



ENEXIS
HOLDING N.V.

WORKING TOGETHER TOWARDS ENERGY FOR 2050

INTERIM REPORT 2017



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You can see Enexis at work in your neighbourhood on a regular basis. Our engineers are out and about every day making sure the energy grid is safe and reliable and preparing it to meet the challenges of the future. Together with the installation of smart energy meters, this is the most visible aspect of the work we do. Enexis has held this key position in society for more than 100 years. A role we will continue to fulfil in the future.

Energy supply (and, with it, our work) is undergoing a revolution. Becoming more sustainable, more high tech, more closely bound together. Almost 4,500 Enexis staff work hard every day to achieve this energy transition. Everyone is involved: municipalities, companies, consumers, energy cooperatives, suppliers. Exciting times, as we have already observed in the first half of 2017. Our aim is to be prepared for change; we actively participate in pilots and at the same time work to maintain a high level of safety and reliability for the present energy supply.

**“ ENERGY SUPPLY IS
UNDERGOING A REVOLUTION ”**

All the changes associated with the energy transition make it difficult to prioritise. We do not yet know how quickly the transition will take place. Our new strategic plan, adopted by our shareholders in April 2017, helps us to focus. In the coming years, we will give priority to two key areas: excellent grid management and accelerating the energy transition. All our activities - major or minor - contribute to this. And to accelerate the pace of change, we have set out our specific plans for change in ten transition programmes. We've certainly got off to an energetic start!

In this interim report we report our interim results in figures. We place events in their long-term context, as the progress of change can be unpredictable and what matters in the end is what we achieve in the long term.

EXCELLENT GRID MANAGEMENT

The key principle in working to achieve excellent grid management will always be safety. Working on our grids must always be safe for our staff and everyone else. Fortunately, in the first half of 2017 we were able to keep safety levels high and limit outage time. The effects of distribution automation in our substations, enabling us to resolve outages more quickly, are starting to pay out.

“ THE PROGRESS OF CHANGE CAN BE UNPREDICTABLE ”

We are expanding our grid from 1 July 2017 by taking over the electricity and gas grids in Weert from grid operator Stedin. We now serve the entire province of Limburg. This move is consistent with the government policy of organising grid management along provincial borders. This makes our service provision clearer for customers, municipalities and provinces and enables us to work more efficiently. Simplifying our processes and making them more customer friendly continues to have a high priority with us. We are investing a great deal of time and energy in redesigning our primary processes, such as the connection process and the outage process. When customers want to get something organised with us, they need to be able to do this easily and quickly. Whether this involves setting up a domestic connection or installing the Netherlands' largest solar park, in Delfzijl, where we connected over 120,000 solar panels to our grid in 2017.

ACCELERATING THE ENERGY TRANSITION

We spent more than anticipated on sustainable energy projects in the first six months of 2017. As already indicated, we need to learn to manage this unpredictability better. We notice that the timing of sustainable projects is often hard to predict. In many cases, moving forward is dependent on a decision from the province or the municipality or on residents' approval. As soon as there is a green light, we need to be ready to start. But if a project, such as developing a wind farm, is delayed or even cancelled, it's important that we haven't made any unnecessary investments. So we need to keep reviewing the situation to ensure we don't hold up progress, but at the same time keep costs under control. Our customers must always be able to rely on good service at the lowest possible cost.

We regularly talk to the municipalities and provinces about this. The energy transition is taking place nationally, but it is implemented locally. So it's important to make plans for energy at the local level and to consult about these at the appropriate level of abstraction. Our staff at Enexis Netbeheer, Enpuls and Fudura are the ideal partners to discuss matters relating to energy. They are familiar with every aspect of the energy grid and know exactly how new energy solutions can be connected to our grid. Our aim of working with the municipalities to prepare energy plans has not kept pace with our objective, but we are starting to see progress.

“MOMENTUM IS GROWING”














COMMITTED TO ACHIEVING GOALS TOGETHER

Momentum is building within Enexis too. Our staff are enthusiastic and committed to achieving energy goals together. Not just for customers, but also in our own activities. For example, we incentivise staff to make sustainable mobility choices. Although together we are achieving a reduction in CO₂, we would like to see results more quickly. We want more; not just in relation to international climate agreements but also when it comes to local pilots in our servicing area. We work together with other parties in the market and supply chain, and with local energy partners, and take the lead in initiatives, both small and large, to make energy supply more sustainable now and in the future.

