

# Strong performance for independent Eneco Group in first half of 2017



Operating result up by 34 per cent to € 135 million

Net result up by 25 per cent

Milestone of 100 megawatts of solar power

Establishment of Heat Alliance to achieve major CO<sub>2</sub> reduction

Growth in innovative ventures thanks to interests in ONZO and Next Kraftwerke

*'Our many years of concentrating on sustainable energy are paying off, and this now makes up a stable, growing core of our operating results. We reached a significant milestone in March, when we achieved a generating capacity of 100 megawatts, or 420,000 solar panels. Taking over the operations of ENI Belgium and our interest in energy and IT company LichtBlick*

*enabled us to offer this wider range of sustainable energy and our innovative products to many more new customers. The growth in sales and the operating result is particularly the effect of cost-saving measures and our interest in LichtBlick, despite the disappointing wind yields.'*



**Guido Dubbeld, CFO**

# Results

Eneco Group recorded good results for the first six months of 2017. Operating profit increased by 34%, thanks in part to organic growth in Belgium and an acquisition in Germany. The overall number of customers also grew and the company took

further steps on innovation and new energy services. Consequently, we can look back on a good first period following the unbundling of the grid operator on 1 February.

# Investments

Eneco Group invested €269 million in sustainable generation, assets and acquisitions in the first half year (H1 2016: €51 million). We invested €30 million in expanding sustainable solar and biomass activities, including the acquisition of some large solar farms and converting our Bio Golden Raand bio-mass power station to deliver bio-steam to AkzoNobel. The investment in wind farms was at the same level as last year (€14 million) but we invested considerably more in expanding and

replacing district heating networks (€22 million compared with €14 million in H1 2016) and in the second half of 2017 we will start construction of the BioWarmte Installatie Lage Weide plant that will deliver sustainable heat to 22,000 households in Utrecht and Nieuwegein from early 2019. Finally, in March we were given the green light to construct a solar farm with 50,000 panels in Tholen in Zeeland.



**Solar and biomass**  
€ 30 million



**Wind-farms**  
€ 14 million



**Co-generation grids**  
€ 22 million



**Starting construction on the BioWarmte Installatie Lage Weide**  
Sustainable heat for 22,000 households



**Tholen, Zeeland**  
Green light for the construction of 50,000 solar panels

# Future-proof

In the first half of 2017, Eneco also took major steps towards preparing the energy system for the growing supply of sustainable energy. Wind turbines and solar panels are increasingly taking over power generation from existing fossil fuel power stations but those power stations still have a role, keeping the power grid in balance by providing reserve capacity. Consequently, Eneco and its partner Mitsubishi Corporation are building a 'super-battery'. This battery, the largest in Europe, will soon be able to store over-production of local wind energy and supply reserve capacity to the European electricity grid and so is a sustainable alternative to back-up from coal- and gasfired power stations.

We also announced a non-controlling interest in Next Kraftwerke, the operator of one of the largest virtual power stations in Europe. This company is able to manage more than 4,000 connected decentralised energy sources to balance fluctuations in the power grid. Digitalisation and technologies such as virtual power plants are contributing to the transition towards decentralised and sustainable energy generation and consumption. The experience and specific expertise of an innovative company such as Next Kraftwerke make a huge contribution to this field and so are of great value to Eneco Group. This is also true of the agreement we entered into with the Delft start-up Peeeks for using its digital energy platform to better align generation by our wind farms with demand for wind energy.



## **Eneco and Mitsubishi Corporation building a 'super-battery'**

Storage for excess production of local wind energy as spare capacity for the European electricity grid



## **Minority interest in Next Kraftwerke**

Operator of one of Europe's largest virtual energy plants, which can control 4,000 connected local energy sources



## **Peeeks agreement**

With their digital energy platform, generation from wind-farms can be co-ordinated better with the demand for wind power

# New services

Toon, Eneco's smart thermostat and smart home platform, continues to make headway and has now been installed in 320,000 homes in the Netherlands. The platform is also growing internationally: from the autumn, Spanish households will join those in the Netherlands and Belgium in being able to save energy using Toon under an agreement that Eneco's subsidiary Quby entered into with the Spanish energy company, Viesgo, which serves about 720,000 customers in its home market. In addition, Quby is running several pilots introducing Toon abroad through other companies.

