



# Results first half of 2019

**Eneco Groep N.V.**  
**Half-year report 2019**



# Key figures

Amounts from the condensed consolidated interim figures 2019; in € 1 million

## Results

### Gross margin and other operating revenues

H1 2019	<b>592</b>
H1 2018	<b>562</b>

### Operating profit (EBIT)

H1 2019	<b>126</b>
H1 2018	<b>115</b>

### Cash flow from operating activities

H1 2019	<b>-56</b>
H1 2018	<b>214</b>

### Total revenues

H1 2019	<b>2,319</b>
H1 2018	<b>2,101</b>

### Operating income before depreciation (EBITDA)

H1 2019	<b>272</b>
H1 2018	<b>230</b>

### Profit after tax from continuing operations

H1 2019	<b>79</b>
H1 2018	<b>75</b>

## Capital

### Group equity

30 June 2019	<b>2,931</b>
31 Dec 2018	<b>2,939</b>

### Interest-bearing debt

30 June 2019	<b>579</b>
31 Dec 2018	<b>505</b>

### Balance sheet total

30 June 2019	<b>5,627</b>
31 Dec 2018	<b>5,743</b>

### Capital expenditure and acquisitions

H1 2019	<b>134</b>
H1 2018	<b>181</b>

## Ratios

### Group equity/total assets

30 June 2019	<b>52.1%</b>
31 Dec 2018	<b>51.2%</b>

### Credit Rating

2019	<b>BBB+</b>
2018	<b>BBB+</b>

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# Eneco's results and strategy on target



Eneco recorded good results for the first half of 2019. Net profit, operating profit and revenues rose, while major steps were taken on implementing the investment agenda. The installed capacity of sustainable generation assets increased and there was considerable innovation in district heating. The customer portfolio was expanded and various alliances were entered into to help customers make the transition. In short, Eneco is implementing its strategy according to plan: there is growth in sustainable generation, delivery of energy and innovative services. This means that, in the context of the major social debate on the climate agreement and sustainability, Eneco is still a leader in the energy transition and is giving customers concrete assistance in making the transition.

- EBITDA rose by 18%, net profit to €79 million
- €134 million invested in sustainable generation
- 62 MW increase in operational sources of sustainable production
- Eneco is a major investor in renewable production assets in the Netherlands
- Innovation in district heating networks
- Sale of Eneco is on schedule

## Good financial results

EBITDA grew from €230 million to €272 million, an increase of over 18%. Operating profit (EBIT) rose by 10% from €115 million to €126 million thanks to higher sales of energy and good trading results, partly as a result of improved market conditions. Employee benefit expenses fell by 9% to €119 million in part as a result of restructuring programmes in the Netherlands and Belgium. Gross margin and other operating revenues rose by 5% from €562 million to €592 million.

Revenues rose almost 10% from €2.1 billion to €2.3 billion, thanks mainly to past acquisitions which are now contributing to the results. The activities of E.ON Benelux which was acquired in 2018 now count in full, and the recent purchase of Robin Energie has been incorporated for two months. Profit after income tax rose from €75 million to €79 million.

Eneco once again made large investments, totalling €134 million. Most of this, €75 million, was in new wind farms: in Belgium, mainly in the Seamade offshore wind farm, which is still under construction, and in the Netherlands, in a series of investments in onshore wind. €5 million has been invested in new solar farms. Investment in innovation, replacement and expansion of district heating networks was €30 million, while €10 million was invested in heat production, in particular in making the district heating network in Utrecht more sustainable through the Bio Warmte plant.

Over 60,000 customers in the Netherlands took sustainable steps in the first half of 2019. Examples of this include moving to Eneco HollandseWind, benefitting from income from energy from a Dutch solar farm by purchasing a StukjeZon (Piece of Sun), or generating their own sustainable energy, for example by purchasing solar panels. Sustainability is a topical issue and Eneco is

**Ruud Sondag, CEO of Eneco:**  
“I am pleased that the focus on executing the corporate strategy has also led to robust financial improvements.”



helping people and companies in the conversion required to achieve the energy transition.