Peter Vermaat, CEO

Maarten Blacquière, CFO

OBJECTIVES AND PERFORMANCE

EXCELLENT GRID MANAGEMENT		1ST HALF YEAR 2017	OBJECTIVE 2017	REALISATION 2016
	Engagement of employees (and Teamwork) ¹⁾	engagement: 8.2 teamwork: 6.7	2 out of 2 in Q4 ≥ sub-target	7.9
	DART-rate Enexis	0.20	≤ 0.22	0.17
	DART-rate external	0.35	≤ 0.67	0.86
	Annual outage time electricity (JUD)	8.3 minutes	≤ 20.5 minutes	15.2 minutes
	The number of stations that will be equipped with distribution automation (DA) in 2017	187 stations	≥ 350 stations	-
	Controllable costs and revenues ²⁾	EUR 192.8 million	≤ EUR 403 million	EUR 358 million
	Customer effort scores (CES) ³⁾	1 of the 5 ⁴⁾	≥ 4 of the 5 customer effort scores Q4 2017 ≤ sub-target	1 of the 6
ACCELERATING ENERGY TRANSITION				
	Smart Meters Offered	228,226 addresses	≥ 459,000 addresses	404,468 addresses
	Smart Meters Installed	84.8%	≥ 90%	90.5%
	Number of new 'Buurkracht' neighbourhoods	42 neighbourhoods	≥ 60 neighbourhoods	65
	CO ₂ -reduction leased vehicles and claimed kilometres	4.5%	≥ 6% reduction compared to score 2014	1.8%
	The CO ₂ savings registered within 'Buurkracht' as a result of measures taken will amount to ≥ 3,000,000 kg CO ₂ at the end of 2017 (based on number of measures x average savings)	2.1 million kg	≥ 3.0 million kg CO ₂ reduction by end 2017	-
	Stakeholder engagement (3 milestones with concrete energy plans with stakeholders as the final objective)	1 milestone	3 milestones achieved	-

1. Teamwork will be reported as from 2017. For 2017: sub-target Engagement ≥ 8.2; sub-target Teamwork ≥ 7.0.

2. For 2017: Enexis Netbeheer (including staff departments).

3. Standard connections, customised connections, customer service by phone, enexis.nl, information on outages.

4. Q1 score.

For definitions, please refer to the glossary of the Annual Report 2016.

KEY FIGURES

amounts in millions of euros	1st half year 2017	1st half year 2016	
Result			
Revenue	680	685	
Operating expenses	237	244	
Depreciation, impairments and decommissioning	166	166	
Operating profit	174	185	
Share of result of associates and joint ventures	1	1	
EBIT	175	186	
Profit for the year	109	110	
Financial position (before profit appropriation)	30 June 2017	31 December 2016	
Net working capital	-26	-53	
Non-current assets	6,982	6,884	
Capital employed	6,248	6,150	
Equity	3,710	3,704	
Net interest-bearing liabilities	2,170	2,078	
Total assets	7,499	7,284	
Gross investments ¹⁾	265	275	
Ratios	30 June 2017	31 December 2016	
Solvency	%	49.5	50.9
ROIC	%	5.3	5.6
Return on equity	%	5.6	5.6
Key figures	1st half year 2017	1st half year 2016	
Number of connections electricity (x 1,000)	2,751	2,742	
Number of connections gas (x 1,000)	2,289	2,279	
Section length electricity grid (x 1,000 km)	137.9	136.5	
Section length gas grid (x 1,000 km) ²⁾	46.0	46.0	
Number of employees at end of the period ³⁾	4,363	4,421	
	1st half year 2017	1st half year 2016	
Outage time electricity (minutes per connection)	8.3	8.2	
Outage time gas (seconds per connection)	26	19	