In March, Eneco Group took a further step in smart homes when it announced a non-controlling interest in software company ONZO, which has developed a platform that uses data generated by smart meters to

recognise and analyse energy consumption of household appliances. Along with tips tailored to customers such as 'replace your old fridge with a more efficient model', ONZO offers an app that encourages them to make savings in their household energy consumption. We expect that this smart, detailed insight will be of considerable added value to our customers.

The innovative SolarHub concept announced last year, which allows consumers without a suitable roof to purchase solar panels on, for example, the roof of commercial premises, is catching on. All 170 solar panels in the first SolarHub on the roof of a Rabobank in Etten-Leur were sold within a short period in the first quarter. New SolarHubs are planned for large roofs in Gorinchem, Goedereede and elsewhere.



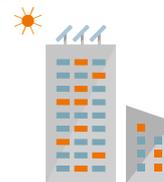
## Toon

320,000 households  
in the Netherlands



## Minority interest in ONZO

App for household energy-  
saving tips



## ZonneHub initiative successful

Solar roofs for customers  
without their own (suitable)  
roofs in Etten-Leur,  
Gorinchem and  
Goedereede

# Customers

Eneco Group's overall number of retail customers increased in the first half of 2017, thanks in particular to a growing number of customers in Belgium and Germany. We will gain substantial further customers with the acquisition of ENI Belgium's activities, making Eneco the third largest energy supplier in Belgium.

Eneco recently entered into a major contract with Royal Schiphol Group for the supply of Dutch wind energy to Schiphol Airport, Rotterdam The Hague Airport, Eindhoven Airport and Lelystad Airport. The contract is for 200 gigawatt hours of green power from new wind farms per year for a period of 15 years; the equivalent of the annual consumption of about 60,000 households.

In January, Henk Kamp, Minister of Economic Affairs, and AkzoNobel, Eneco and Groningen Seaports officially inaugurated bio-steam at Chemie Park Delfzijl. For this, Eneco converted its Bio Golden Raand biomass power station into a cogeneration plant that now delivers bio-steam as well as green power to its 'neighbour'

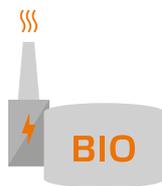
AkzoNobel. The conversion has made the largest bio-energy power station in the Netherlands even more efficient: Bio Golden Raand can now deliver twice as much sustainable energy from the same amount of biomass. AkzoNobel has made 10% of its Dutch energy consumption green in one go by moving from gas-generated to sustainable steam. As well as less dependence on fossil fuels, this also represents a reduction of about 100,000 tonnes of CO<sub>2</sub> per year.

At the end of 2016, Eneco and Unilever entered into an agreement on the delivery of Dutch wind power to all Unilever's sites in the Netherlands. In May, this was joined by a green energy agreement for all Unilever's sites in the United Kingdom. The 23 wind turbines in Eneco's Lochluichart wind farm in the Scottish Highlands supply some 165 gigawatt hours of green energy to Unilever's 15 production sites.



## **Dutch wind power, Royal Schiphol Group**

200 gigawatt hours,  
60,000 households



## **Bio Golden Raand biomass plant (Chemie Park Delfzijl) converted to co-generation plant**

- 2x as much sustainable energy for the equivalent quantity of biomass
- AkzoNobel greening 10% of its total Dutch energy consumption, CO reduction of around 100,000 tonnes annually



## **Delivery of HollandseWind power to all Unilever locations in the UK**

165 gigawatt hours  
of green electricity

# Partnerships

Where possible, Eneco Group seeks alliances with customers, suppliers and partners to accelerate the energy transition. Together with Siemens, Shell, Van Oord and the Port of Rotterdam Authority, we have initiated the TransitieCoalitie, an alliance of 55 Dutch companies which, among other things, is calling for a Climate Act and a Minister of Energy. In February, they met to call on the new government to give priority to the climate.