## Growth in the delivery of energy

Making the transition also means supplying more green energy and so Eneco is pleased that it has been able to conclude several attractive commercial agreements in this area. An agreement with Microsoft Netherlands has been announced under which Microsoft expects to take 360,000 MWh of wind energy per year for its data centres. This is the second agreement between Eneco and Microsoft, which as a result is taking a total of 720,000 MWh of green energy per year.

This agreement means that Eneco's 50% share of the energy from the Borssele III/IV offshore wind farm is effectively sold out even before construction has been completed. Other customers include Stedin, DSM and Royal Schiphol Group.

In Germany, Lichtblick signed its first power purchase agreement with wind farm owner PNE, so that from 2021 retail and commercial customers will receive unsubsidised green energy from the German Papenrode wind farm, which has a capacity of 13 MW.

Eneco's subsidiary, WoonEnergie, took over all the customers of Robin Energie that was declared bankrupt in February. Some 25,000, often vulnerable, customers in the social housing sector will now be supplied by WoonEnergie.

## Growth in sustainable production capacity

The energy transition is not possible without a shift from fossil fuels to sustainable sources of production. Consequently, Eneco wants to expand its available sustainable production capacity to 2,200 MW by 2022 and so further major steps have been taken in the past half year. A total of 62 MW has become operational, 245 MW is under construction and investment decisions have been taken for over 97 MW. This is a mix of onshore and offshore wind farms, solar farms and rooftop solar in Belgium and the Netherlands, as shown in the table below.

### Eneco's new sustainable production capacity

#### Operational

		MW
Onshore wind BE	Lou Wind	3
Onshore wind NL	Nieuwe Waterweg	21
Onshore wind NL	Hogezandse Polder	31
Rooftop solar BE & NL	8 projects (incl. extension at Audi Brussels 2.93 MW, Volvo Ghent 2.88 MW)	7
		<b>62</b>

#### Under construction

		MW
Offshore wind BE	Norther	92
Offshore wind BE	Seamade	60
Offshore wind NL	Blauwwind (Borssele III and IV)	73
Onshore wind BE	Zeebrugge Pepsico	3
Onshore wind BE	Zeebrugge Visveiling	3
Solar farm NL	Tholen	9
Solar farm NL	Reimerswaal	3
Rooftop solar BE	Sapa Ghlin	1
Rooftop solar NL	Flora Holland Eelde	1
		<b>245</b>

## Investment decisions

		MW
Onshore wind NL	Blaakweg	5
Onshore wind NL	Delfzijl Geefsweer	25
Onshore wind NL	Delfzijl Oosterhorn	38
Onshore wind NL	Kabeljauwbeek	15
Rooftop solar BE & NL	5 projecten	14
		<b>97</b>

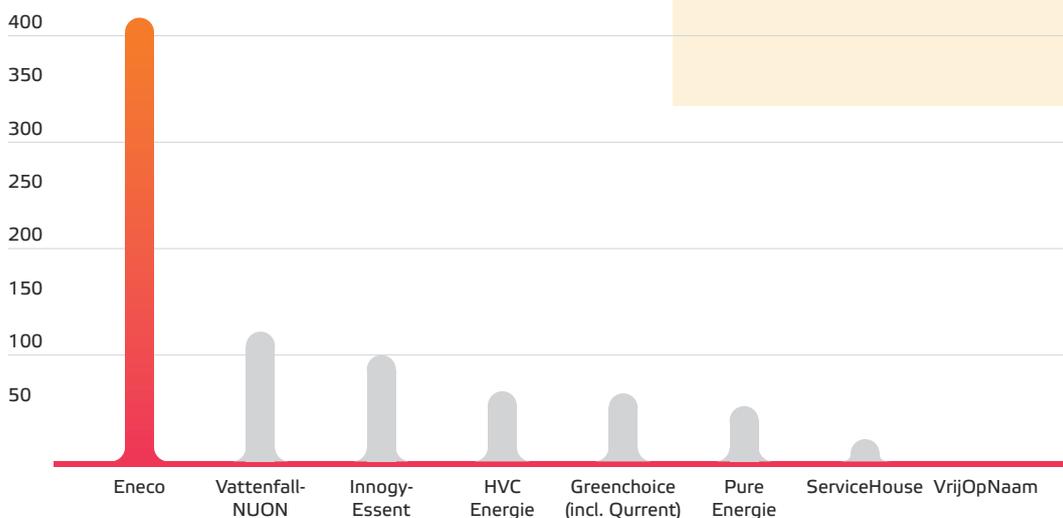
All MW figures have been rounded and represent Eneco's share

In addition to these proprietary sources, Eneco has entered into a 15-year agreement to purchase all the renewable energy from Windpark Fryslân, the largest near-shore wind farm in the Netherlands. Eneco and Windpark Fryslân signed a long-term power purchase agreement on 17 July. Windpark Fryslân will generate 1,500 GWh of green power per year, equal to the electricity consumption of 500,000 households.