1. For 2016, this concerns investments in the first half year of 2016.

2. Endinet 'Section length gas grid (x 1,000 km)' modified in accordance with Enexis definition.

3. As of 2017 definition modification (including work experience places).

CONSOLIDATED INTERIM FINANCIAL STATEMENTS 2017

CONSOLIDATED INCOME STATEMENT

amounts in millions of euros	1st half year 2017	1st half year 2016
Revenue	680	685
Less: transmission, system services and distribution losses costs	113	111
Other operating income ¹⁾	10	21
Balance available for operating activities	577	595
Employee benefits expenses	152	161
Depreciation, impairments and decommissioning ¹⁾	166	166
Cost of work contracted out, materials and other external expenses	75	74
Other operating expenses	10	9
	403	410
Operating profit	174	185
Share of result of associates and joint ventures	1	1
Financial income	2	0
Financial expenses	31	44
Financial income and expenses	-29	-44
Profit before tax	146	141
Corporate income tax expense	37	31
Profit for the year	109	110
Attributable to:		
Minority shareholders	0	0
Shareholders	109	110
Average number of shares during the financial year	149,682,196	149,682,196
Profit per share²⁾	0.73	0.73

1. The goodwill attributed to the sale of Aktivabedrijf Enexis Friesland B.V. that was deducted from the other operating income in the first half of 2016 was reclassified as depreciation expenses in the Annual Report 2016. As a result, the comparative figures for the first half of 2016 were revised by EUR 2 million.

2. Stated in euros, dilution of earnings does not apply.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

amounts in millions of euros	1st half year 2017	1st half year 2016
Profit for the year	109	110
Released part of non-realised income through hedge reserve	1	0
Tax released on non-realised income through equity	0	0
Total result including non-realised income ¹⁾	110	110
Attributable to:		
Minority shareholders	0	0
Shareholders	110	110

1. The non-realised amounts in the total result solely concern amounts recognised in later periods in the income statement.

CONSOLIDATED BALANCE SHEET

amounts in millions of euros	30 June 2017	31 December 2016
Assets		
Property, plant and equipment	6,761	6,659
Intangible assets	199	201
Associates and joint ventures	12	13
Other financial assets	10	11
Non-current assets	6,982	6,884
Inventories	21	21
Receivables	157	164
Corporate income tax	43	15
Other financial assets (current)	5	52
Cash and cash equivalents	291	148
Current assets	517	400
Total assets	7,499	7,284

amounts in millions of euros	30 June 2017	31 December 2016
Liabilities		
Issued and paid-up share capital	150	150
Share premium reserve	2,436	2,436
General reserve	1,018	914
Hedge reserve	-3	-3
Profit for the year	109	207
Equity	3,710	3,704
Non-current interest-bearing liabilities	2,142	2,142
Non-current provisions	84	84
Advance contributions for the installation of grids and connections	690	664
Deferred corporate income tax	287	283
Other non-current liabilities	2	3
Non-current liabilities	3,205	3,176
Trade and other payables	240	245
Current interest-bearing liabilities	319	134
Current provisions	7	8
Advance contributions to be amortised in the following year	18	17
Current liabilities	584	404
Total liabilities	7,499	7,284

CONSOLIDATED STATEMENT OF CASH FLOW

amounts in millions of euros	1st half year 2017	1st half year 2016
Profit for the year	109	110
Adjustment for sale result Aktivabedrijf Enexis Friesland B.V.	0	-13
Depreciation and impairments	166	166
Amortised contribution for installation of grids and connections	-9	-8
Share of result of associates and joint ventures	-1	-1
Dividend received from associates	2	1
Change in operating working capital ^{1, 2)}	-27	-51
Change in deferred corporate income tax	4	4
Change in non-current provisions	0	8
Change in other non-current liabilities	-1	0
Others	0	1
Cash flow from operating activities	243	217
Investments in property, plant, equipment and intangible assets ²⁾	-266	-272
Additional payment acquisition Endinet Groep B.V.	0	-359
Contributions for the installation of grids and connections	36	35
Loans granted	-3	-2
Increase deposits and money market funds	0	-50
Decrease deposits and money market funds	50	120
Repayment of loans granted	1	1
Cash flow from investing activities	-182	-527
Cash flow before financing activities	61	-310
Issuing bond notes ³⁾	0	493
New interest-bearing liabilities excluding amounts owed to credit institutions	175	1
Repayment shareholders' loan tranche C	0	-500
Repayment of interest-bearing liabilities excluding amounts owed to credit institutions	-76	-2
Dividend paid	-103	-111
Cash flow from financing activities	-4	-119
Total cash flows	57	-429
Cash and cash equivalents minus amounts owed to credit institutions at the beginning of the financial year ⁴⁾	34	536
Cash and cash equivalents minus amounts owed to credit institutions at the end of the reporting period⁵⁾	91	107