At the end of March, Eneco and Gasunie, the Port of Rotterdam Authority, the Province of Zuid-Holland and Warmtebedrijf Rotterdam set up the Warmtealliantie. This alliance is examining ways to achieve a large reduction in CO<sub>2</sub> by using heat available from the Port of Rotterdam for heating about 500,000 households.

Eneco and Sustainer, Huawei, Bouwfonds and Luminex will set up a test bed on the Delft University of Technology campus designed to make towns more attractive, safer, more comfortable and healthier. The test bed, which incorporates sensors in street lamps to measure air quality, traffic density and noise, is part of The Green Village on the campus.

In Amsterdam, Eneco entered into an alliance with NDSM Energy, a commercial co-operative, to create local energy solutions with businesses in the NDSM-Werf ranging from the installation of solar panels to the use of batteries to deal with peak loads.



## Transition coalition

55 companies arguing for Climate Act and Minister of Energy



## Heat alliance

Research into utilising Rotterdam port heat for heating 500,000 households



## TU Delft experimental garden

Sensors on lampposts to measure air quality, traffic density and noise disturbance



## NDSM energy

Local energy solutions for Amsterdam's NDSM-Werf

# Result developments

We can look back on strong financial results for the past six months. Operating profit (EBIT) went up significantly by 34% from €101 million to €135 million. Total revenue rose by 7% in the first half of 2017 to €1,605 million, thanks to the acquisition of a large holding in the German company LichtBlick and organic growth in revenue in Belgium. This offset a slight fall in revenue in the Netherlands, caused mainly by recent falls in energy prices that we passed on to our customers. Gross margin and other revenues increased from €505 million to €550 million (9%). This was explained in part by acquisitions and new solar and wind farms that came on stream in the past year. The weather had a less favourable effect on the margin.

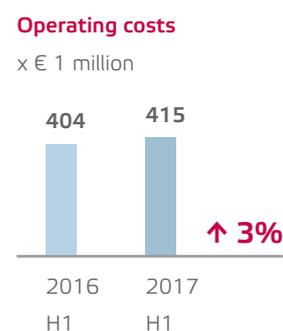
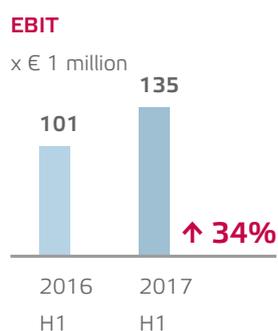
Winds were lighter than usual in the past half year and so our wind farms delivered less energy than expected. Finally, it was slightly warmer than last year and so the margin on gas was lower.

Total operating expenses rose by 3% to €415 million, mainly because of acquisitions. Costs in the Netherlands fell as a result of cost-saving measures and the restructuring of our organisation. Amortisation and depreciation rose as a result of acquisitions. Financial income and expenses were affected last year and at the start of this year by the internal financing relationships existing before the unbundling. Profit after income tax from continued operations was €96 million, 25% higher than in the first half of 2016 (€77 million).\*

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\* Note on comparison with the 2016 half year figures

Until 1 July 2016, the Group transmitted energy (electricity and gas) through Stedin Netbeheer and Stedin Diensten but these activities were disposed of outside Eneco in preparation for the unbundling of Eneco Holding N.V. (now Stedin Holding N.V.) into an energy company and a grid operator. These activities have been excluded from the comparative figures and their net result has been recognised in the comparative figures for 2016 as 'Result after income tax from discontinued operations' (€90 million) and do not apply in 2017.



# Safety

Our safety performance in the first half of the year was good. Safety as expressed in the Recordable Injury Frequency (RIF) was much better than our target during the past six months and the number of accidents involving time off work (LTI) was well below target. We will continue to pay attention to our approach to safe working in future.



