000.00.

Trade payables consist of the debt related to the public-private partnership Liefkenshoek rail link for € 631,328,151.26, the debt related to the PPP Diabolo for € 363,147,840.32 and the debt related to the construction of new assembly halls in the Bascoup workshop for an amount of € 4,018,804.95.

12. ACCOUNTS PAYABLE WITHIN ONE YEAR

Short-term debts amount to € 815,021,399.90 and can be broken down as follows:

Long-term debts due within the year	42,967,625.56
Financial debts	277,537,109.45
Trade payables	489,795,104.52
Advance payments received	1,324,334.65
Taxes, remuneration and social security	30,342.66
Other debts	3,366,883.06

TOTAL	815,021,399.90
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“Long term debts due within the year” consist of the short-term part of unsubordinated bonds, the financial debts with credit institutions and of the long-term commercial debts.

The “financial debts” are the result of the deposits of Infrabel’s subsidiaries at Infrabel through the cash pooling.

“Trade payables” consist of supplier invoices, invoices to be received and credit notes to be issued to customers.



INCOME STATEMENT 2019





1. DETAILED INCOME STATEMENT (IN €)

INCOME STATEMENT ((in comparison to the previous financial year)	Year to date 31.12.2018	Year to date 31.12.2019	Variation
I. Operating revenues	1,441,779,305.04	1,452,937,582.30	11,158,277.26
A. Turnover	1,101,019,319.46	1,088,384,257.34	-12,635,062.12
Sales and services	1,101,019,319.46	1,088,384,257.34	-12,635,062.12
Infrastructure fee	760,261,273.20	781,173,628.99	20,912,355.79
State funding	107,878,983.40	101,696,360.93	-6,182,622.47
Energy for traction and buildings	116,516,093.76	112,481,202.60	-4,034,891.16
Investments for third parties	48,004,968.98	17,542,894.06	-30,462,074.92
Other	68,358,000.12	75,490,170.76	7,132,170.64
Awarded discounts, returns and rebates	0.00	0.00	0.00
B. Variation in work in progress. finished products and contracts in progress (increase+, decrease-)	-5,909,587.56	-2,844,588.24	3,064,999.32
C. Produced fixed assets	334,437,990.44	336,725,787.07	2,287,796.63
D. Other operating income	5,193,872.70	11,336,831.15	6,142,958.45
E. Non-recurring operating income	7,037,710.00	19,335,294.98	12,297,584.98
II. Operating costs	2,109,112,414.35	2,106,642,022.08	-2,470,392.27
A. Raw materials and consumables	219,762,511.21	213,886,152.46	-5,876,358.75
1. Purchases	214,775,668.84	244,243,882.00	29,468,213.16
2. Variation in stocks (increase-,decrease+)	4,986,842.37	-30,357,729.54	-35,344,571.91
B. Services and other goods	1,186,079,620.20	1,202,482,388.22	16,402,768.02
Payroll charges	692,201,038.69	692,944,072.52	743,033.83
Other	493,878,581.51	509,538,315.70	15,659,734.19
C. Remuneration, social security costs and pensions	0.00	0.00	0.00
D. Depreciation and impairments on formation expenses. tangible and intangible fixed assets	696,712,276.77	681,355,810.99	-15,356,465.78
E. Impairments on stocks, contracts in progress and trade receivables (increase+, decrease-)	-2,314,492.96	-3,811,476.20	-1,496,983.24
F. Provisions for liabilities and charges (increase+.decrease-)	-5,360,897.70	8,579,147.27	13,940,044.97
G. Other operating costs	2,953,848.24	2,501,576.72	-452,271.52
I. Non-recurring operating costs	11,279,548.59	1,648,422.62	-9,631,125.97
III. Operating result	-667,333,109.31	-653,704,439.78	13,628,669.53




INCOME STATEMENT (in comparison to the previous financial year)

Year to date
31.12.2018
Year to date
31.12.2019
Variation

IV. Financial income	764,386,373.99	742,834,161.47	-21,552,212.52
A. Income from financial fixed assets	3,760,138.67	1,471,882.76	-2,288,255.91
B. Income from current assets	32,225,623.56	33,980,948.50	1,755,324.94
C. Other financial income	728,400,611.76	707,376,614.73	-21,023,997.03
D. Non-recurring financial income	0.00	4,715.48	4,715.48
V. Financial cost	60,634,323.76	115,920,489.36	55,286,165.60
A. Debt costs	122,869,812.78	122,182,072.89	-687,739.89
B. Impairments on current assets other than those referred to in II.E. (increase+.decrease-)	-7,745,091.90	-1,397,196.73	6,347,895.17
C. Other financial costs	-55,262,362.78	-7,075,479.94	48,186,882.84
D. Non-recurring financial costs	771,965.66	2,211,093.14	1,439,127.48
IX. Profit (loss) of the financial year before taxes	36,418,940.92	-26,790,767.67	-63,209,708.59





2. NOTES TO THE INCOME STATEMENT

1. TURNOVER

Total turnover amounts to € 1,088,384,257.34 and can be presented as follows:

Amounts in €	
I. Operating revenues	
A. Turnover	1,088,384,257.34
Infrastructure fee	781,173,628.99
State funding	101,696,360.93
Energy for traction and buildings	112,481,202.60
ICT services	34,320,287.72
Investments for third parties	17,542,894.06
Other services provided	15,354,680.02
Scrap sales	9,343,344.64
Maintenance and modification of railway installations	8,399,721.29
Contractual fees	8,072,137.09

The infrastructure fee obtained from railway operators represents € 781.17 million or 72% of the turnover.

