



**ENEXIS**

CHANNELING ENERGY



Interim report 2016

**Enexis Holding N.V.**







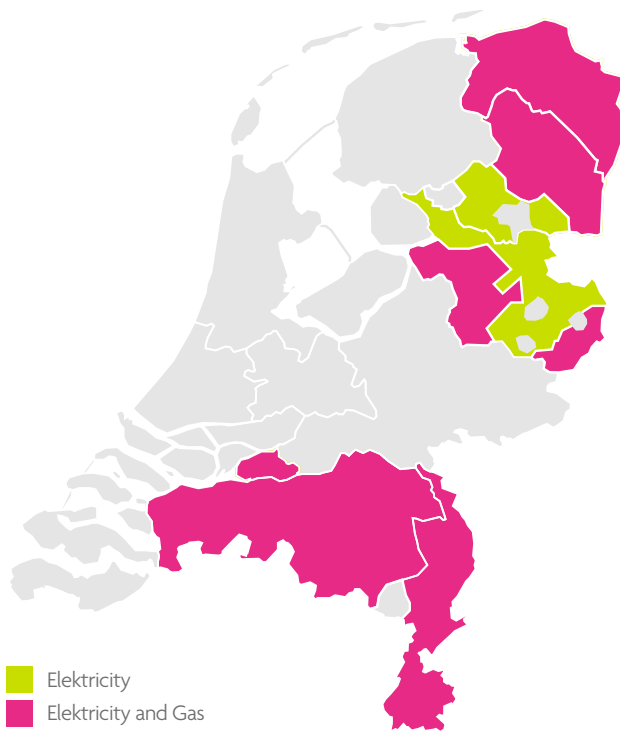
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# Profile of Enexis

Enexis excels at channelling energy. Enexis is responsible for distributing electricity to 2.7 million customers, and gas to more than 2.3 million customers in the provinces of Groningen, Drenthe, Overijssel, Noord-Brabant and Limburg.

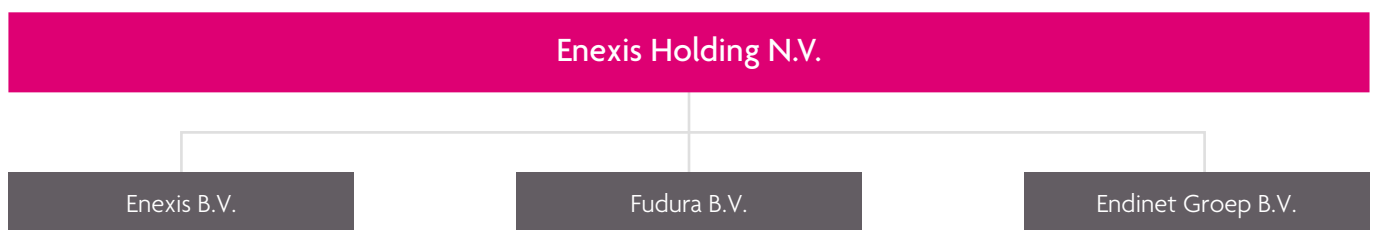
## Servicing area 2016



## Organisation chart

Enexis Holding N.V. is a grid management group that includes the grid operators Enexis B.V., Endinet B.V. and Fudura B.V., and Endinet Groep B.V. Where this report refers to 'Enexis', this is intended to refer to all the activities carried out within the Enexis Holding N.V. group, except where explicitly stated otherwise.

## Simplified organisation chart



### Regulated activities

Enexis B.V. and Endinet B.V. are responsible for constructing, maintaining, developing and operating the electricity and gas grids. The Dutch Electricity and Gas Act gives grid operators a monopoly within their servicing area. In their servicing area, grid operators have exclusive rights - within regulated parameters - to operate the distribution grids for electricity (electricity cables and low and medium voltage substations) and gas (gas pipelines and gas substations). The Dutch Authority for Consumers & Markets (ACM) monitors both the quality of the services provided by grid operators and their charges.

