INVESTOR PRESENTATION

ENEXIS HOLDING N.V.

ANNUAL RESULTS 2018

MAARTEN BLACQUIÈRE ▪ **21 FEBRUARY 2019**
CHIEF FINANCIAL OFFICER

ENEXIS
HOLDING N.V.

KEY HIGHLIGHTS

A leading DSO in the Netherlands

- Publicly owned company with core regulated business
- Focus on excellent distribution grid management
- Committed to the energy transition

Stable and transparent regulatory framework

- Current regulatory period 2017 - 2021
- Gradual decreasing WACC due to low interest rates
- Participant in discussions regarding Dutch Climate Agreement

Strong financial performance

- Net profit of EUR 319 mln including exceptional items
- Normalized profit of EUR 243 mln (2017: EUR 222 mln)
- Increasing grid investments due to the energy transition

Prudent financial policy

- Conservative target financial ratios comfortably met
- Strong credit ratings: S&P A+/A-1 (stable) and Moody's Aa3/P-1 (stable)
- Balanced debt maturity profile and adequate liquidity back-up assured with renewed RCF

CORPORATE PROFILE

Corporate profile

Update on regulatory environment and climate agreement

2018 Financials

Financing and policy

ENEXIS GROEP

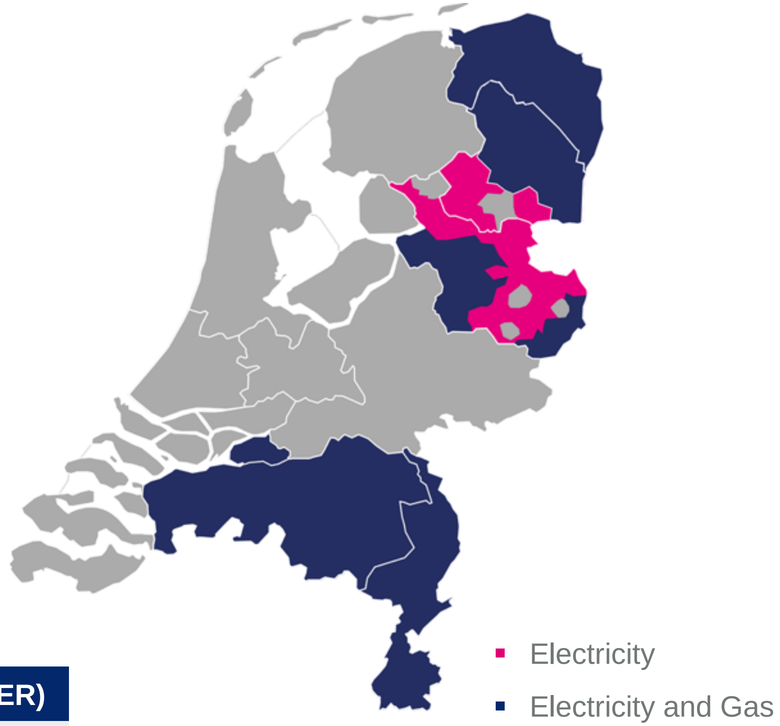
- A leading Dutch Distribution System Operator (DSO)
- Legal monopoly position on electricity and gas grids
- Multi-year E grid outage time among the lowest in Europe (2018: 16.0 minutes)
- Rating: S&P A+/A-1 stable, Moody's Aa3/P-1 stable (similar to 2017)
- Publicly owned company
- Approx. 92% of total revenues out of regulated core business

STRATEGY

- Strategic focus on the Netherlands with a limited M&A agenda
- Two pillar strategy: operational excellence and acceleration of the energy transition
- Investigate potential of investing in heating infrastructure

COMPANY (YEAR)	**REVENUES** (EUR)	**EBIT** (EUR)	**CONNECTIONS** (E + G)	**EMPLOYEES (NUMBER)**
Alliander (2017)	1,697 mln	305 mln	5.7 mln	5,755
Enexis Groep (2018)	1,445 mln	404 mln	5.1 mln	4,324
Stedin Group (2017)	1,154 mln	198 mln	4.4 mln	4,488

SERVICE AREA PER 1/1/2019



CORPORATE STRUCTURE

Enexis Groep: brand name of the whole of activities of the Holding company and its group companies