Infrabel receives a fee from the various railway operators calculated per train kilometre for use of the Belgian railway infrastructure, both for national and international passenger transport and for freight transport.

To finance its operating costs, the company also obtained state funding for € 101.70 million, which is 9 % of the turnover.

Infrabel purchases electrical energy and then provides it to the various users. This means re invoicing for both traction energy and energy for buildings. This income amounted to € 112.48 million in 2019.

Infrabel earns also other revenues from amongst others investments for third parties, ICT services, scrap sales, contractual fees etc.

2. VARIATION IN WORK IN PROGRESS , FINISHED PRODUCTS AND CONTRACTS IN PROGRESS

Variation in work in progress, finished products and contracts in progress represent the difference between inventories and orders in progress on January 1st of the financial year and those on December 31 of the same year. This variation amounts to € -2,844,588.24 for the financial year 2019 and is subdivided as follows:

Amounts in €	
I. Operating revenues	
B. Variation in work in progress, finished products and contracts in progress	-2,844,588.24
Work in progress	985,193.80
Finished products	-3,398,589.60
Contracts in progress	-431,192.44





3. PRODUCED FIXED ASSETS

Infrabel has its own resources that it may use to construct tangible and intangible fixed assets, within the framework of its economic activities. These sustainable assets, investments made using internal resources, are referred to as “produced fixed assets”.

The charges for works carried out under the entity’s own management are neutralised by posting a corresponding income, while the investments realised are put on the balance sheet.

The produced fixed assets amount to € 336,725,787.07 in 2019.

4. OTHER OPERATING INCOME

The other operating income on December 31, 2019 amounts to € 11,336,831.15 and can be broken down as follows:

Amounts in €	
I. Operating revenues	
D. Other operating income	11,336,831.15
Fines invoiced to contractors	1,177,802.90
Costs recovered from third parties	4,049,269.55
Other income	6,109,758.70

From 2019, the withholding amount relating to the holiday pay is recorded as a reduction in personnel costs.

5. NON-RECURRING OPERATING INCOME

The non-recurring operating income amounts to € 19,335,294.98 on December 31, 2019 and can be presented as follows:

Amounts in €	
I. Operating revenues	
E. Non-recurring operating income	19,335,294.98
Gain on disposal of fixed assets	8,654,550.21
Fixed assets inventory adjustments	2,207,026.64
Other non-recurring operating income	8,473,718.13

The part of the provision which had been made for the tax dispute relating to the Economic Recovery Plan and that was related to fiscal year 2014, was reversed for an amount of € 8,473,718.13 as its limitation period was reached in 2019.





6. RAW MATERIALS AND CONSUMABLES

The costs related to raw materials and consumables amount to € 213.89 million and include € 151.97 million for specific consumables and supplies for the railroad.

Amounts in €	
II. Operating costs	
A. Raw materials and consumables	213,886,152.46
1. Purchases	244,243,882.00
Signalling equipment	51,560,444.87
Rails	27,503,704.81
Sleepers	22,046,053.08
Ballast	11,621,633.77
Track accessories	8,622,243.57
Points	11,440,716.35
Catenaries	13,012,824.20
Substation equipment and power distribution	14,188,569.94
Other railway equipment	17,653,177.77
Telecommunication items	18,559,664.82
Other supply items	48,034,848.82
2. Variation in stocks	-30,357,729.54
Variation in stocks of specific railroad items	-25,675,349.85
Variation in stocks of other items	-4,682,379.69

7. SERVICES AND OTHER GOODS

Services and other goods amount to € 1,202.48 million, including € 692.94 million related to payroll charges.

Amounts in €	
II. Operating costs	
B. Services and other goods	1,202,482,388.22
Payroll charges	692,944,072.52
Other payroll charges	20,912,289.80
Infrastructure maintenance	144,609,081.12
Energy for traction and buildings	91,643,450.46
Rent of movable and immovable properties	52,897,064.91
Network fees	34,068,511.39
Cost of technical controls, industrial processes and transport	28,928,281.59
Investments for third parties	18,694,134.37
Other services	117,785,502.06

Because the entire staff is seconded by HR Rail, playing the role of legal employer, personnel expenses are treated as services and other goods.

Infrabel buys electrical energy for its own use and for other users. Only Infrabel's part has an impact on the profit and loss account. These purchases include both traction energy and energy for buildings. These purchases amount to € 91.64 million.





8. DEPRECIATION, IMPAIRMENTS AND PROVISIONS FOR LIABILITIES AND CHARGES

Depreciation is posted on a monthly basis and commences on the first day of the month following the month in which the fixed asset can be commissioned, in accordance with the approved valuation rules.

Depreciation of tangible and intangible fixed assets is largely compensated by the depreciation of the corresponding investment grants. The latter are accounted for as financial income.

