

# Eneco Group on track towards the new energy company

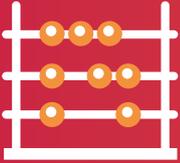
Satisfactory financial results in 2015

ROTTERDAM – ‘Welcome to the new world’ is the new motto of Eneco Group. In this new world, there is only room for sustainable energy companies that provide innovative energy services and put customers first. This is what all aspects of Eneco's strategy are aimed at. In the past year, the organisation continued its efforts aimed at achieving this ambition, with concrete results. The financial results for the past financial year were satisfactory.

Sustainability has been the central focus of Eneco's business strategy since 2007. Since then, the company has made major investments in sustainable production of electricity, heating infrastructures and smart grids. Investments in sustainable production of electricity and heating infrastructure alone totalled € 2.1 billion. Eneco's available sustainable production capacity increased from 1,680 MW at the end of 2014, to 1,919 MW (which corresponds to the electricity consumption of 1,925,000 households) on 31 December 2015. As a result of these investments, Eneco is now the most sustainable large energy company in the Netherlands.

Since 2012, Eneco also invests in the innovative Toon thermostat platform, which can be found on the walls of 225,000 living rooms in the Netherlands. The sustainable foundation of the company and the focus on innovation form the basis for Eneco's current transformation into a sustainable and future-proof energy services company. The tangible results achieved by in the organisation in the past year accelerate this transformation.





## Result development

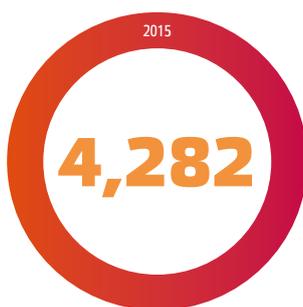
The gross margin on sales and transmission of gas, electricity and heating and related services rose by € 60 million (4%) to € 1,637 million, mainly as a result of the expansion of wind farms, the purchase of heat production assets in Utrecht, better results on trading activities and the buy-out and restructuring of energy purchase contracts. The weather also had a beneficial effect on margins. Although the final months of 2015 were extremely warm, the average temperature in 2014 was even higher and so more gas was sold in 2015. 2015 was also windier than 2014 and so we were able to generate more of our own electricity. Margins were strongly adversely affected by the further reduction in regulated tariffs for the transmission of energy, while the cost of transmission increased.

Operating expenses excluding depreciation totalled € 1,036 million. Despite the additional costs brought about by growth in our activities (including the rollout

of smart meters) and an acceleration in innovation, this was € 80 million (7%) lower than in the previous year, partly as a result of efficiency improvement programmes started at various business units in 2014 and a reduction in engineering projects for third parties. Amortisation and depreciation expense was € 495 million, an increase of € 150 million of which € 140 million was due to the reversal of impairment in 2014.

Operating profit (EBIT) came out at € 334 million, € 29 million (8%) lower than in 2014 (€ 363 million). Net financial expense fell € 26 million to € 74 million as there were fewer non-recurring items and lower interest-bearing debt. Net profit was € 208 million, € 2 million higher than the year before.