- Enexis Holding: Top holding and all group financing activities
- Enexis Netbeheer: DSO, all regulated grid activities
- Enpuls: non-regulated energy transition activities
- Fudura: non-regulated energy grid related activities like 3rd party metering and maintenance services
- Our shareholders are the provinces of Noord-Brabant, Overijssel, Limburg, Groningen and Drenthe (75.6%) as well as 97 municipalities (24.4%)

CORPORATE STRATEGY

MISSION
We achieve sustainable energy supply through state-of-the-art services and networks and by being in the driving seat of innovative solutions

STRATEGIC GOALS

- Our grids and services are ready in time for the changes in the energy world.
- Our energy supply is reliable.
- Our services are excellent, resulting in high levels of customer satisfaction and a reduction in costs.

- Together with local partners, we attain the Dutch targets regarding sustainable generation and energy saving.
- We deliver innovative and scalable solutions that accelerate the transition to a sustainable energy supply.

EXCELLENT DISTRIBUTION SYSTEM MANAGEMENT

ACCELERATING ENERGY TRANSITION

UPDATE ON REGULATORY ENVIRONMENT AND CLIMATE AGREEMENT

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ENERGY TRANSITION IS GAINING SPEED

- Dutch Climate Law for a carbon low society in 2050 is underway
- Operationalized by a Dutch climate agreement for 2030
- We anticipate on:
  - Electricity – Strong growth in distributed energy resources, electric vehicles, leading to more electricity grid connections and grid expansions
  - Gas – Policy is to move away from natural gas usage, leading to the re-use of gas infrastructure for sustainable gas and possibly hydrogen gas
  - Heat – Ambition to scale up district heating areas, leading to a possible role for Dutch DSOs in heat infrastructure

OUR COMMITMENT TO A SUSTAINABLE ENERGY ENVIRONMENT

- Enexis’ corporate strategy is aligned with the energy transition in the Netherlands
- Enexis contributes to 5 of the Sustainable Development Goals (SDG) of the United Nations
- Our sustainability reporting is drafted in accordance with the GRI Sustainability Reporting Standard

SUSTAINALYTICS

- In 2018 Enexis received an overall ESG score of 65 with a relative position of 66 (out of 194) and no controversy level (level of 0)
- Enexis' overall ESG-related disclosure follows best practice, signaling strong accountability to investors and the public.

Source: Sustainalytics ESG report 9th of August 2018

STABLE AND TRANSPARENT REGULATORY FRAMEWORK

- Stable and transparent regulatory method
- Length of regulatory period 5 years (2017 – 2021)
- Gradual declining WACC and cost of debt compensation:

	2016	2017	2018	2019	2020	2021
Regulatory WACC (real; pre-tax)	3.6%	4.0%	3.8%	3.5%	3.3%	3.0%
Regulatory WACC (nominal; pre-tax)	5.6%	5.0%	4.9%	4.7%	4.6%	4.5%
Cost of debt compensation (nominal)	3.9%	3.3%	3.1%	2.8%	2.5%	2.3%

REVISED LEGISLATION FOR TRANSPORT AND DISTRIBUTION SYSTEM OPERATORS

- New Energy legislation as of July 1st 2018, impact assessed as neutral
- For new residential areas, if feasible, municipalities have obligation to integrate renewable energy solutions instead of natural gas

PREPARATIONS FOR THE NEW REGULATORY PERIOD (2022 – 2026)