1. The change in operational working capital was significantly influenced in the first half of 2017 by an advance payment of corporate income tax to be paid over 2017 of EUR 73 million (in the first half of 2016, the advance payment of corporate tax over 2016 was EUR 71 million). This is offset by refunds of EUR 4 million for 2015 and EUR 8 million for 2016.
2. With effect from 2016, the smart meters in stock were reclassified from inventories to plant, property and equipment. This resulted in a change of EUR 4 million for the first half of 2016, representing the reduction in inventories of smart meters in the first half of 2016.
3. EUR 500 million nominal after deduction of EUR 7 million emission costs that are amortised during the term of the loan.
4. Bank and cash balances (EUR 148 million) minus the negative bank balances presented as short-term interest-bearing liabilities (EUR 114 million).
5. Bank and cash balances (EUR 291 million) minus the negative bank balances presented as short-term interest-bearing liabilities (EUR 200 million).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

amounts in millions of euros	Number of ordinary shares	Share capital	Share premium reserve	General reserve	Hedge reserve	Profit for the year	Total equity
At 1 January 2016	149,682,196	150	2,436	802	-4	223	3,607
Profit for the year 1st half year 2016	0	0	0	0	0	109	109
Amortisation hedge reserve 1st half year 2016	0	0	0	0	1	0	1
Total result including unrealized results	149,682,196	150	2,436	802	-3	332	3,717
Profit appropriation for 2015	0	0	0	112	0	-112	0
Dividend paid for 2015	0	0	0	0	0	-111	-111
At 30 June 2016	149,682,196	150	2,436	914	-3	109	3,606
Profit for the year 2nd half year 2016	0	0	0	0	0	98	98
Amortisation hedge reserve 2nd half year 2016	0	0	0	0	0	0	0
At 31 December 2016	149,682,196	150	2,436	914	-3	207	3,704
At 1 January 2017	149,682,196	150	2,436	914	-3	207	3,704
Profit for the year 1st half year 2017	0	0	0	0	0	109	109
Amortisation hedge reserve 1st half year 2017	0	0	0	0	0	0	0
Total result including unrealized results	149,682,196	150	2,436	914	-3	316	3,813
Profit appropriation for 2016	0	0	0	104	0	-104	0
Dividend paid for 2016	0	0	0	0	0	-103	-103
At 30 June 2017	149,682,196	150	2,436	1,018	-3	109	3,710

EXPLANATORY NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

GENERAL INFORMATION

Enexis Holding N.V. is a public limited liability company with its registered office in 's-Hertogenbosch, the Netherlands. This interim financial statement includes figures for the first half of 2017 for the company and the other companies in the group.

We have prepared this interim financial statement in accordance with the IAS 34 'Interim Financial Reporting' standard, as adopted by the European Union.

This interim report has not been audited. However, it has been reviewed by the independent auditor.

The functional currency employed by Enexis Holding N.V. is the euro. Unless otherwise stated, all amounts are in millions of euros.

GENERAL PRINCIPLES FOR CONSOLIDATION, VALUATION AND DETERMINATION OF RESULTS

We have applied the same accounting principles to this Interim report as those applied in the annual report 2016 for Enexis Holding N.V. (which can be found on www.enexisgroep.nl/jaarverslag).

With the exception of the fair value of the interest-bearing loans, explained on page 17, the fair value of the financial assets and liabilities does not, in all material aspects, deviate from the book value as of 30 June 2017.

The corporate income tax is based on the best estimate of the anticipated average tax rate for 2017 calculated according to the pre-tax profit for the first six months of 2017. Due to non-deductible costs, the effective tax burden in the first half of 2017 exceeds the nominal tax percentage.

NEW IFRS STANDARDS AND AMENDMENTS VALID SINCE 1 JANUARY 2017

STANDARDS EFFECTIVE IN THE FIRST HALF OF 2017

In the first half of 2017, no amendments apply.

FUTURE STANDARDS NOT YET IN EFFECT DURING THE FIRST HALF OF 2017

The following improvements and amendments to the IFRS standards relevant for Enexis Holding N.V. have been published, but were not yet in effect in the first half of 2017.