### Revenue



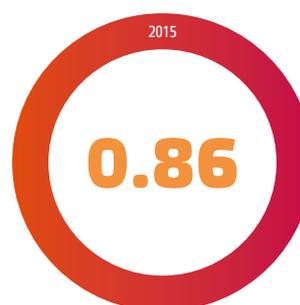
### Net profit



### EBIT



### Safety (RIF)

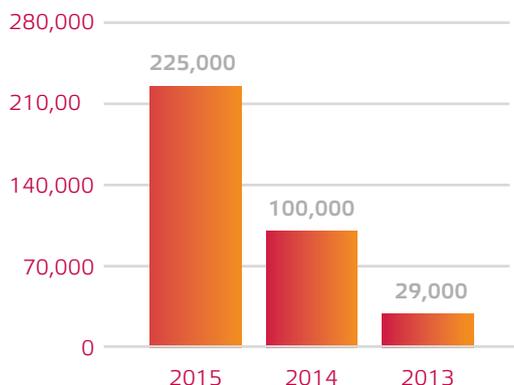




## Our innovation-oriented activities

Eneco established a new business unit last year, Eneco Innovation & Ventures (EIV), in which all innovation-oriented activities are grouped together. EIV has a budget of € 100 million available for investment start-ups, partnerships and innovative products and services in the next three years. The first results include expansion of Eneco's interest in Quby, the company that developed our intelligent Toon thermostat, to full ownership. At the same time, we started an alliance with multinational Capgemini, with the aim to integrate Capgemini's knowledge, experience and methods with respect to the development of IT solutions with our knowledge of sustainable energy and energy infrastructure. This development enables us to accelerate the international rollout of Toon and the further development of this thermostat as the platform for energy-related and other services. Our goal is to sell at least one million Toon thermostats before the end of 2017. With more than 225,000 units sold at the end of 2015, this smart thermostat is a familiar sight in a growing number of sustainability-conscious households.

### Toon thermostat sales (over the past three years)



We also collaborated with start-up Nerdalize on using computer servers to heat homes. We entered into an agreement with Tesla on supplying its PowerWall battery on the Dutch and Belgian markets and through start-up Jedlix we are now working with several car manufacturers on smarter and cheaper recharging of electric vehicles. Furthermore, we invested in the start-ups Peeeks and Sustainer Homes. Peeeks has developed a promising system for better balancing customers' usage against fluctuations in wind and solar power. Sustainer Homes converts shipping containers into self-sufficient homes, offering Eneco an ideal alliance for testing new sustainable techniques and smart domestic applications in practice.

In June, Stedin started using a new type of charging station for electric cars. These can recharge electric cars' batteries but also supply power from the battery to the grid, allowing a reserve of power to be created that can be used, for example, in the event of a brief power cut. In the past year, Eneco also joined DE Unie, a supplier of and for local sustainable energy co-operatives, to support this rapidly growing movement. Eneco also became a member of the Dutch Association Sustainable Energy (Nederlandse Vereniging Duurzame Energie, NVDE).

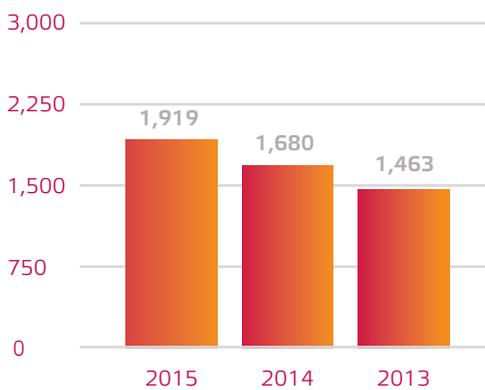


## Our production, trading and supply activities

The weather in the first ten months of 2015 was average. In contrast, November and December were exceptionally warm and, in addition, the wind was stronger than normal during those two months. On average across the year 2015 was not as warm as 2014, and it was windier. Both of these factors had a positive influence on our energy margin as in

consequence our customers' gas and heat consumption rose and more electricity was generated by our wind turbines, including by the new wind farms which came on stream in time for the windiest months. The decline in revenue was a result of factors such as lower prices to our customers and a fall in average consumption per customer as a result of savings.

### Sustainable production capacity (in MW)



Operating profit (EBIT) on our production, trading and supply activities was € 82 million, an increase of 9% compared with the previous year (2014: € 75 million).

### Windex

Average wind speed (m/s)





## Our network activities

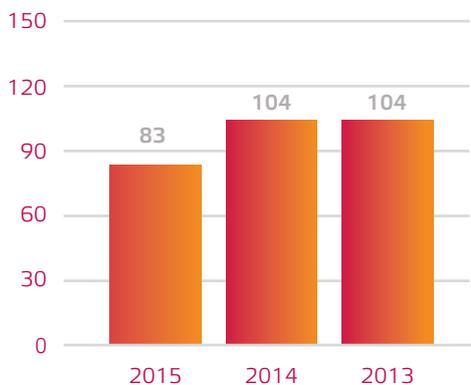
The new regulatory period for regional grid operators started in 2014 and the tariffs we are permitted to charge customers for the transmission of electricity and gas will fall each year for three years. This is reflected in the revenue from our network activities, which again fell by € 71 million (6%) compared with the previous year. In contrast, the cost of transmission rose, putting further pressure on the margin on these activities. Operating expenses fell. Our network and engineering activities were combined organisationally in 2015 in a project known as Revisie, so that we can offer our customers an even more effective and efficient service and create greater scope for investing in future-proof energy networks.