- Investigations have started, formal process of consultation will start in 2020

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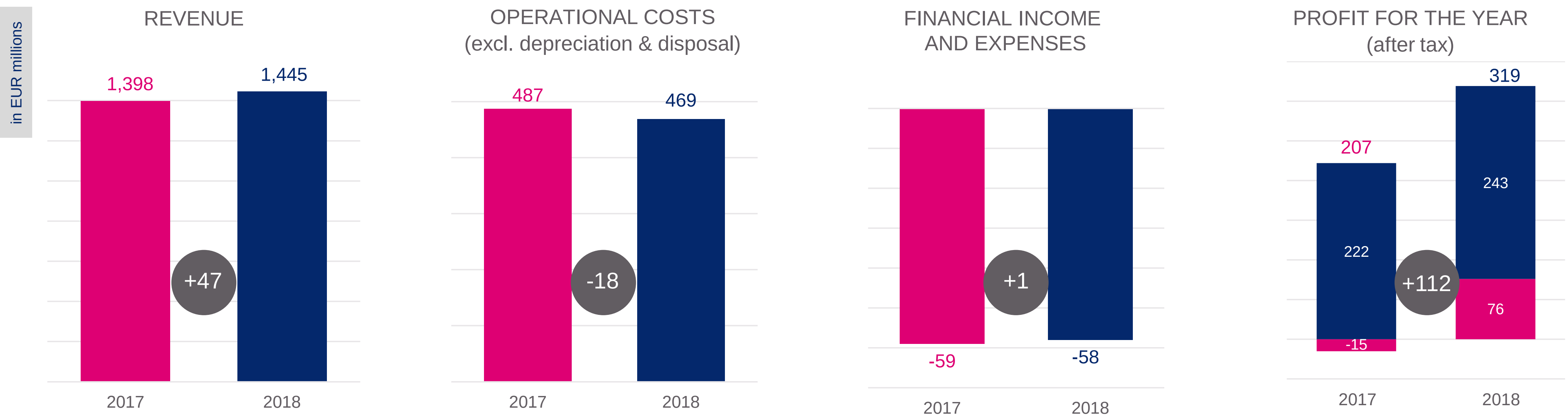
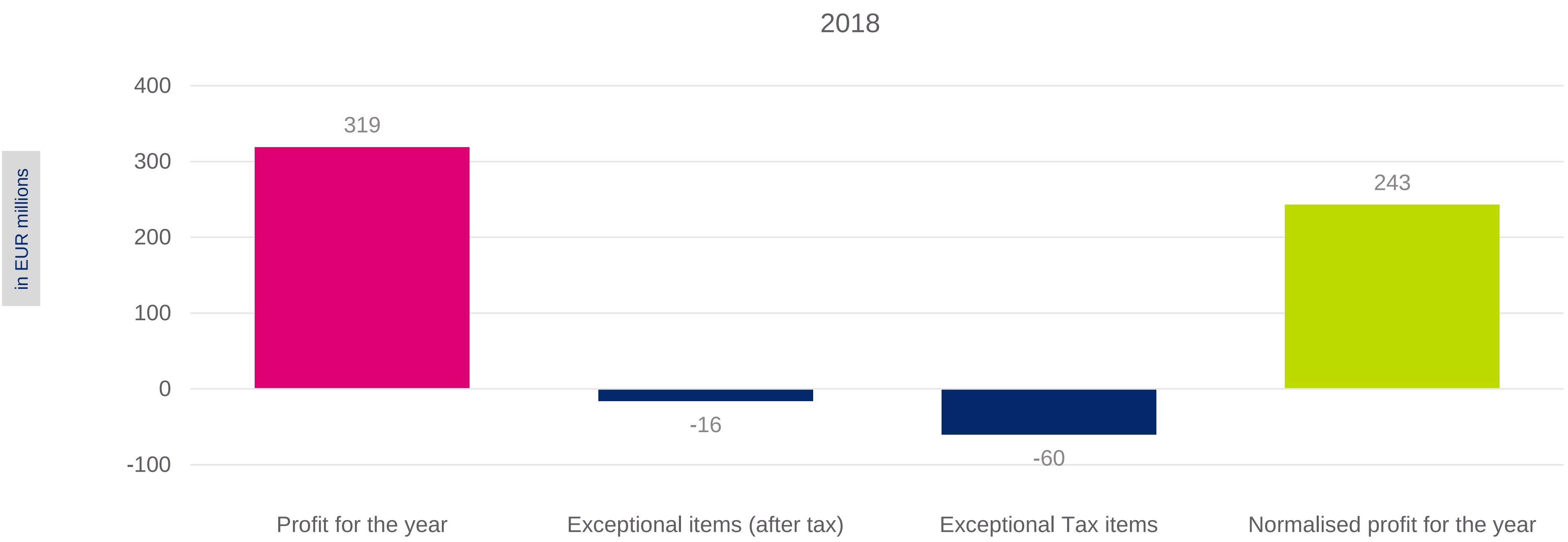
STRONG FINANCIAL PERFORMANCE