The cost of € 8.6 million for the provisions for liabilities and charges is mainly the result of revaluations of personnel-related provisions due to lower interest rates.

Amounts in €	
II. Operating costs	
D. Depreciation and impairments on formation expenses, tangible and intangible fixed assets	681,355,810.99
Formation expenses	0.00
Concession right	13,737,373.74
Other intangible fixed assets (mainly software)	41,019,625.19
Tangible fixed assets	626,598,812.06
E. Impairments on stocks, contracts in progress and trade receivables	-3,811,476.20
F. Provisions for liabilities and charges	8,579,147.27

9. OTHER OPERATING COSTS

Other operating costs amount to € 2,501,576.72 detailed as follows:

Amounts in €	
II. Operating costs	
G. Other operating costs	2,501,576.72
Taxes	2,035,769.66
Losses on the realisation of trade receivables	163,067.27
Various	302,739.79

10. NON-RECURRING OPERATING COSTS

Non-recurring operating costs amount to € 1,648,422.62, detailed as follows and concern, on the one hand, the losses on disposal of fixed assets. It concerns, on the other hand, the update of provisions for liabilities and charges relating to the tax dispute, details of which are given in section 3.10 Provisions and deferred taxes on page 17:

Amounts in €	
II. Operating costs	
I. Non-recurring operating costs	1,648,422.62
Provisions for non-recurring liabilities and charges	405,652.69
Loss on disposal of fixed assets	1,242,769.93





11. FINANCIAL INCOME

The financial income amounts to € 742.83 million and mainly results from depreciation on the investment grants (€ 666.74 million) and from interest grants (€ 40.27 million). Furthermore, an amount of € 33.98 million comes from the interests on investments. An amount of € 1.47 million is generated by the financial assets, particularly interest income on loans to the SPVs and on the cash pooling.

Amounts in €	
IV. Financial income	742,834,161.47
A. Income from financial fixed assets	1,471,882.76
B. Income from current assets	33,980,948.50
C. Investment and interest grants	707,002,129.57
D. Other financial income	374,485.16
E. Non-recurring financial income	4,715.48

12. FINANCIAL COSTS

The financial costs amount to € 115.92 million and can mainly be explained by the interest charges on the debts (€ 122.18 million). The negative charge under "Other financial costs" is mainly due to a reversal of provision for financial instruments. Non-recurring financial costs relate to adjustments to the fixed assets inventory, which are fully offset by a corresponding income, which is included in non-recurring operating income.

Amounts in €	
V. Financial costs	115,920,489.36
A. Debt costs	122,182,072.89
B. Impairments on current assets	-1,397,196.73
C. Other financial costs	-7,075,479.94
D. Non-recurring financial costs	2,211,093.14



NOTES TO THE ANNUAL ACCOUNTS





1. STATEMENT OF INTANGIBLE FIXED ASSETS

Amounts in €	Concessions, patents, licenses, ...
A. Acquisition value	
At the end of the previous financial year	1,786,552,300.59
Movements during the financial year :	
Acquisitions, including produced fixed assets	55,595,027.50
Sales and disposals	-9,373,881.17
Transfer from one heading to another	-36,277.89
Situation at the end of the financial year	1,832,737,169.03
C. Depreciation and impairments	
At the end of the previous financial year	432,451,941.69
Movements during the financial year :	
Recorded	54,756,998.93
Write-backs	
Acquisitions from third parties	57,846.97
Sales and disposals	-9,373,881.17
Transfer from one heading to another	
Situation at the end of the financial year	477,892,906.42
D. Net book value at the end of the financial year	1,354,844,262.61





2. STATEMENT OF TANGIBLE FIXED ASSETS

Amounts in €	Land and buildings	Plant, machinery and equipment	Furniture and vehicles
A. Acquisition value			
At the end of the previous financial year	7,530,691,255.07	15,387,670,921.62	175,900,036.65
Movements during the financial year :			
Acquisitions, including produced fixed assets	63,024,007.54	154,730,193.53	1,815,181.81
Sales and disposals	-4,462,834.36	-204,071,226.98	-6,492,577.41
Transfer from one heading to another	161,736,723.25	603,315,262.87	7,414,983.23
Situation at the end of the financial year	7,750,989,151.50	15,941,645,151.04	178,637,624.28
B. Revaluation surpluses			
At the end of the previous financial year	1,168,054,937.53		
Movements during the financial year :			
Recorded			
Acquisitions from third parties			
Write-backs	-666,408.78		
Transfer from one heading to another			
Situation at the end of the financial year	1,167,388,528.75		
C. Depreciation and impairments			
At the end of the previous financial year	1,272,979,609.00	6,872,857,528.10	106,409,236.24
Movements during the financial year :			
Recorded	108,846,279.98	503,045,830.44	7,246,464.67
Acquisitions from third parties	8,465,213.08	647,927.46	10,059.67
Write-backs			
Sales and disposals	-3,533,722.90	-203,106,946.24	-6,407,479.87
Transfer from one heading to another	357,272.82	-195,844.50	16,046.42
Situation at the end of the financial year	1,387,114,651.98	7,173,248,495.26	107,274,327.13
D. Net book value at the end of the financial year	7,531,263,028.27	8,768,396,655.78	71,363,297.15