IFRS 9 – ‘Financial Instruments’, valid from 1 January 2018. This standard replaces IAS 39 and all previous versions of IFRS 9 and brings together the three elements of ‘recognition’ and ‘measurement’, ‘impairment’ and ‘hedge accounting’ that apply for administration of financial instruments. This amendment is not expected to have a significant effect on the Group’s principles and/or explanatory notes.

IFRS 15 – ‘Revenue from Contracts with Customers’, valid from 1 January 2018. From 1 January 2018 this standard will replace the current reporting rules with respect to accounting for revenue, including the standards IAS 18 “Revenue Recognition”, IAS 11 “Construction Contracts” and the interpretations SIC 31 and IFRIC 13, 15 and 18. Enexis will apply the new standard from the date on which implementation becomes mandatory. Enexis is currently working on an implementation process for this new standard, focusing on three areas:

- valuation and accounting for revenue;
- explanatory notes in the annual report; and
- impact on processes and IT.

In the initial phase of the implementation process, the revenue streams were identified and the majority of the associated contracts, services and distributions were assessed to establish the potential impact of the implementation of IFRS 15. With the introduction of IFRS 15, a distinction needs to be made between separate performance obligations. This means that a distinction should be made between the separate services and distributions contained in a contract; the total contracted revenue should then be apportioned to the separate performance obligations.

The impact on accounting for revenue has not been fully identified at present, but based on the information available at the moment, Enexis does not expect material changes from the accounting for revenue under the current standards and interpretations. With respect to accounting, Enexis expects that the presentation and explanation of revenues under IFRS 15 will be more detailed than under the current standards. Despite this, based on the information currently available, Enexis does not expect the additional explanation required in the annual report to result in substantial changes to the processes and IT underlying the report.

Enexis will conclude the implementation process in the coming months so that it is prepared for the new standard in time. The actual impact of the revenue accounting will also become clear at that time.

IFRS 16 – ‘Leases’, valid from 1 January 2019. The new lease standard means that operational leases and rental obligations will also be accounted for on the balance sheet, which will result in an extension of the balance sheet that will also affect the ratios. The Group is currently preparing an exploratory study that will include an analysis of the lease and rental contracts and determination of the impact of the amendments on the internal control and control measures.

SEASONAL INFLUENCES

There are no appreciable seasonal influences having any effect on Enexis's revenue.

RESULTS IN THE FIRST HALF OF 2017

REVENUE, PURCHASE COSTS AND BALANCE AVAILABLE FOR OPERATING ACTIVITIES

The revenue from the supply of goods and services decreased by EUR 5 million (0.7%) in the first half of 2017 to EUR 680 million. This reduction is primarily due to a decrease in tariffs by 1.2% on average as compared to the first half of 2016. This is partly offset by 0.6% growth in the number of connections.

Our transmission and system services and distribution losses costs for the first half of 2017 increased by EUR 2 million to EUR 113 million. This increase is mainly due to a higher kW payment to TenneT of EUR 7 million as a result of tariff increases. This is partly offset by lower grid loss from allocation of EUR 5 million.

Our other operating income decreased by EUR 11 million to EUR 10 million in the first half of 2017. This is mainly due to the transaction result of EUR 13 million arising in 2016 from the sale of Aktivabedrijf Enexis Friesland B.V.

OPERATING EXPENSES

Employee benefits expenses decreased by EUR 9 million to EUR 152 million in the first half of 2017. This reduction was largely due to an increase in activated costs of our own staff of EUR 7 million due to the use of our own staff for investment projects. These costs also decreased due to a reduction in the number of FTE by 1.8% (30 June 2017: 4,204; 30 June 2016: 4,280). This is partly offset by an increase in staffing costs of approximately 1.0% as a consequence of periodic salary increases for our own staff.

Depreciation expenses amount to EUR 166 million, in line with the first half of 2016. No significant impairments occurred in the first half of 2016 or the first half of 2017.

The costs of work contracted out, materials and other external expenses were, at EUR 75 million, consistent with the first half of 2016 (EUR 74 million).

Other operating expenses increased by EUR 1 million to EUR 10 million in the first half of 2017. This increase was mainly due to the release of the CBL funds reserve of EUR 2 million in the first half of 2016.