Recent (2019) research by CE Delft showed that Eneco is investing heavily in wind and solar farms in the Netherlands. The chart below shows the extent to which electricity suppliers (businesses which supply energy to retail and commercial customers in the Netherlands) had invested in renewable production capacity in operation in the Netherlands in the period 2013-2018 (to July):

## Investment in renewable production capacity

In MW



Source: CE Delft (2019), Investment in renewable production capacity in the Netherlands; comparison of electricity suppliers in the period 2013-2018.



As part of an alliance with the Hoge Veluwe National Park from 1 April 2019, the park will purchase 100% green energy from Eneco for five years. During the same period, Eneco will support a stone-dust project for ecological recovery, in which the Park is trying to combat acidification. This initiative is a good fit with Eneco's 'One Planet vision', in which Eneco challenges itself, its suppliers and its customers to operate within the Earth's limits.

## Growth in innovative services

Eneco believes that it is not enough merely to invest in production sources. Innovation is just as important for the success of the energy transition, both for people at home and for commercial players.

District heating networks are a significant part of every energy transition plan. Eneco is working hard to make existing networks smarter. An electrode boiler is now in use in the Ypenburg district of The Hague, in which some heat production has been electrified, saving about 1,260 tonnes of CO<sub>2</sub> per year. The electrode boiler is also being used to balance the grid if there is, for example, a surplus of sustainable electricity. In addition, sensors have been installed in the grid along with smart meters in dozens of houses, with the aim of investigating how gas consumption and water temperature can be handled more efficiently in district heating networks in the future.

There can also be a transition with existing equipment in people's homes. Eneco has developed and introduced the Slimmeboiler (Smart Boiler) module for users of electric boilers so that the water is heated when Eneco has a good supply of wind or solar power. A good example of the energy transition in practice.

A non-controlling interest was taken in Energie in Huis for those who want to make a greater contribution. It gives Eneco's customers access to a range of products and services from Energie in Huis, such as heat pumps, solar panels, solar boilers, insulation and financial advice. The alliance with Roamlar Tech was expanded so that independent technicians using the Roamlar Tech app can now also install central heating, boilers and heat pumps for Eneco customers.

In June, Eneco joined up with Remeha to market a range of central heating boilers and heat pumps. Their unique feature is the GasLos ('gas free') guarantee offered by Remeha, which fits well with Eneco's vision. This guarantee means that if a district is disconnected from gas during the lifetime of a newly-purchased boiler, Remeha will take it back and also offer customers a discount on a new sustainable system suited to their home.

**Eneco eMobility acquired Flow Nederland, trading as Flow Charging, adding about 2,000 active charging stations and 4,500 charging cards to the portfolio, with customers including KLM and KPN. The total portfolio now covers some 14,500 active charging stations and 23,000 charging cards, and offers access to over 70,000 charging stations internationally. In Germany, Lichtblick, working with Eneco eMobility, set up a subsidiary focusing on the commercial market, concentrating initially on the market for charging services in Hamburg.**



In a different area, a partnership was formed with a Swedish supplier of heat pumps, NIBE. This will make it easier, initially for large commercial customers such as housing associations, to move to heat pumps. NIBE's range includes electric heat pumps that can extract heat from outdoor air, domestic ventilation air or ground water. These are a sustainable alternative for gas-fired heating.

## **Sale on schedule**

Major progress has been made on the process of privatising Eneco in the past half year. The preparations were completed and the transaction phase started at the end of February. The pre-qualification and non-binding offer bidding phases have been completed, the process is now in the binding offer phase. We can confirm that we are expecting to announce a potential buyer close to Christmas this year with the process being completed in 2020.