Amounts in €	Leasing and similar rights	Other tangible fixed assets	Assets under construction and advance payments
A. Acquisition value			
At the end of the previous financial year	0.00	146,741,591.37	2,065,960,341.42
Movements during the financial year :			
Acquisitions, including produced fixed assets		359,730.67	676,427,157.18
Sales and disposals		-9,939,522.34	
Transfer from one heading to another		-232,797.19	-772,197,894.27
Situation at the end of the financial year	0.00	136,929,002.51	1,970,189,604.33
B. Revaluation surpluses			
At the end of the previous financial year	0.00	0.00	
Movements during the financial year :			
Recorded			
Acquisitions from third parties			
Write-backs			
Sales and disposals			
Situation at the end of the financial year	0.00	0.00	
C. Depreciation and impairments			
At the end of the previous financial year	0.00	109,824,579.43	
Movements during the financial year :			
Recorded		7,093,748.98	
Acquisitions from third parties			
Write-backs			
Sales and disposals		-9,939,522.34	
Transfer from one heading to another		-177,474.74	
Situation at the end of the financial year	0.00	106,801,331.33	
D. Net book value at the end of the financial year	0.00	30,127,671.18	1,970,189,604.33





3. STATEMENT OF FINANCIAL FIXED ASSETS

Amounts in €	Affiliated companies	Companies linked by a shareholding interest	Other companies
1. Shareholding interests			
A. Acquisition value			
At the end of the previous financial year	31,865,690.03	10,991,955.00	10,000.00
Movements during the financial year :			
Acquisitions			
Sales and disposals	-10,500,000.00		
Situation at the end of the financial year	21,365,690.03	10,991,955.00	10,000.00
C. Impairments			
At the end of the previous financial year	0.00	0.00	10,000.00
Movements during the financial year :			
Recorded			
Write-backs			-4,715.48
Situation at the end of the financial year	0.00	0.00	5,284.52
D. Uncalled amounts			
At the end of the previous financial year			
Movements during the financial year			
Situation at the end of the financial year			
Net book value at the end of the financial year	21,365,690.03	10,991,955.00	4,715.48
2. Accounts receivable			
Net book value at the end of the previous financial year	12,023,943.77		27,760.47
Movements during the financial year :			
Additions	9,697,663.29		2,785.00
Reimbursements	-19,372,887.88		-3,510.00
Transfer to short-term receivables			
Net book value at the end of the financial year	2,348,719.18	0.00	27,035.47

4. CASH INVESTMENTS AND OTHER DEPOSITS

Amounts in €	
Fixed income securities	149,946,338.17
With a residual maturity of more than one year	149,946,338.17
Fixed term deposits with credit institutions	352,009,227.35
With a residual maturity up to one year	7,954,736.77
With a residual maturity of more than one year	344,054,490.58





5. DEFERRED CHARGES AND ACCRUED INCOME

Amounts in €	
Deferred charges	442,921,507.15
Charges related to PPP Diabolo	430,222,525.84
Software licences	4,970,489.42
Rents for buildings	2,509,273.92
Other deferred costs	5,219,217.97
Accrued income	25,138,509.97
Accrued unmaturred interests on cash investments and swaps	25,121,128.83
Other accrued income	17,381.14

6. STATEMENT OF CAPITAL

	Amounts in €	Number of shares
A. Capital		
1. Issued capital		
At the end of the previous financial year	770,080,391.67	53,080,660
Changes during the financial year		
At the end of the financial year	770,080,391.67	53,080,660
2. Structure of the capital		
2.1. Categories of shares		
Registered shares without par value	770,080,391.67	53,080,660
B. Unpaid capital		
1. Uncalled capital	0.00	

7. ACCRUED CHARGES AND DEFERRED INCOME

Amounts in €	
Accrued charges	149,948,078.67
Holiday pay and staff bonus	86,588,891.75
Accrued unmaturred interests on financial debts and swaps	63,179,942.77
Various expenses	179,244.15
Deferred income	654,779,498.96
Income related to PPP Diabolo as a result of the receivable from the State	445,417,232.06
Infrastructure fee	124,519,978.98
Income related to other receivables from the State	62,253,424.69
Other deferred income	22,588,863.23





8. OFF-BALANCE SHEET RIGHTS AND COMMITMENTS

Amounts in €	
Personal guarantees given or irrevocably promised by the enterprise as security for debts and commitments of third parties	43,044,470.51
Substantial commitments to acquire fixed assets	
Investments in railway infrastructure	1,315,368,012.53
Forward transactions	
Currencies purchased	139,008,531.39
Currencies sold	139,008,531.39
Important legal disputes and other important commitments	
Purchase of materials and delivery of services	422,048,579.93
Interest rate swaps (paying leg)	479,280,103.60
Nature and business purpose of off -balance sheet arrangements	
Guarantees given by third parties on behalf of the company	352,073,167.61
Rights related to customer contracts	22,446,872.23
Rights related to legal disputes	4,122,598.49
Interest rate swaps (receiving leg)	455,920,000.00
Securities held for third parties	526,563.32
Granted credit line	10,000,000.00
Other rights and commitments not reflected in the balance sheet	
Rights and commitments resulting from the Royal Decree of 11 December 2013 concerning the reform of the structures of the SNCB Holding, Infrabel and the SNCB :	
1. SNCB holds for free a perpetual easement on the platforms, ... to achieve its public service missions,	
2. Infrabel holds for free a perpetual easement on SNCB's stations and properties needed to execute Infrabel's public service missions.	





