Press release

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Strategy on course, profit maintained

Eneco Group results:

- **Increased expenses for growth, innovation, municipal tax and unbundling**
- **Customers benefit from lower prices**
- **Sustainable production capacity increases**
- **271,000 smart meters installed**
- **Participation in off-shore wind farms: Norther and Borssele III & IV**
- **50% holding in German green energy and IT company, LichtBlick**

ROTTERDAM, 30 JANUARY 2017 – In 2016, Eneco Group, the sustainable energy and network company, made a net profit of € 199 million, slightly down on the figure of € 208 million for the previous year. Combined revenue fell to € 3.9 billion (2015: € 4.3 billion). The operating profit of the Network Company (Stedin) fell by 23% to € 214 million while its revenue rose to € 1.2 billion. At the Energy Company (Eneco), operating profit rose by 93% to € 106 million although revenue fell to € 2.7 billion. Eneco Group speaks of a satisfactory result achieved despite difficult market conditions.

Guido Dubbeld, CFO of Eneco Group: "We continued to implement our strategy of working on creating sustainability-enhancing solutions for and with our customers. More than ever before, we can offer our customers locally-generated sustainable energy. In 2016, our available sustainable energy generation capacity rose to 2,054 MW, mainly because we brought a number of wind farms on stream or had been able to acquire them. Against this background, I am very pleased that Eneco is a member of two consortia selected for the construction of two large off-shore wind farms: Norther off the Belgian coast and Borssele III & IV off the coast of the province of Zeeland. Both projects will give an enormous boost to making energy in the Netherlands and Belgium more sustainable. Furthermore, we could offer our customers lower prices for electricity and gas as we were able to obtain better purchase prices. We did, however, face higher costs during the past year. Stedin saw municipal taxes for encroachments on or over public land (precario) rise sharply. The cost of the forced unbundling of our business from 31 January 2017 also rose. We were able to absorb the higher costs thanks to focused efficiency measures."

Major steps were taken in the past year in innovation. Guido Dubbeld: "Being in the forefront of the energy sector, we have a driving role in the transition to a sustainable society. The key to this is innovation at both the Energy Company and the Network Company. Stedin installed 271,000 smart meters for customers last year and is working on smart solutions for flex-services and storing electricity in batteries. Eneco is expanding the functionality of the Toon platform, developing apps for smart recharging of electric vehicles and introduced the HeatWinner."

Result development

Eneco Group's overall revenue was € 3.9 billion, a fall of 9% compared with the previous year (2015: € 4.3 billion) mainly as a result of lower purchase prices that we reflected in the prices we charge to our customers. The volume of energy delivered fell slightly (3%). Revenue from network activities was comparable with 2015 while that from engineering projects for third parties rose.

Despite the fall in revenue, gross margin rose by € 79 million (4%) to € 1,944 million. The margin on transmission activities was almost unchanged. The margin on wind farms went up as the number of farms in operation increased, although this growth was limited due to lower wind yields. The margin in the consumer market was stable, with a slight increase in the price for heating.

Eneco Group's total operating expenses rose by € 93 million (6%) to € 1,624 million, mainly as a result of investment in promising business activities and innovation, precario and activities related to the unbundling.

Investments related in part to supplying and installing smart meters for our network customers, increasing our third-party engineering activities and expanding sustainable production assets, in particular wind farms. Eneco Group is investing in the new world of energy by spending on research and development for new products and making acquisitions.

Employee benefits fell by over 4% and amortisation and depreciation expense was at the same level as in 2015.

The restructuring of business units that focus on existing markets also involved expense. In addition, the tax levied by municipalities on our underground cables and pipelines (precario) rose overall but these higher costs cannot be offset in transmission tariffs for about two years because of regulation of this market. In the meantime, this levy will adversely affect our result. The coming unbundling also inevitably involved costs as we had to engage legal, financial and IT advisers to help prepare and implement it.

All in all, these developments led to an operating profit (EBIT) of € 320 million, € 14 million (4%) lower than in 2015.

Interest-bearing debt increased in 2016, largely as a result of an agreement with a banking consortium for the refinancing of the off-shore Eneco Luchterduinen wind farm, which has been in operation since 2015. In addition, many projects came on stream during 2015 and 2016 and so the amount of interest capitalised for projects under construction dropped significantly and interest expense recognised in the result increased.

After tax, Eneco Group generated a net profit of € 199 million, of which € 187 million is attributable to the shareholders of Eneco Holding N.V.

Contracts

The total number of contracts rose slightly (0.7%) in 2016 to 4.3 million. While the number of retail customers fell slightly, they are increasingly taking several products and services from Eneco, such as a Toon thermostat or a maintenance contract, for example for their central heating boiler or solar panels.

There were various successes in the business market that will bear fruit over the next few years.

All Dutch office and manufacturing locations of the Unilever consumer goods group will run on wind energy from 1 January 2017. Each year, Unilever will purchase almost 70,000 MWh of green electricity generated by Eneco's Luchterduinen wind farm in the North Sea.