## **Better safety performance**

Unabated focus on working safely

# Shareholders

Fifty-three Dutch municipalities are shareholders of Eneco Group. They have made it possible for Eneco to develop into a large, autonomous and sustainable energy company. Following the actual unbundling in January, the shareholders can now consider their ownership of Eneco Group. That process is under way and in this context Eneco sent a 'message to the shareholders' in June to allow them to make a well-informed decision.



## **Message to shareholders**

Sent to the 53 Dutch municipalities

# Outlook

By continuing our strategy and with our holding in LichtBlick and the acquisition of ENI Belgium in July, we expect to record a higher operating profit than last year's.



## **Strategy arouses expectations**

Whole 2017: higher operating profits than in 2016

# Annexes

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

**Note to the editor**

For further information please contact:

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# Consolidated income statement

x € 1 million

	Note	First half 2017	First half 2016
Revenues from energy sales and energy related activities	3	1,583	1,469
Purchases of energy and energy related activities	3	1,055	999
<b>Gross margin</b>		<b>528</b>	<b>470</b>
Other revenues		22	35
<b>Gross margin and other operating revenues</b>		<b>550</b>	<b>505</b>
Employee benefit expenses		116	102
Cost of contracted work and other external costs		164	175
Depreciation and impairment of property, plant and equipment		107	103
Amortisation and impairment of intangible assets		21	15
Other operating expenses		7	9
<b>Operating expenses</b>		<b>415</b>	<b>404</b>
<b>Operating profit</b>		<b>135</b>	<b>101</b>
Share of profit of associates and joint ventures		1	3
Financial income		5	2
Financial expenses		-15	-7
<b>Profit before income tax</b>		<b>126</b>	<b>99</b>
Income tax	5	-30	-22
<b>Profit after income tax from continued operations</b>		<b>96</b>	<b>77</b>
Profit after income tax from discontinued operations (network activities)	6	-	90
<b>Profit after income tax</b>		<b>96</b>	<b>167</b>
<b>Profit distribution:</b>			
Profit after income tax attributable to non-controlling interests		-	-
Profit after income tax attributable to shareholders of N.V. Eneco Beheer		96	167
<b>Profit after income tax</b>		<b>96</b>	<b>167</b>

Unaudited.

# Consolidated balance sheet

x € 1 million	Note	At 30 June 2017	At 31 December 2016
<b>Non-current assets</b>			
Property, plant and equipment		2,472	2,499
Intangible assets		671	282
Financial assets		481	231
<b>Total non-current assets</b>		<b>3,624</b>	<b>3,012</b>
<b>Current assets</b>			
Assets held for sale		12	12
Intangible assets and inventories		50	52
Trade receivables		440	500
Current income tax and other receivables		207	999
Derivative financial instruments		85	155
Cash and cash equivalents		475	343
<b>Total current assets</b>		<b>1,269</b>	<b>2,061</b>
<b>TOTAL ASSETS</b>		<b>4,893</b>	<b>5,073</b>
<b>Equity</b>			
Equity attributable to N.V. Eneco Beheer shareholders		2,863	3,118
Non-controlling interests		3	3
<b>Total equity</b>		<b>2,866</b>	<b>3,121</b>
<b>Non-current liabilities</b>			
Provisions for employee benefits and other provisions		83	79
Deferred income tax liabilities		269	187
Derivative financial instruments		24	56
Interest-bearing debt		513	388
Other liabilities		117	110
<b>Total non-current liabilities</b>		<b>1,006</b>	<b>820</b>
<b>Current liabilities</b>			
Liabilities held for sale		9	9
Provisions for employee benefits and other provisions		14	13
Derivative financial instruments		68	129
Interest-bearing debt		115	27
Trade, current tax and other liabilities		815	954
<b>Total current liabilities</b>		<b>1,021</b>	<b>1,132</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,893</b>	<b>5,073</b>

Unaudited except for 31 December 2016.