FINANCIAL INCOME AND EXPENSES

The negative balance of financial income and expenses was EUR 29 million in the first half of 2017 - an improvement of EUR 15 million compared to the first half of 2016. This decrease in the negative balance of financial income and expenses is mainly due to the early repayment of tranche C of the shareholder's loan in April 2016. The interest payments on tranche C of the shareholder's loan up to and including April 2016 were EUR 8 million and the penalty interest paid as a result of the early repayment was EUR 8 million.

TAX

The profit before tax in the first half of 2017 was EUR 146 million. The effective tax burden was lower in the first half of 2016 mainly due to higher non-taxable returns such as the transaction result of Aktivabedrijf Enexis Friesland B.V. of EUR 13 million, the contribution due to the perpetual loan not being made at arm's length of EUR 6 million, and the release of the reserve for CBL termination costs of EUR 2 million.

ACQUISITION AND SALE OF PARTS OF THE COMPANY

SETTLEMENT OF ACQUISITION OF ENDINET GROEP B.V. AND SALE OF AKTIVABEDRIJF ENEXIS FRIESLAND B.V. EFFECTIVE 1 JANUARY 2016

On 1 January 2016, Endinet Groep B.V. was acquired. The acquisition price was EUR 694 million, made up of EUR 359 million in cash and EUR 336 million representing the sale value of the assets of Aktivabedrijf Enexis Friesland B.V. transferred as part of the transaction. The transaction result of EUR 13 million from the sale transaction was recorded in 2016 in the income statement as other operating income.

ACQUISITION OF N.V. STEDIN NETTEN WEERT EFFECTIVE 1 JULY 2017

On 25 April, a sale and purchase agreement (SPA) was signed with Stedin Netbeheer B.V. for the acquisition of N.V. Stedin Netten Weert with effect from 1 July 2017. On 1 July 2017, Enexis B.V. acquired full ownership of N.V. Stedin Netten Weert, which will be incorporated in the consolidated group accounts from this date onwards. This transaction has no financial impact on the consolidated interim financial statements for 2017. N.V. Stedin Netten Weert was responsible for the gas and electricity grid in the Weert municipality. As a result of this acquisition, 33 Stedin employees have joined our company.

The acquisition price was EUR 59 million. The fair value of N.V. Stedin Netten Weert can be specified as follows:

amounts in millions of euros	2017
Property, plant and equipment	59
Total acquired assets	59
Deferred corporate income tax liabilities	1
Total acquired liabilities	1
Fair value net-assets	58
Purchase price of acquisition	59
Goodwill	1

The property, plant and equipment relates to approximately 22,000 electricity connections and 20,000 gas connections and corresponds to parts of the grid, connections, meters and other assets.

The deferred corporate income tax liabilities relate to differences between the commercial and fiscal valuation of the assets.

The goodwill of EUR 1 million relates almost entirely to the expected benefits from synergy.

The expenses that were incurred for the acquisition of N.V. Stedin Netten Weert are EUR 0.9 million, of which EUR 0.8 million have been included in the income statement for 2016 and EUR 0.1 million in the income statement for 2017.

For more information, please see the paragraph Subsequent events date on page 19.

FAIR VALUE OF INTEREST-BEARING LOANS

As of 30 June 2017, Enexis has EUR 2,238 million (31 December 2016: EUR 2,137 million) in interest-bearing loans on its balance sheet. The fair value of these interest-bearing loans is EUR 2,411 million. For the bond loans, this fair value is in line with the official listing and, for the other loans, it is in line with the calculation methods based on the Euro Utility (A) BFV yield curve as of 30 June 2017 (31 December 2016: EUR 2,338 million). For the other loans, the values of the interest payments and the repayment of the principal sums have been discounted according to differentiated interest rates, taking into account the effect of time.

The main reason for the increase in the fair value and the book value of the interest-bearing loans is the issue of commercial papers under the ECP (Euro Commercial Paper) programme. In the first half of 2017, a total of EUR 175 million was obtained through the ECP programme. As of 30 June 2017, EUR 100 million of this is still available.

CREDIT RATING

The credit ratings from Standard & Poor's (A+ with a stable outlook) and Moody's (Aa3 with a stable outlook) were unchanged in the first half of 2017. The short-term credit rating of Enexis Holding N.V. is P-1 (Moody's) and A-1 (Standard & Poor's).