9. RELATIONS WITH AFFILIATED COMPANIES AND COMPANIES LINKED BY SHAREHOLDING INTERESTS

Amounts in €	2018	2019
Affiliated companies		
1. Financial fixed assets	43,889,633.80	23,714,409.21
Investments	31,865,690.03	21,365,690.03
Accounts receivable : others	12,023,943.77	2,348,719.18
2. Accounts receivable	22,704,429.28	17,177,377.68
After more than one year	0.00	0.00
Within one year	22,704,429.28	17,177,377.68
3. Cash investments	0.00	0.00
Accounts receivable	0.00	0.00
4. Accounts payable	170,551,127.38	144,153,782.43
After more than one year	0.00	0,00
Within one year	170,551,127.38	144,153,782.43
7. Financial results	3,945,647.64	1,547,394.73
Income from financial fixed assets	3,409,042.09	1,146,906.36
Income from current assets	0.00	0.00
Other financial income	151,226.52	2.69
Debt costs	379,541.88	381,418.61
Other financial costs	5,837.15	19,067.07
Companies linked by shareholding interests		
1. Financial fixed assets	10,991,955.00	10,991,955.00
Investments	10,991,955.00	10,991,955.00
2. Accounts receivable	3,984,654.61	4,981,573.13
After more than one year	0.00	0.00
Within one year	3,984,654.61	4,981,573.13
4. Accounts payable	109,655,588.57	109,887,703.27
After more than one year	0.00	0.00
Within one year	109,655,588.57	109,887,703.27





VALUATION RULES 2019

The valuation rules applied at the closing of the annual financial statements as at 31 December 2019 were approved by the Board of Directors on 17/12/2018.

There were no changes in the valuation rules in 2019.

These valuation rules have been prepared in compliance with the legal provisions in force in Belgium, and more particularly those resulting from the Code de Droit Economique [Code of Economic Law] and the Royal Decree of 30 January 2001, amended by the Royal Decree of 18 December 2015, implementing the Code des Sociétés [Companies Code].

Where appropriate, when legislation or accounting practice does not provide any guidance on accounting for extraordinary transactions, the accounting texts used are done so in accordance with the provisions of article 24 of the Royal Decree of 30 January 2001, and, if possible, using the notices issued by the Commission des Normes Comptables [Accounting Standards Commission] or the requirements of the IAS/IFRS international accounting rules.

The valuation rules have been aligned as much as possible with IAS/IFRS.

The main valuation rules are the following:





1. FORMATION EXPENSES

Formation expenses are charged to the financial year during which they are incurred. Formation expenses cannot be capitalised.

2. INTANGIBLE FIXED ASSETS

This heading includes identifiable, non-monetary assets with no physical substance, held with a view to their use for the production or supply of goods or services, for leasing to third parties or for administrative purposes.

Intangible assets can however only be posted as assets if they are likely to have a future economic use that contributes to the functioning of the company and if the cost of the asset can be reliably valued.

Intangible assets are valued according to the cost model, i.e. at their initial cost after deduction of accumulated depreciation and any accumulated impairment losses.

The initial cost for intangible assets:

- acquired separately includes, in addition to the purchase price, additional costs such as non-recoverable taxes and transport costs;
- internally generated equals the sum of the costs incurred from the date at which the assets met the criteria for recognition under IAS 38 for the first time, namely from the time when the Company can demonstrate (1) the technical feasibility of the project, (2) its intention to sell or use the asset, (3) how the asset will generate future economic benefits, (4) the existence of adequate resources to complete the project and (5) that these costs can be reliably measured. These costs incorporate both direct costs and the running costs of operational services (Infrastructure areas, districts and workshops).

With regard to software programs developed in-house, only the development costs are capitalised, while research costs are charged directly to the net result. Development costs only relate to: (a) programming and description of the concept and the introduction of controls, (b) examination of the operational reliability of the programmed concept and review of the effectiveness of the controls introduced, and (c) further but fundamental adaptation of the program in order to change or extend the application.

Intangible assets are depreciated on a straight-line basis over their probable useful life. The concession right is amortised over the duration of the right as set out in the A.R. [Royal Decree] of 14 June 2004. Licences are depreciated over the duration of the contract. The depreciation periods applied are as follows:

Categories	Depreciation periods
Concession right	99 years
Software	3 to 10 years
Software in development	Not depreciated
Licences	Contract duration





3. TANGIBLE FIXED ASSETS

This heading includes tangible assets which are held by the company, either to be used in the production or supply of goods or services, or to be leased to third parties, or for administrative purposes, and which are expected to be used over more than one financial year.

Tangible fixed assets are valued according to the cost model, i.e. at their initial cost after deduction of accumulated depreciation and any accumulated impairment losses.