In co-operation with a procurement organisation, Intrakoop, no fewer than 240 healthcare organisations are participating in an energy deal with Eneco. From 2019, they will receive green electricity from wind farms. As well as enhancing the sustainability of the healthcare sector, the participants will also save € 2.8 million on supply costs. In total, this collective will purchase 1 million MWh of sustainable electricity and 200 million m^3 of gas each year.

Eneco installed a total of 4,613 solar panels on the roofs of the Kingspan factories in Tiel and Winterswijk in 2016 so that the Dutch arm of Kingspan, a manufacturer of sustainable construction materials, will be able to generate 1,140 MWh of green electricity per year.

In co-operation with Eneco, Wienerberger, market leader in innovation and production of ceramic construction and paving materials, created the largest roof-mounted solar installation in Limburg at its plant in Tegelen where 4,550 solar panels have been installed to generate some 1,100 MWh of solar power per year.

From January 2017, the Technical University Delft will only purchase sustainable electricity generated in the Netherlands. The choice of green electricity is part of the university's policy of a highly-sustainable campus and to halve its CO_2 emissions by 2020 compared with 2012. By purchasing green electricity from Eneco's Luchterduinen wind farm, the university will reduce its CO_2 emissions by 60%.

Investments
In 2016, Eneco Group invested a total of € 532 million. This is less than in 2015 (€ 715 million) because a number of large wind farms have come on stream in the Netherlands and the United Kingdom. Most of the capital expenditure in 2016 related to network activities (€ 410 million, up 11% compared with 2015), in the form of the installation of smart meters and renewing and expanding the electricity and gas networks. The Energy Company invested € 122 million in 2016, including in wind farms (completion of Moy in the UK and development of Norther in Belgium, € 51 million), heating networks and production (€ 44 million), solar farms (€ 9 million) and the adaptation of the Bio Golden Raand power plant (€ 10 million) so that it can also supply steam to nearby businesses.

In addition to these investments, our sustainable assets increased € 44 million following various acquisitions, including solar farms in Belgium and the United Kingdom and the DELTA wind farms.

We sold Ecofys, our consultancy subsidiary, to Navigant, an American company, in 2016 having concluded that its activities would flourish better in an organisation with consultancy in its DNA.

Another noteworthy item is the 50% holding that Eneco has acquired since the reporting date in the German green energy and IT company, LichtBlick.

Safety
Our aim is to prevent occupational accidents as much as possible. The total of 34 occupational accidents in 2016 was significantly below the target of a maximum of 54. Occupational accidents are accidents that require medical attention and may or may not result in absence from work or the need for temporary alternative work.

Credit Rating
Now that the unbundling of the Group is approaching, Standard & Poor's assessed the plans and prospects for the two new autonomous businesses in 2016 and we were pleased that in November it maintained Eneco Holding N.V.'s A- rating for the future Network Company. The future Energy Company, N.V. Eneco Beheer, is rated BBB+. S&P describes the outlook for both the Network Company and the Energy Company as stable.

Eneco has no influence over the setting of the credit rating. S&P has published a report explaining how it arrived at it, and this is available on our corporate website http://www.eneco.com/about-us/finance/.

Network Company
The Network Company's operating profit for 2016 was € 214 million, which is € 65 million (23%) lower than the figure for 2015 because of an increase in expenses (up € 89 million). Revenue was € 991 million and was stable, as was the associated margin from the, largely regulated, transmission and metering activities. Other revenues were € 182 million, an increase of € 23 million on 2015, mainly because of an increase in engineering activities by Joulz Energy Solutions for external customers.

Employee benefits at the Network Company and the cost of outside staff rose, partly as a result of supplying and installing smart meters on a larger scale in 2016 than in 2015, growth in engineering activities, the increased level of construction and replacement of networks and an expansion of IT activities. The number of staff increased by 3% to 3,689 FTEs. The other main causes of the increase in expenses were the precario, direct expenses of Joulz Energy

Solutions, the rollout of smart meters and the unbundling expenses, half of which were borne by the Network Company.

The cost of the tax levied by municipalities on our underground cables and pipelines (precario) went up, partly because the rate was increased and partly because more municipalities are levying this tax. This expense doubled from € 35 million in 2015 to € 70 million in 2016.

The large-scale rollout of smart meters progressed well in 2015 and accelerated in 2016 when 271,000 new smart meters were installed for customers compared with 181,000 in 2015 (50% increase). Other direct and indirect costs related to this process are the expansion of the vehicle fleet to visit all the locations, telecoms costs from the time the meters are connected, depreciation as a result of capital expenditure in recent years and disposal of ordinary meters which have not yet been fully depreciated.

Energy Company

The Energy Company's operating profit rose by € 51 million (93%) in 2016 to € 106 million. Although total revenue fell by € 390 million (12%) to € 2,746 million, total margin and other revenues rose by 8% to € 931 million (2015: € 859 million).