The average interruption in electricity supply was 82.8 minutes (2014: 103.9 minutes) and 97 seconds (2014: 124 seconds) in the gas network.

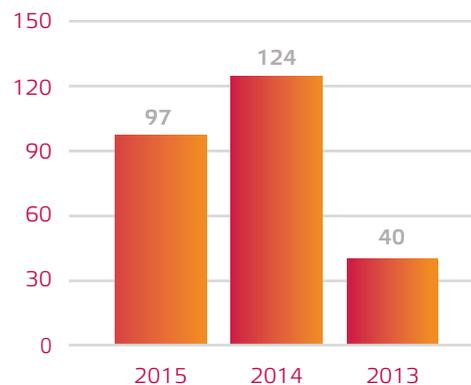
Stedin started to send out offers to customers in its grid area for the installation of smart meters on 1 January 2012. Since then, a total of 553,405 customers have received an offer. Between March 2015 and the end of the year, Stedin sent out 238,000 offers for the installation of smart meters, 80% of which has been accepted.

Operating profit (EBIT) on network and engineering activities fell from € 310 million in 2014 to € 286 million in 2015.

### Interruption duration for electricity ⚡ (in minutes)



### Interruption duration for gas 🔥 (in seconds)





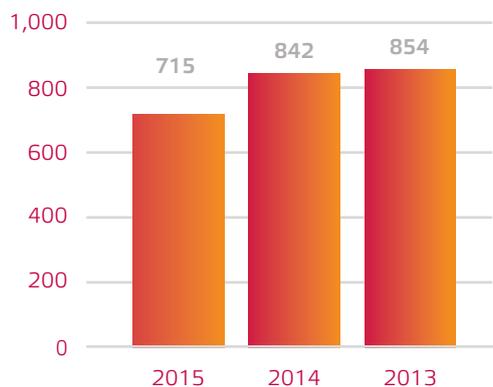
## Investments

In 2015, we invested € 715 million in continuing to make the energy supply more sustainable. The investment was even greater in 2014 (€ 842 million) when major projects which are now in use were still under construction. These are the Leiding over Noord (transporting residual heat from the Botlek to Rotterdam providing sustainable heating to households and businesses) and Haringvliet (construction of a 19-kilometre high-voltage link between Voorne-Putten and Goeree Overflakkee), both of which are now in use.

In 2015, Eneco invested € 260 million in the construction of wind farms. A number of large wind farms came on stream during the year, including Delfzijl-Noord (62.7 MW, nearly 50,000 households), which will supply power to Google's new data centre, our second offshore wind farm Luchterduinen (129 MW, 150,000 households, with Mitsubishi Corporation), Aarlen Messancy (6 MW owned by Eneco, 3,800 households) in Belgium and Burn of Whilk (22.5 MW, 18,500 households) in the United Kingdom. Work is continuing on the Libeccio (Belgium) and Moy (UK) wind farms, which are expected to start production during the course of 2016. With the completion of wind farms such as Delfzijl-Noord and Luchterduinen, Eneco contributed 225 MW (42.1%) of the 535 MW additional wind energy capacity installed in the Netherlands in 2015.

We also invested in the improving and expanding district-heating networks (€ 105 million), including the acquisition of heat production facilities in Utrecht. We continue to invest in improving and expanding the gas and electricity networks (in total € 313 million) and the rollout of smart meters was scaled up in 2015 (investment of € 52 million). On 1 January 2015, we disposed of our high-voltage networks in Zuid-Holland and Utrecht to the national network manager TenneT, as required by law. The transaction for the Zuid-Holland network was completed at the end of 2014 and the formalities for the Utrecht network were settled at the end of 2015.

## Investments (in millions of euros)





## Safety

Again in 2015, Eneco devoted much attention to the safety of its employees and the suppliers and partners with which it collaborates. This resulted in a lower Recordable Incident Frequency (RIF).



## Notable developments

A dominant feature of 2015 for Eneco was the Independent Network Management Act (Wet Onafhankelijk Netbeheer), a law passed in 2006 that requires Dutch energy companies to separate their energy and network businesses. The Dutch Supreme Court ruled in June 2015 that the Act was not in

conflict with European Union law and referred the breach of property rights back to the Court of Appeal in Amsterdam for judgement. It is not yet clear when that judgement will be delivered. In the meantime, the regulator ACM has ruled that Eneco must be unbundled by 31 January 2017



## Outlook

We have confidence in the further development of Eneco Group. Nevertheless, market conditions are challenging and are expected to remain so for the time being. Against this background we are unable

to present a results forecast for 2016. As it is expected that the budget made available for innovation will be fully utilised this year, we expect to allocate a new, higher budget in the second quarter.