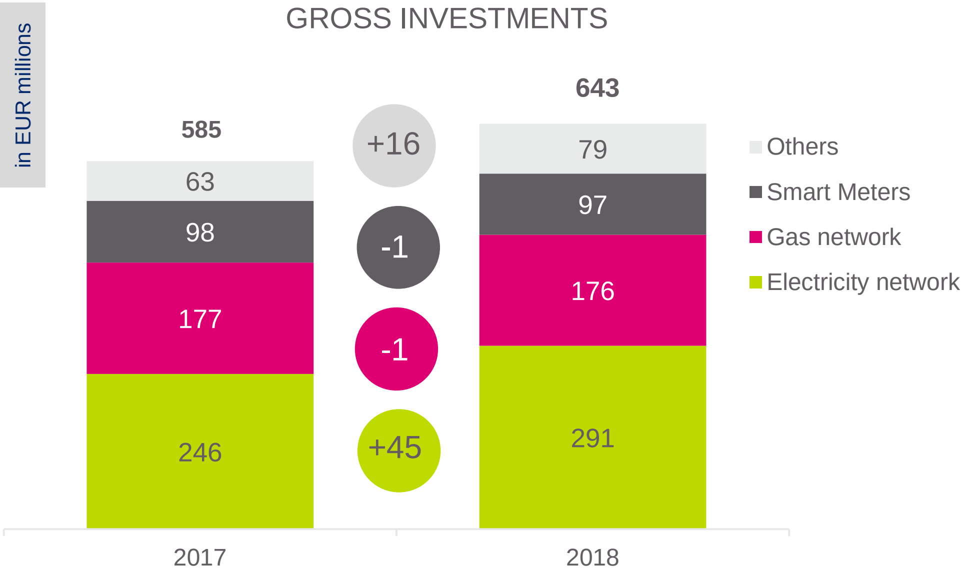
- Revenue increased mainly due to higher customer tariffs (+ EUR 27 million), more connections in our service area (+ EUR 10 million) and higher tariffs for metering services (+ EUR 5 million)
- Operational costs decreased due to a release of employee related provisions (- EUR 40 million) and higher other expenses (+ EUR 24 million)
- Financial income and expenses were stable
- Profit for the year increased with EUR 112 million. Normalized profit for the year is EUR 21 million higher than in 2017

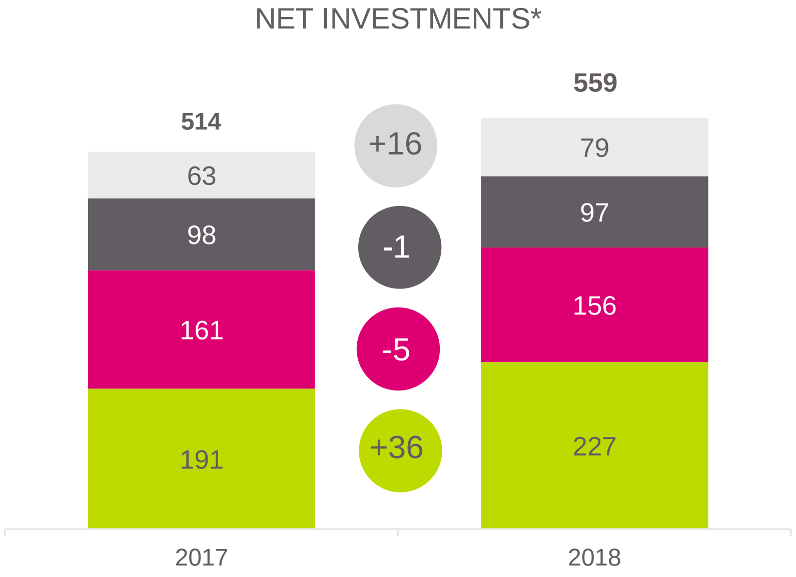
NORMALIZED PROFIT AND EXCEPTIONAL ITEMS



- The impact of exceptional items after tax is + EUR 16 million
- Adjusted Dutch tax legislation leads to partial release of deferred tax provisions (+ EUR 60 million)
- Normalized profit for the year is EUR 243 million, an increase of + EUR 21 million (2017: EUR 222 million)