The initial cost includes:

- the costs directly attributable to the purchase transaction;
- the costs directly attributable to the transfer of the asset to its place of use and to put them in the condition required to be used as intended by the Company.

The cost therefore excludes the costs inherent in the study phase incurred in connection with tangible fixed asset construction projects, management costs, overheads related to non-operational services (i.e. excluding Infrastructure areas, districts and workshops), staff training costs and HR management costs.

The initial cost of tangible fixed assets generated internally is equal to the sum of the costs incurred from the date on which the assets have met the criteria for recognition under IAS 16 for the first time, i.e. if it is probable that associated future economic benefits will flow to the Company and that the cost of the asset can be reliably valued.

For industrial buildings, the rail infrastructure (tracks, certain engineering structures, level crossings, signalling, lighting, LHPP installations, electrical traction installations) and sundry installations and equipment, the acquisition value of the tangible fixed assets is broken down into its various components with different periods of use, and each component is depreciated over its specific useful life.

With the exception of land, tangible fixed assets are depreciated over their probable useful life, using the straight-line method. The amount to be depreciated corresponds to the acquisition cost reduced by its residual value, provided the latter can be determined reliably. The depreciation periods applied are as follows:

Tangible fixed assets	Depreciation periods
Land	N/A
Buildings :	
Main structure	50 to 60 years
Roof	15 to 30 years
Technical components	10 to 20 years
Small constructions	15 years
Furnishing of rented buildings	15 years or term of contract when shorter
Tracks :	
Superstructure	25 to 50 years
Substructure	100 years
Railway equipment, weighbridges, ...	10 to 50 years
Level crossings	10 to 30 years
Civil engineering structures	10 to 120 years
Signalling	4 to 35 years
Traction sub-stations	10 to 50 years
Power Distribution	7 to 30 years





Catenaries	20 to 80 years
Rolling stock	6 to 40 years
Telecom	4 to 50 years
Equipment and various installations	4 to 40 years
Land- and station equipment	20 to 30 years
Artworks and museum collection	Not depreciated

For tangible fixed assets acquired by leasing or similar rights, the means of financing may not influence the book value of these fixed assets. Such fixed assets are recognised at the start of the contract at their fair value or, if lower, at the discounted value of the minimum lease payments.

Disused fixed assets or those which have ceased to be sustainably employed in the company's business are, if appropriate, subject to additional depreciation in order to align their valuation with their probable realisation value.

The fixed assets (or a group of fixed assets) must be classified as held for sale if their book value is recovered mainly by means of a sales transaction rather than by continuous use. In other words, this means that the fixed asset is available for immediate sale in its current state and that the sale is highly probable.

The assets acquired through a specific contract, are depreciated according to the useful life which is at least equal to the contract period. The underlying assets which are part of the specific contract, and for which the useful life is longer than the contract period, are depreciated over their normal useful life.

Land held for sale is valued according to the revaluation model, i.e. at its fair value at the date of revaluation less the costs to sell, minus potential impairments. The revaluation is performed on a regular basis to ensure that the book value does not become significantly different from the fair value at closing date. When this land meets the IFRS 5 requirements for « Assets held for sale », it is classified in this category.

In 2013 Infrabel decided to revalue certain land as part of restructuring the SNCB Group. To determine the potential of the revaluation, the recoverable value from the revalued assets was calculated on the basis of future cash flows. This calculation was carried out using the best available forecasts with regards to future cash flows, interest rates, inflation, etc. Given that all the land Infrabel owns can be regarded as required to its mission of public service as the Rail Infrastructure Manager, the sites were revalued at their «Depreciated Replacement Cost» ('DRC'), as determined by an external expert. Each year, an impairment test is performed.

4. FINANCIAL FIXED ASSETS

This heading includes (a) shareholdings, regardless of the relative significance, in other companies, where the aim is to perpetuate or support their operations, (b) shares and interests that do not constitute a shareholding, when such holding seeks, through the establishment of a sustainable and specific link with the companies concerned, to contribute to Infrabel's own activity, (c) receivables made available long term to sustainably support the activity of those companies and (d) cash bonds paid as permanent guarantees.

Financial fixed assets are recorded at their acquisition value, less any impairment losses.

Expenses incidental to their acquisition are recorded directly as costs.

Financial fixed assets represented by receivables are valued at their nominal value, applying the conversion rate at acquisition if the amount is stipulated in foreign currency.

In accordance with the stipulations of standard IAS 36, financial fixed assets are subject, at least once a year, to an impairment test.

If the impairment test shows that the recoverable amount of the financial fixed asset concerned is lower than its book value, the holding or the shares held are subject to an impairment loss.

On the basis of this impairment test and on the basis of the other information made available to the management, an allocation or write-back to the impairment losses must be recorded.





Financial fixed assets represented by receivables are subject to impairment if their repayment on the due date is wholly or partly uncertain or compromised.

5. ACCOUNTS RECEIVABLE AFTER MORE THAN ONE YEAR

This heading includes receivables with a contractual term of more than one year.

Receivables are valued at their nominal value, except for receivables in the form of fixed-income securities which are valued at their acquisition value. They are adjusted, where appropriate, for impairment.