## Note to the editor

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## Attachments

- Key figures
- Consolidated income statement
- Consolidated balance sheet
- Consolidated cash flow statement

# Key figures

	Target 2015	Results 2015	Results 2014	Results 2013
<b>Strategic KPIs</b>				
<b>Relevant for customers</b>				
Number of customer contracts Eneco (in millions)	-	4,4	4,5	-
Net Promoter Score (NPS) Eneco (%)	-15	-12	-21	-20
Customer satisfaction Stedin (%)	77	78	76	75
Average interruption duration electricity per affected customer (minutes)	90,0	82,8	103,9	103,7
Average interruption duration gas (seconds)	60	97	124	40
<b>Impact on the planet</b>				
Reduction of effect electricity consumption of customers on climate change compared with 2012 (%)	10	15	21	-
Reduction of effect electricity consumption of Eneco Group on climate change compared with 2012 (%)	40	56	47	-
Share of sustainable electricity production in total supply portfolio (%)	23,2	25,0	20,0	20,0
<b>Employees</b>				
Lost Time Injury Rate (LTIR) Eneco Group	1,1	2,5	0,9	1,1
Recordable Incident Frequency (RIF) Eneco Group	1,18	0,86	1,15	1,30
Internal alignment (%)	58,0	58,4	53,0	51,7
Employee Motivation Score	8,0	7,7	-	-
<b>Financial return</b>				
Credit Rating	A-	A-	A-	A-
ROACE (%)	3,3	3,7	4,2	4,7
<b>Financial key figures (amounts in millions of euros)</b>				
Total revenues		4.282	4.590	5.251
Revenues from energy and energy-related		4.054	4.343	5.026
Gross margin		1.637	1.577	1.749
Operating income before depreciation (EBITDA)		829	708	877
Operating profit (EBIT)		334	363	395
Net profit		208	206	242
Cash flow from operating activities		689	830	792
Equity		5.350	5.188	4.593
Interest-bearing debt		1.843	1.900	1.893
Balance sheet total		9.901	10.088	9.185
Investments in property, plant and equipment		706	839	846
Equity/total assets (%)		54,0%	51,4%	50,0%
Interest coverage rate		11,2	7,1	9,3
<b>Personnel data</b>				
Number of FTE average		6.711	7.023	7.018
Percentage of men and women in relation to total number of employees in FTE		76/24	75/25	78/22
Absence due to illness (%)		4,9	4,1	3,9

# Consolidated income statement

x € 1 million	2015	2014
Revenues from energy sales and transmission and energy related activities	4,054	4,343
Purchases of energy and transmission and energy related activities	2,417	2,766
<b>Gross margin</b>	<b>1,637</b>	<b>1,577</b>
Other revenues	228	247
<b>Gross margin and other operating revenues</b>	<b>1,865</b>	<b>1,824</b>
Employee benefit expenses	394	414
Cost of contracted work and other external costs	616	653
Depreciation and impairment of property, plant and equipment	461	289
Amortisation and impairment of intangible assets	34	56
Other operating expenses	26	49
<b>Operating expenses</b>	<b>1,531</b>	<b>1,461</b>
<b>Operating profit</b>	<b>334</b>	<b>363</b>
Share of profit of associates and joint ventures	9	14
Financial income	6	14
Financial expenses	-80	-114
<b>Profit before income tax</b>	<b>269</b>	<b>277</b>
Income tax	-61	-71
<b>Profit after income tax from continued operations</b>	<b>208</b>	<b>206</b>
Profit after income tax from discontinued operations	-	-
<b>Profit after income tax</b>	<b>208</b>	<b>206</b>
<b>Profit distribution:</b>		
Profit after income tax attributable to holders of Eneco Holding N.V. perpetual subordinated bonds	12	1
Profit (loss) after income tax attributable to non-controlling interests	-	-
Profit after income tax attributable to shareholders of Eneco Holding N.V.	196	205
<b>Profit after income tax</b>	<b>208</b>	<b>206</b>