HIGHER ELECTRICITY GRID INVESTMENTS DUE TO SUSTAINABILITY PROJECTS

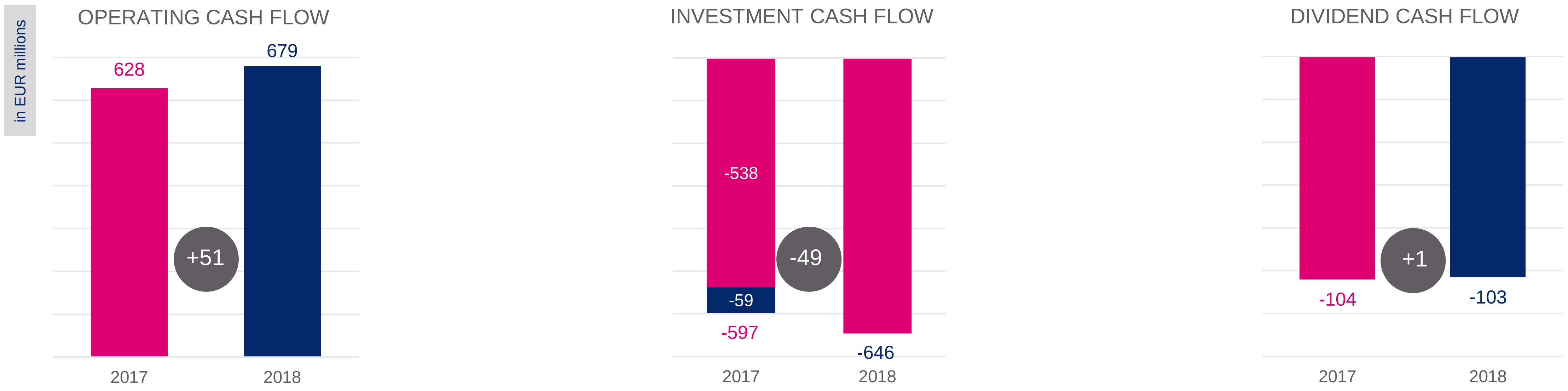




- The energy transition and economic growth lead to increasing gross investments for electricity grid expansion (+ EUR 45 million)
- Other investments increased with EUR 16 million mainly due to energy transition projects and efficiency improvements

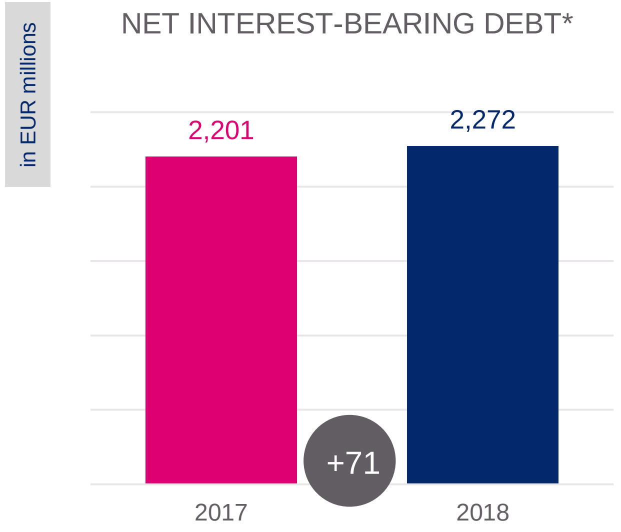
* Gross investments -/- Advance customer contributions = Net investments