When a long-term receivable is non-interest-bearing or yields abnormally low interest, it is subject to discounting intended to record it at its current value, in any event if the effect of the discounting is significant. This discounting is posted in the accrued charges.

Receivables are subject to impairment according to the dispositions of IFRS 9. In accordance with this standard, a write-down for expected credit losses must be calculated during the term of the receivable. The calculation must be based on an accurate estimation of the probability of default and the loss given default.

6. STOCKS AND CONTRACTS IN PROGRESS

The heading 'stocks' includes assets (a) held for sale, (b) in the course of production, including materials or raw materials and supplies already incorporated into the production process, (c) in the form of raw materials or supplies to be consumed in the production or supply of services process.

The heading "contracts in progress" includes works being executed, products in the course of being manufactured and services in the course of being performed, carried out on behalf of a third party pursuant to an order.

Stocks are valued at the lower of acquisition cost or net realisable value.

The acquisition price of fungible stocks is determined by applying the weighted average price method.

The cost of stocks includes all the acquisition and processing costs, plus the other costs incurred in transporting the stocks to their present place and in their present condition.

Stock processing costs include the costs directly linked to the units produced, such as direct labour. They also include the routine allocation of fixed or variable production overheads which are incurred in processing the raw materials into finished products.

Work in progress and contracts in progress are valued at cost price. Financing costs are excluded from the cost price.

Certain stock articles are periodically subject to impairments following regular examination of their condition by the technical services concerned.

Ranges of stock articles with no direct link to tangible fixed assets are subject to an impairment when they do not experience any movement for at least one year. The percentage of impairment applied to the value of the articles is based on the known stock rotation rate.

Impairments are recorded on contracts in progress (a) if their cost price, plus the estimated amount of related costs still to be incurred, exceeds, according to the circumstances, their net selling price on the closing date or the cost price set out in the contracts, and (b) by 50% and 100% respectively if their execution date exceeds the invoicing date by 1 or 2 years.

7. ACCOUNTS RECEIVABLE WITHIN ONE YEAR

This heading includes receivables - commercial or otherwise - whose initial term is one year maximum, as well as receivables or parts of receivables whose initial term exceeded one year, but which come to term within twelve months of the end of the last financial year.

Receivables are entered on the balance sheet at their nominal value, except for those in the form of fixed-income securities which are valued at their acquisition value. They are adjusted, where appropriate, for impairment.

Receivables are subject to impairment according to the dispositions of IFRS 9. In accordance with this standard, a write-down for expected credit losses must be calculated. The calculation must be based on an accurate estimation of the probability of default and the loss given default.





8. CASH INVESTMENTS

This heading includes receivables in term deposits with credit institutions, securities acquired as cash investments that are not classified as financial fixed assets and precious metals acquired with the intention to sell them in the short or medium term.

Cash investments are valued at the lowest of acquisition value or market value.

For fixed-income securities, if there is a difference between the acquisition and redemption value, the difference is accounted for in profit and loss pro rata temporis over the remaining term of the securities, as a constituent part of the interest produced by these securities and is, as appropriate, added to or deducted from the acquisition value of the securities, the recording in profit and loss being made on a discounted basis.

For cash investments represented by shares or stocks, impairments are recorded either (a) for the difference between book value and repurchase or realisation value, or (b) for the difference between book value and market value or (c) for the difference between book value and the share in the equity of the company.

Cash investments due to be realised shortly are subject to appropriate impairments if, at the end of the financial year, the estimation of their realisation value is lower than their acquisition price.

Cash investments that are not related to alternative financing transactions, are subject to impairment according to the dispositions of IFRS 9. In accordance with this standard, a write-down for expected credit losses must be calculated. The calculation must be based on an accurate estimation of the probability of default and the loss given default.

For cash investments with very low credit risk exposure, estimations of the probability of default and the loss given default are based on a reference definition of these variables.

9. CASH AT BANK AND IN HAND

This heading includes available financial items, such as cash in hand, securities falling due for collection and credit balances at banks.

Cash at bank and in hand is recorded at its nominal value and adjusted, where appropriate, for impairment.

Cash at bank and in hand is subject to impairment according to the dispositions of IFRS 9. In accordance with this standard, a write-down for expected credit losses must be calculated. The calculation must be based on an accurate estimation of the probability of default and the loss given default.

For cash at bank and in hand with very low credit risk exposure, estimations of the probability of default and the loss given default are based on a reference definition of these variables.

10. DEFERRED CHARGES AND ACCRUED INCOME

This heading includes (1) deferred charges, i.e. pro rata charges incurred during the financial year or a previous year but which relate to one or more later years, and (2) accrued income, i.e. pro rata income which will only fall due during a subsequent financial year but which relate to a previous year.

Deferred charges and accrued income are valued at their acquisition value taking due account, for income, of its recoverability.

11. CAPITAL

The capital consists of two items, in particular the issued capital, formed by the amounts which the shareholders have agreed to contribute, and the uncalled capital, i.e. the part of which the company's management bodies have not yet claimed the payment.

Shares representing capital are valued at their nominal value.





12. REVALUATION SURPLUSES

This heading includes unrealised revaluation surpluses recorded on the net book value of tangible or financial fixed assets, to the extent that they constitute an increase in the intrinsic value of the capital invested.