The price cuts for both gas and electricity that we passed on to our customers caused the fall in revenue. The regulated price for heating rose slightly as a result of an increase in the energy tax on gas. There was a slight fall in the number of customers and as our customers are better able to reduce their energy consumption, volumes were down a little. The restructuring of our portfolio in the business and installation markets was also a cause of the fall in revenue.

The higher gross margin was partly due to growth in the number of wind farms in operation. This raised the Energy Company's ability to generate its own energy, but growth in wind energy generation was limited as there was less wind than average in 2016 while there had been more than average wind in the previous year. The margin in the consumer market was stable, the price of heating rose slightly. Trading activities (Eneco Energy Trade) delivered good results and, in addition, a large energy purchase contract was restructured to improve its results over the next few years.

The increase of € 21 million (3%) in overall operating expenses to € 825 million was relatively limited. Employee benefits fell, partly as a result of an 8% decline in the average number of employees to 2,870 FTEs. In fact, the number of FTEs fell to 2,581 at year-end (year-end 2015: 3,021 FTEs) because of the sale of Ecofys in the fourth quarter.

The increase in other expenses was a result of the growth in the number of wind farms, higher research costs, higher cost of hiring outside staff, more marketing and the unbundling expenses, half of which were borne by the Energy Company.

Outlook

The preparations for the unbundling focused on creating two healthy independent businesses ready for a future in the new world of energy. We have confidence in the further development of both of these companies. Against this background, it would not be appropriate for the Board of Management of the integrated company to present a results forecast for 2017.

Note to the editor

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Attachments:

· Consolidated income statement

· Consolidated balance sheet

Consolidated income statement

x € 1 million	2016[1]	2015
Revenues from energy sales and transmission and energy related activities	3,629	4,054
Purchases of energy and transmission and energy related activities	1,956	2,417
Gross margin	**1,673**	**1,637**
Other revenues	271	228
Gross margin and other operating revenues	**1,944**	**1,865**
Employee benefit expenses	376	394
Cost of contracted work and other external costs	727	616
Depreciation and impairment of property, plant and equipment	461	461
Amortisation and impairment of intangible assets	34	34
Other operating expenses	26	26
Operating expenses	**1,624**	**1,531**
Operating profit	**320**	**334**
Share of profit of associates and joint ventures	7	9
Financial income	3	6
Financial expenses	–84	–80
Profit before income tax	**246**	**269**
Income tax	–47	–61
Profit after income tax from continued operations	**199**	**208**
Profit after income tax from discontinued operations	–	–
Profit after income tax	**199**	**208**
Profit distribution:		
Profit after income tax attributable to holders of Eneco Holding N.V. perpetual	12	12
Profit (loss) after income tax attributable to non-controlling interests	–	–
Profit after income tax attributable to shareholders of Eneco Holding N.V.	187	196
Profit after income tax	**199**	**208**

[1] The 2016 figures are unaudited.

The 2016 figures have been prepared in accordance with IFRS except for the application of IFRS 5 to the 'Assets and liabilities held for distribution to shareholders' section.

Consolidated balance sheet

x € 1 million	Per 31 December 2016[1]	Per 31 December 2015
Non-current assets		
Property, plant and equipment	7,704	7,487
Intangible assets	291	315
Associates and joint ventures	60	61
Deferred income tax assets	5	5
Financial assets		
- Derivative financial instruments	132	184
- Other financial assets	83	42
Total non-current assets	**8,275**	**8,094**
Current assets		
Assets held for sale	75	325
Intangible assets	23	23
Inventories	58	71
Trade receivables	601	604
Current income tax receivables	9	–
Other receivables	196	196
Derivative financial instruments	155	221
Cash and cash equivalents	420	367
Total current assets	**1,537**	**1,807**
TOTAL ASSETS	**9,812**	**9,901**
Equity		
Equity attributable to Eneco Holding N.V. shareholders	4,806	4,845
Perpetual subordinated bonds	501	501
Non-controlling interests	3	4
Total equity	**5,310**	**5,350**
Non-current liabilities		
Provisions for employee benefits	25	34
Other provisions	85	82
Deferred income tax liabilities	395	431
Derivative financial instruments	103	141
Interest-bearing debt	1,782	1,789
Other liabilities	505	438
Total non-current liabilities	**2,895**	**2,915**
Current liabilities		
Liabilities held for sale	14	18
Provisions for employee benefits	9	8
Other provisions	7	5
Derivative financial instruments	129	164
Interest-bearing debt	277	54
Current income tax liabilities	–	87
Trade and other liabilities	1,171	1,300
Total current liabilities	**1,607**	**1,636**
TOTAL EQUITY AND LIABILITIES	**9,812**	**9,901**

[1] The figures at 31 December 2016 are unaudited.

The 2016 figures have been prepared in accordance with IFRS except for the application of IFRS 5 to the 'Assets and liabilities held for distribution to shareholders' section.