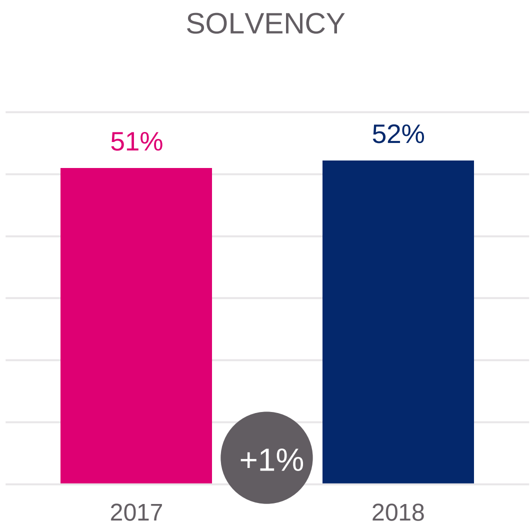
OPERATIONAL FUNDING REQUIREMENTS 2018

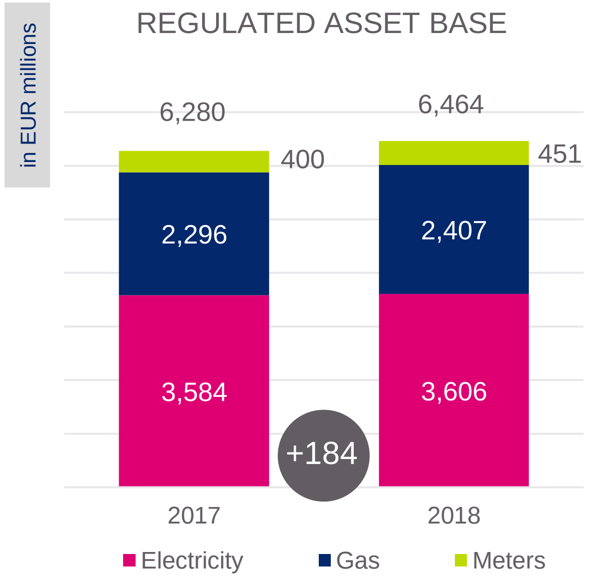


- Improved operating cash flow in 2018, mainly due to increased operating working capital (+ EUR 26 million) and higher normalized profit (+ EUR 21 million)
- Investment cash flow follows the higher investments in 2018
- Dividend payout 50% of profit for the year (after tax) and in line with 2017
- Due to the net cash flow effect our funding needs added up to a total of EUR 70 million in 2018, which were fully covered by drawings under the ECP program

SOLVENCY POSITION REMAINS STRONG







- Net Debt increased due to the net cash flow effect of - EUR 70 million
- Solvency remains strong and in line with 2017
- Estimated Regulated Asset Base for 2018 increased due to investments for electricity grid expansions, replacement of brittle gas pipes and further roll-out of the smart meters

* Net interest-bearing debt: interest-bearing liabilities (current plus non-current) minus short term deposits minus cash and cash equivalents

OUTLOOK 2019

REGULATION

- Customer tariff increase of 2.7% on Electricity
- Customer tariff increase of 1.2% on Gas

CAPEX

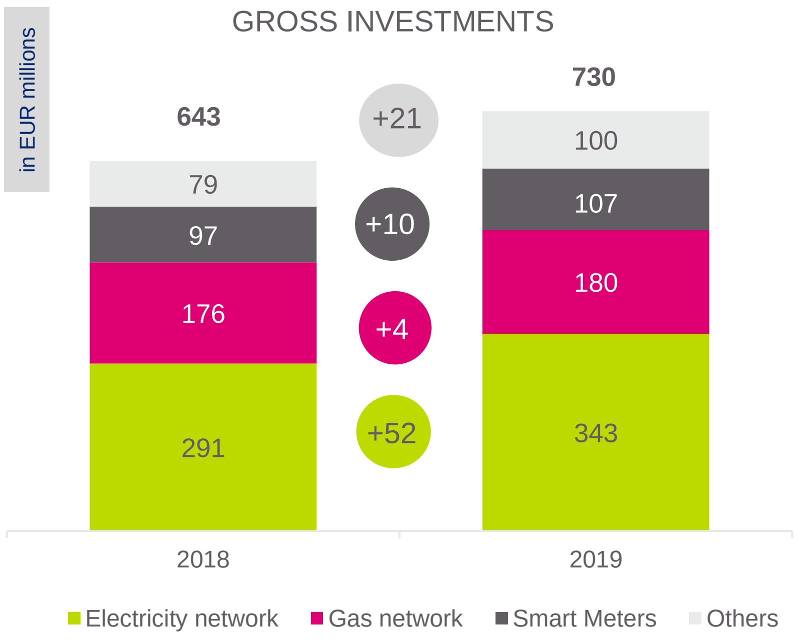
- Smart meters roll out to 459,000 addresses (2018: 445,000 addresses)
- Increase of gross capex level to approx. EUR 730 million mainly because of grid investments related to wind and solar projects on land

FINANCING

- New financing for increasing investments, the redemption of a shareholder loan and outstanding ECP
- Financial ratios expected to be well above minimum requirements and current rating thresholds
- Flexibility available in the funding sources with our established EMTN and ECP programs

PROFIT

- Decreasing regulated return on invested capital due to gradual declining WACC



FINANCING AND POLICY

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FINANCIAL POLICY AND TARGET RATIOS