To achieve our objective of maintaining at least an A credit rating and a financially healthy capital structure, we aim to achieve the following key financial indicators:

	Actual
FFO/net interest-bearing liabilities \geq 16%	25%
FFO-interest coverage \geq 3.5	10.2
Net interest-bearing liabilities/(equity + net interest-bearing liabilities) \leq 60%	37%

SEGMENTATION INFORMATION FIRST HALF-YEAR PERIOD 2017

Enexis Holding N.V. makes a distinction between the following reporting segments:

- Enexis regulated;
- Enexis other.

For further explanation of the segments identified and a description of the segments and the aspects eliminated from each, please see paragraph 3. Segmentation of the Explanatory notes to the consolidated financial statements on pages 82 to 84 of the Enexis Holding N.V.

Annual Report 2016 (which can be found on www.enexisgroep.com/annualreport).

The segmented information for the first half of 2017 is as follows:

amounts in millions of euros	Enexis regulated		Enexis other		Normalisation and eliminations		Enexis total	
	1st half year 2017	1st half year 2016	1st half year 2017	1st half year 2016	1st half year 2017	1st half year 2016	1st half year 2017	1st half year 2016
Income statement								
Revenue	654	657	36	38	-10	-10	680	685
Other operating income	11	21	2	1	-3	-1	10	21
Operating profit	166	170	8	15	0	0	174	185
Assets and liabilities								
Total assets	7,559	7,224	328	181	-388	-166	7,499	7,239

OTHER NOTES

INFORMATION ON RELATED PARTIES

In the first half of 2017, we paid out EUR 103 million of dividends to our shareholders. In addition, we received EUR 1 million from EDSN, as a regular instalment in repayment of a loan, and issued new loans to a value of EUR 2 million. All other transactions with related parties were conducted as part of normal operations, and took place at market rates and on market terms.

OFF-BALANCE SHEET COMMITMENTS AND ASSETS

RENT, LEASE AND PURCHASING OBLIGATIONS

Apart from regular settlements, as of 30 June 2017 the obligations relating to passenger cars, office locations, ICT and other matters do not differ materially from the obligations on 31 December 2016. However, the obligations relating to the purchase of grid loss have been updated and, as of 30 June 2017, amount to EUR 85 million. As of 30 June 2017, the total amount of obligations is EUR 265 million (< 1 year: EUR 122 million; 1-5 years: EUR 130 million; > 5 years: EUR 13 million).

SUBSEQUENT EVENTS

With effect from 1 July 2017, N.V. Stedin Netten Weert was acquired and legally merged with Enexis B.V. With effect from this date, this acquisition will be consolidated into the figures for Enexis B.V. and into the group figures for Enexis Holding N.V.

On 10 July 2017, Fudura B.V., together with Alliander Participaties B.V., entered into an outline agreement with SPIE Nederland B.V. to sell the joint venture Ziut B.V. as the services of Ziut B.V. are not compatible with their strategic core activities. The innovative nature and experience of SPIE Nederland B.V. offer a good and stable basis enabling Ziut B.V. to respond flexibly in a rapidly-changing market and to better achieve and exploit opportunities. The parties will continue their discussion on the basis of the outline agreement. Consultation with the works council, unions and the regulator should result in a final agreement. This sale transaction is not expected to have a significant financial impact.

For further information on the events described above, please refer to the paragraph on Acquisition and sale of parts of the company on page 16.

On behalf of Enexis' Board of Directors,

P. Vermaat, chairman

M. Blacquièrè

's-Hertogenbosch, 25 July 2017

REVIEW REPORT

To: the Board of Directors and Supervisory Board of Enexis Holding N.V.

INSTRUCTIONS

We have reviewed the accompanying consolidated interim financial information for the six-month period ended 30 June 2017 of Enexis Holding N.V., 's Hertogenbosch, which comprises the consolidated balance sheet as of 30 June 2017, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the period then ended and the selected explanatory notes. The board of directors is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

SCOPE

We conducted our review in accordance with Dutch law including standard 2410, Review of Interim Financial Information Performed by the Independent Auditor of the company. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information for the six-month period ended 30 June 2017 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

Utrecht, 25 July 2017

PricewaterhouseCoopers Accountants N.V.

Original Dutch review report has been signed by:

C.J.A.M. Romme RA

(This review report is a translation of the original review report accompanying the original consolidated interim financial information, both in Dutch. This original review report can be found on the website of Enexis Groep)

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