Revaluation surpluses are recorded at their nominal value and apply only to positive differences between the estimation by an expert and the net book value posted under assets.

In case of future capital loss on a revalued asset, the recorded revaluation surplus is reversed for the amount not yet depreciated.

13. RESERVES

This heading includes profits of previous financial years not distributed by the Company, in a sustainable context, in accordance with legal, regulatory or corporate provisions, following a decision of the General Shareholders' Meeting.

Reserves are valued at their nominal value.

14. INVESTMENT GRANTS

This heading includes public aid, taking the form of transfers of resources to a company, the main condition of obtaining which is the purchase, construction or acquisition by any means of assets in the long term, and granted by the European Community, the Belgian State, other Belgian or foreign public authorities, or by third parties.

Investment grants are recorded at their nominal value.

Investment grants are subject to straight-line depreciation at the same rate as the tangible and intangible fixed assets which they have financed.

15. PROVISIONS AND DEFERRED TAXES

This heading includes liabilities whose due date or amount is uncertain.

Two kinds of provisions are included, firstly those provisions valued in accordance with the principles set out in Standard IAS 37, and secondly those provisions valued in accordance with the principles set out in Standard IAS 19.

1. IAS 37 PROVISIONS

Provisions valued in accordance with IAS 37 principles must be included in the balance sheet only when (a) there is a current (legal or implicit) obligation resulting from a past event, (b) it is probable that the expense will be incurred, and (c) the amount of the obligation can be reliably estimated.

When the impact of the effect of time is likely to be significant, the provision is valued on a discounted basis.

Contingencies and expenditure which are the subject of a provision are estimated, case-by-case, based on information brought to the Company's attention, while ensuring compliance with the criteria of prudence, truthfulness and good faith.

A provision must be recorded under liabilities at its gross value (= cannot be reduced by a recoverable asset).

2. IAS 19 PROVISIONS

Employee benefits are subject to provisions in line with the principles set out in Standard IAS 19. These mainly concern provisions for post-employment benefits, other long-term benefits and termination benefits.

POST-EMPLOYMENT BENEFITS

Post-employment benefits refer to employee benefits that are payable subsequent to cessation of employment.

Post-employment benefits granted to personnel can be of two types:





- "defined contributions" type: these are plans for which a contribution is paid by the Company to a distinct entity, and in respect of which the Company will have no legal or implicit obligation to pay additional contributions. These contributions are recorded as costs in the periods during which the services are rendered by the employees. When applicable, contributions paid in advance (not yet paid) are recorded under assets (liabilities) in the financial statements;
- "defined benefit" type: these are all plans other than the "defined contributions" type.

Post-employment benefits granted to employees and of the "defined benefit" type are subject to actuarial valuation. They are provided for (subject to deduction of any plan assets, i.e. any assets previously constituted to pay for the benefits) to the extent that the Company has an obligation to bear the costs, related to the services rendered by the personnel. This obligation can result from a law, a contract or "acquired rights" on the basis of established practice (implicit obligation). The actuarial method used is the "projected unit credit method".

The discount rate used is determined by reference to the market rate at the date of calculation of the bonds of leading companies and with maturity comparable to that of the commitments. The other actuarial hypotheses (mortality, salary in-crases, inflation, etc.) reflect the Company's best estimate.

OTHER LONG-TERM BENEFITS

The other long-term benefits are benefits that are not wholly due in the twelve months following the end of the financial year during which the employees rendered the corresponding services.

The amount recorded in the financial statements is equal to the present value of the obligation reduced, if appropriate, by the market value at the date of closing of the plan assets. The calculations are based on the "projected unit credit method".

TERMINATION BENEFITS

Termination benefits are benefits payable following a decision by the Company to terminate the contract of employment of one or more employees before the normal retirement date, or following the decision of the employee(s) to leave voluntarily in exchange for benefits.

For these benefits, a debt determined on an actuarial basis is recorded to the extent that an obligation exists for the Company. This debt is discounted if the benefits are payable beyond twelve months.

3. DEFERRED TAXES

No deduction for deferred taxes is recorded

16. ACCOUNTS PAYABLE AFTER MORE THAN ONE YEAR

This heading includes debts which have a contractual term exceeding one year.

Debts are entered at their nominal value.

Non-interest-yielding debts or those yielding abnormally low interest are entered as liabilities at their nominal value, but the entry is accompanied by an accrued income entry and an entry in the P&L pro rata temporis on the basis of the compound interest, of the discount calculated at the market rate.

Debts represented by fixed-income securities are valued at their acquisition value.

17. ACCOUNTS PAYABLE WITHIN ONE YEAR

This heading includes debts which have a contractual term of less than, or equal to, one year.

Debts are entered at their nominal value.

Debts represented by fixed-income securities are valued at their acquisition value.





18. ACCRUED CHARGES AND DEFERRED INCOME

This heading includes (1) accrued charges, i.e. the pro rata of charges which will only fall due during a later financial year but which relate to a previous year, and (2) deferred income, i.e. the pro rata of income received during the financial year or a previous year but which relates to one or more later years.

Accrued charges, deferred income and interest included in receivables are recorded at their nominal value.





BOARD OF AUDITORS' REPORT ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