# Consolidated balance sheet

x € 1 million	At 31 December 2015	At 31 December 2014
<b>Non-current assets</b>		
Property, plant and equipment	7,487	7,526
Intangible assets	315	338
Associates and joint ventures	61	58
Deferred income tax assets	5	4
Financial assets		
- Derivative financial instruments	184	144
- Other financial assets	42	62
<b>Total non-current assets</b>	<b>8,094</b>	<b>8,132</b>
<b>Current assets</b>		
Assets held for sale	325	121
Intangible assets	23	11
Inventories	71	59
Trade receivables	604	747
Other receivables <sup>1</sup>	196	164
Derivative financial instruments	221	248
Cash and cash equivalents	367	606
<b>Total current assets <sup>1</sup></b>	<b>1,807</b>	<b>1,956</b>
<b>TOTAL ASSETS <sup>1</sup></b>	<b>9,901</b>	<b>10,088</b>
<b>Equity</b>		
Equity attributable to Eneco Holding N.V. shareholders	4,845	4,683
Perpetual subordinated bonds	501	501
Non-controlling interests	4	4
<b>Total equity</b>	<b>5,350</b>	<b>5,188</b>
<b>Non-current liabilities</b>		
Provisions for employee benefits	34	32
Other provisions	82	86
Deferred income tax liabilities	431	424
Derivative financial instruments	141	176
Interest-bearing debt	1,789	1,785
Other liabilities	438	419
<b>Total non-current liabilities</b>	<b>2,915</b>	<b>2,922</b>
<b>Current liabilities</b>		
Liabilities held for sale	18	1
Provisions for employee benefits	8	3
Other provisions	5	30
Derivative financial instruments	164	225
Interest-bearing debt	54	115
Current income tax liabilities	87	42
Trade and other liabilities <sup>1</sup>	1,300	1,562
<b>Total current liabilities <sup>1</sup></b>	<b>1,636</b>	<b>1,978</b>
<b>TOTAL EQUITY AND LIABILITIES <sup>1</sup></b>	<b>9,901</b>	<b>10,088</b>

# Consolidated cash flow statement

x € 1 million	2015	2014
<b>Profit after income tax</b>	<b>208</b>	<b>206</b>
Adjusted for:		
· Financial income and expense recognised in profit or loss	74	100
· Income tax recognised in profit or loss	61	71
· Share of profit of associates and joint ventures	-9	-14
· Depreciation, amortisation and impairment	495	345
· Result from sale of tangible and intangible assets	5	10
· Movements in working capital	-88	141
· Movements in provisions, derivative financial instruments and other	34	57
<b>Cash flow from business operations</b>	<b>780</b>	<b>916</b>
Dividend received from associates and joint ventures	2	1
Interest paid	-75	-96
Interest received	7	7
Other financial income received	-	5
Income tax paid / received	-25	-3
<b>Cash flow from operating activities</b>	<b>689</b>	<b>830</b>
Issued loans granted	-18	-5
Repayments of loans granted	27	50
Acquisition of subsidiaries	-50	-31
Acquisition of joint operations, joint ventures and associates	-1	-4
Disposal of joint operations, joint ventures and associates	3	-
Investments in property, plant and equipment	-706	-839
Disposal of property, plant and equipment	21	3
Investments in intangible assets	-9	-3
Disposal of assets held for sale	34	85
<b>Cash flow from investing activities</b>	<b>-699</b>	<b>-744</b>
Dividend payments	-104	-120
Issue of perpetual subordinated bonds	-	493
Coupon on perpetual subordinated bonds	-16	-
Repayment of non-current interest-bearing debt	-37	-178
Repayment of current interest-bearing debt <sup>1</sup>	-70	-11
Non-current interest-bearing debt issued	6	9
Current interest-bearing debt issued <sup>1</sup>	-	70
Acquisition of non-controlling interests	-8	-
<b>Cash flow from financing activities</b>	<b>-229</b>	<b>263</b>
<b>Movements in cash and cash equivalents:</b>	<b>-239</b>	<b>349</b>
Balance of cash and cash equivalents at 1 January	606	238
Balance of cash and cash equivalents in acquired subsidiaries	-	23
Balance of cash and cash equivalents on disposed subsidiaries and disposal of consolidated entities	-	-4
<b>Balance of cash and cash equivalents at 31 December</b>	<b>367</b>	<b>606</b>