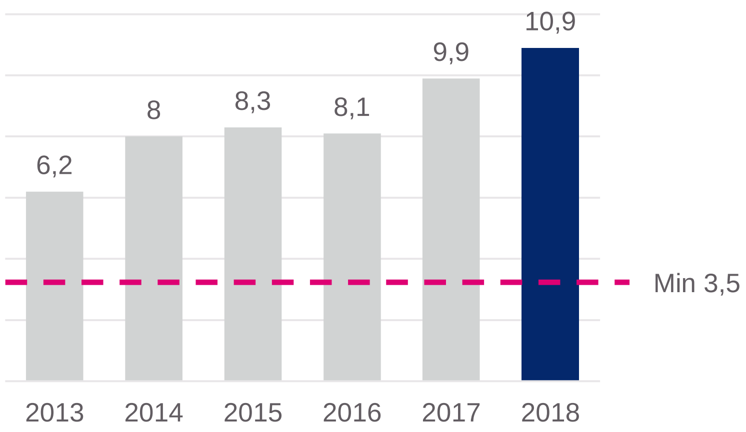
The pillars of Enexis' financial policy

Dividend policy	▪ Maximum 50% pay-out of net profit ▪ Ambition of minimum EUR 100 million dividend, provided A rating is secured
Regulation	▪ Effective cost reduction programs to manage x-factor ▪ Financing costs in line with regulatory compensation for Cost of Debt
Credit rating	▪ Minimum A rating profile ▪ Avoid structural subordination
Financial ratios	▪ Balanced maturity profile and adequate liquidity ▪ Conservative target ratios Enexis

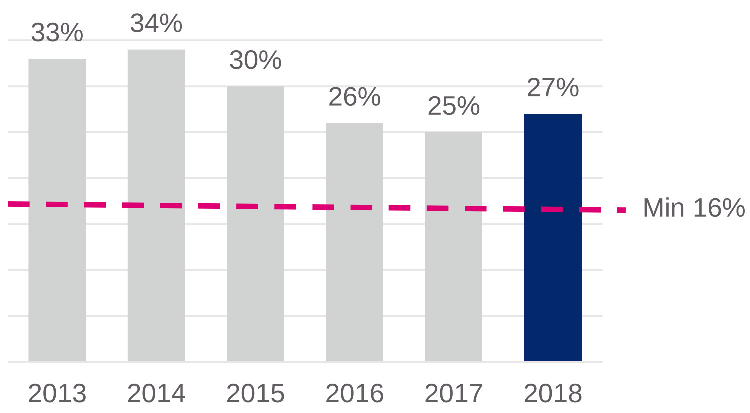
TARGET RATIOS ENEXIS	HURDLES
FFO interest coverage	≥ 3.5x
FFO / net interest bearing debt	≥ 16%
Net interest bearing debt / (equity + net interest bearing debt)	≤ 60%

FINANCIAL RATIOS COMFORTABLY MEET REQUIRED HURDLES

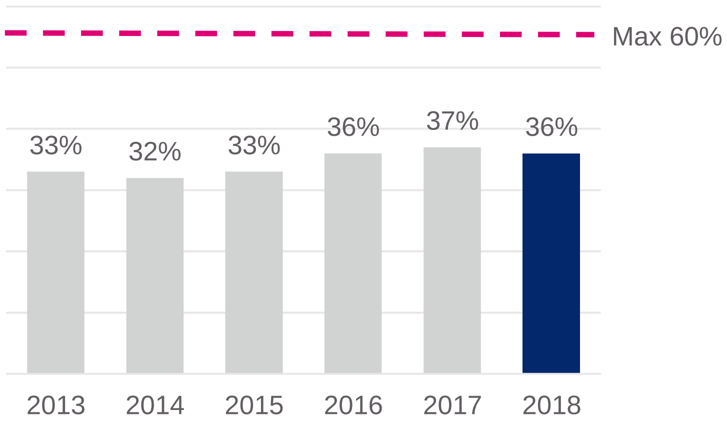
FFO INTEREST COVERAGE



FFO/ NET INTEREST-BEARING DEBT



NET INTEREST-BEARING DEBT / (equity + net interest-bearing debt)