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# Consolidated income statement

Unaudited.

x € 1 million	Note	First half 2019	First half 2018
Revenues from energy sales and energy-related activities	3.4	2,297	2,065
Purchases of energy and energy-related activities	3	1,727	1,539
<b>Gross margin</b>		<b>570</b>	<b>526</b>
Other revenues		22	36
<b>Gross margin and other operating revenues</b>		<b>592</b>	<b>562</b>
Employee benefit expenses		119	131
Cost of contracted work and other external costs		190	195
Depreciation and impairment of property, plant and equipment		109	88
Amortisation and impairment of intangible assets		37	27
Other operating expenses		11	6
<b>Operating expenses</b>		<b>466</b>	<b>447</b>
<b>Operating profit</b>		<b>126</b>	<b>115</b>
Share of profit of associates and joint ventures		-11	-1
Financial income		5	5
Financial expenses		-11	-16
<b>Profit before income tax</b>		<b>109</b>	<b>103</b>
Income tax	5	-30	-28
<b>Profit after income tax</b>		<b>79</b>	<b>75</b>
<b>Profit distribution:</b>			
Profit after income tax attributable to non-controlling interests		-	-
Profit after income tax attributable to shareholders of Eneco Groep N.V.		79	75
<b>Profit after income tax</b>		<b>79</b>	<b>75</b>

# Consolidated balance sheet

Unaudited except for 31 December 2018.

x € 1 million	Note	At 30 June 2019	At 31 December 2018
<b>Non-current assets</b>			
Property, plant and equipment	7	2,733	2,495
Intangible assets		1,053	1,074
Financial assets	8	303	352
<b>Total non-current assets</b>		<b>4,089</b>	<b>3,921</b>
<b>Current assets</b>			
Assets held for sale		2	2
Intangible assets and inventories		154	178
Trade receivables		691	722
Current income tax and other receivables		222	240
Derivative financial instruments	8	173	176
Cash and cash equivalents		296	504
<b>Total current assets</b>		<b>1,538</b>	<b>1,822</b>
<b>TOTAL ASSETS</b>		<b>5,627</b>	<b>5,743</b>
<b>Equity</b>			
Equity attributable to Eneco Groep N.V. shareholders	9	2,927	2,936
Non-controlling interests	9	4	3
<b>Total equity</b>		<b>2,931</b>	<b>2,939</b>
<b>Non-current liabilities</b>			
Provisions for employee benefits and other provisions		121	116
Lease liabilities	7	192	-
Deferred income tax liabilities		261	267
Derivative financial instruments	8	71	76
Interest-bearing debt	7	445	464
Other liabilities		146	142
<b>Total non-current liabilities</b>		<b>1,236</b>	<b>1,065</b>
<b>Current liabilities</b>			
Liabilities held for sale		2	3
Provisions for employee benefits and other provisions		11	20
Lease liabilities	7	22	-
Derivative financial instruments	8	130	150
Interest-bearing debt		134	41
Current income tax liabilities		8	8
Trade and other liabilities		1,153	1,517
<b>Total current liabilities</b>		<b>1,460</b>	<b>1,739</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,627</b>	<b>5,743</b>

# Consolidated cash flow statement

Unaudited.

x € 1 million	Note	First half 2019	First half 2018
<b>Profit after income tax</b>		<b>79</b>	<b>75</b>
Adjusted for:			
Total adjustments for cash flow from business operations		-81	217
Total of dividend received from associates and joint ventures, interest paid and received and income tax paid		-54	-78
<b>Cash flow from operating activities</b>		<b>-56</b>	<b>214</b>
<b>Cash flow from investing activities</b>		<b>-135</b>	<b>24</b>
Dividend payments	9	-68	-64
Movement in non-current interest-bearing debt		15	-32
Movement in non-current lease obligation		-14	-
Movement in current interest-bearing debt		50	-
<b>Cash flow from financing activities</b>		<b>-17</b>	<b>-96</b>
<b>Movement in cash and cash equivalents</b>		<b>-208</b>	<b>142</b>
Balance of cash and cash equivalents at 1 January		504	465
<b>Balance of cash and cash equivalents at 30 June</b>		<b>296</b>	<b>607</b>

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C&F Report



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