- All ratios well above hurdle rates
- FFO interest coverage improved mainly due to an increased operating cash flow under stable financial expenses
- FFO improved to EUR 609 million (2017: EUR 548 million) and net interest bearing debt increased to EUR 2,272 million (2017: EUR 2,201 million)

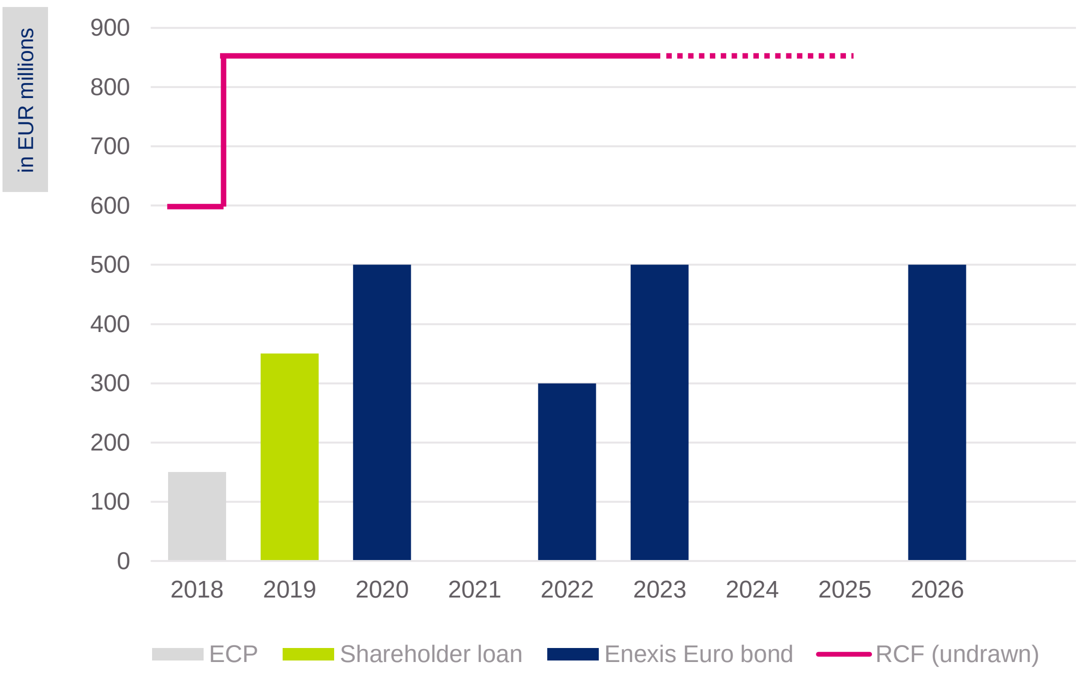
BALANCED DEBT MATURITY PROFILE AND ADEQUATE LIQUIDITY BACK-UP

- ECP financing in 2018 with a year-end position of EUR 150 million
- Realized average cost of debt in 2018 again below compensation embedded in regulatory WACC
- Balanced debt maturity profile consisting of outstanding ECP, 1 remaining shareholder loan and 4 listed EUR bond loans

NEW COMMITTED REVOLVING CREDIT FACILITY (RCF):

- New 5 year facility of EUR 850 million (currently undrawn)
- Maturity end of 2023 with 2 extension options
- Including swingline of EUR 100 million for same day borrowing
- Optional accordion increase of EUR 150 million.
- No financial covenants

DEBT MATURITY ENEXIS



STRONG CREDIT RATINGS WITH STABLE OUTLOOK

Moody's

Outlook : Stable

LT issuer rating : Aa3

ST issuer rating : P-1

- Low business risk profile, with more than 90% regulated business
- Stable and transparent regulatory regime
- Balanced financial profile and solid liquidity position
- Potential support from local government shareholders
- Falling regulatory returns due to low interest rate environment

Source: Moody's Investor service 20th of April 2018

S&P Global Ratings

Outlook : Stable

LT issuer rating : A+

ST issuer rating : A-1

- Low-risk regulated operating environment
- Expanding regulatory asset base
- Stable and predictable earnings supported by transparent regulatory frame work
- FFO to debt - ratio decreasing, but with 21% - 23% over the next years well above S&P threshold of 18% for current rating
- Decreasing regulatory WACC and returns.

Source: S&P rating direct 15th of November 2018

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