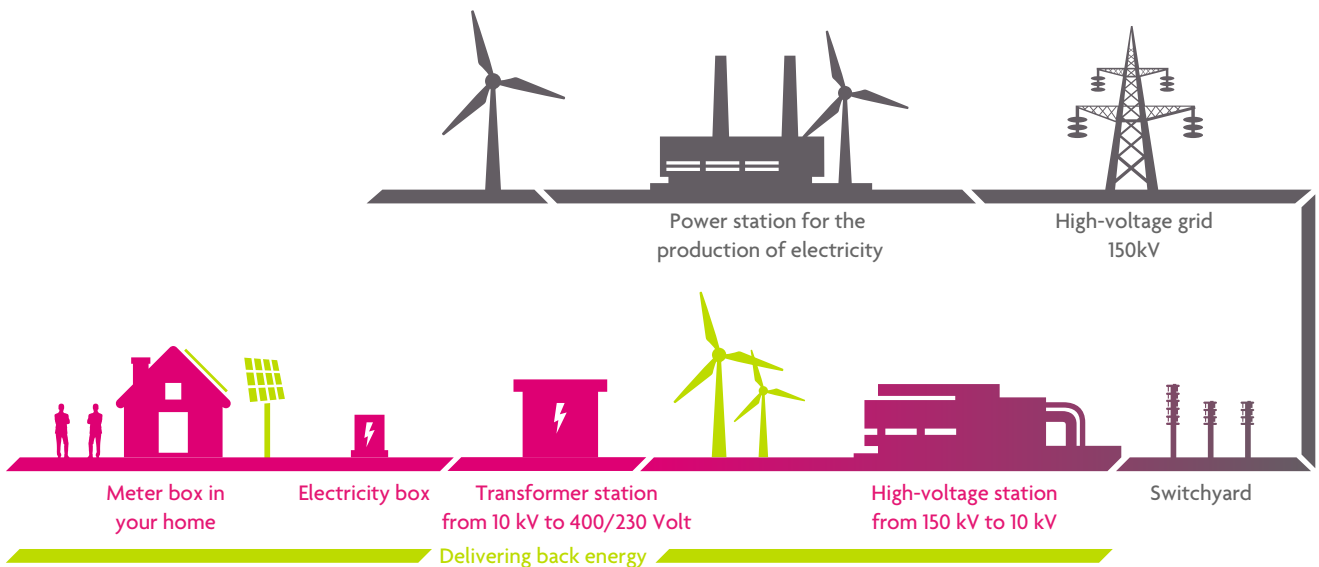
### Non-regulated activities

Fudura B.V. and a limited part of Endinet Groep B.V. operate on the non-regulated business market, with activities that reinforce Enexis' core activities, such as advice, measuring energy streams, the design and installation of infrastructure, and rental and maintenance of charging points, transformers and switching stations. Fudura and a small part of Endinet Groep B.V. ensure that companies are able to arrange their energy supply efficiently. They are also responsible for non-regulated activities that help organisations and individuals to move towards more sustainable energy use in their homes and business.

### The energy chain

The energy supply chain is becoming increasingly dynamic. Power stations as well as increasing numbers of consumers and companies are feeding energy they produce themselves into the energy grids. Enexis ensures that its grids are able to cope with the supply and demand, and that energy is distributed as efficiently as possible. The changes to energy supply are making all the players in the energy supply chain more dependent on one another: producers, suppliers, customers, independent service providers and grid operators. Enexis sees this as an opportunity to innovate and a new way for the different players to work together.

#### Enexis in the chain



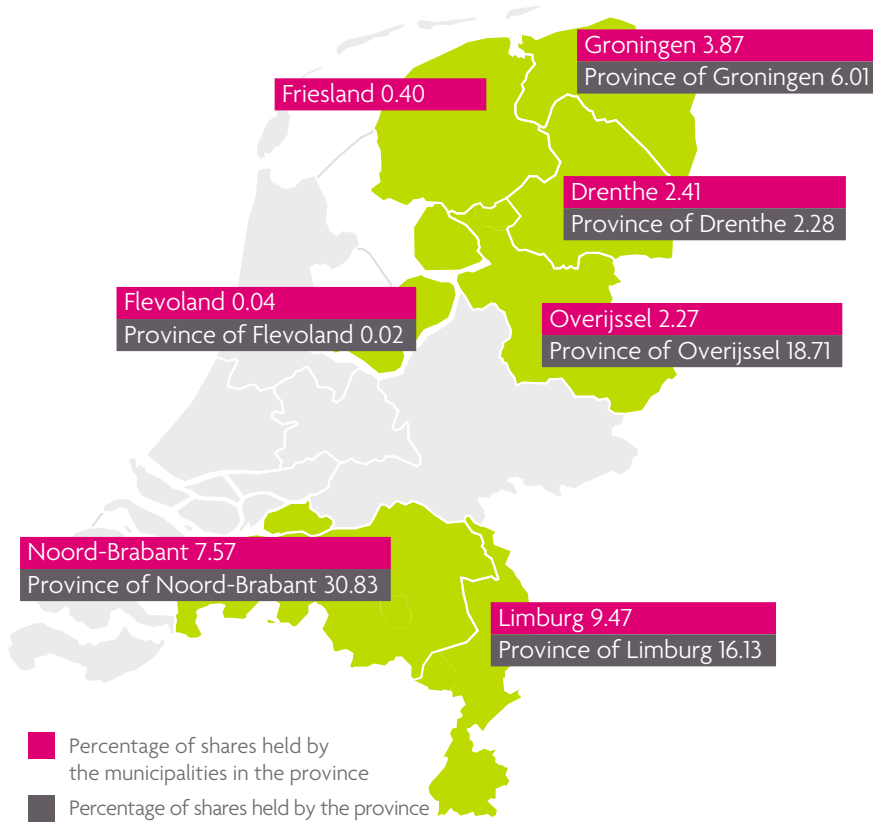


## Enexis shareholders

The shareholders in Enexis Holding N.V. are provinces and municipalities in the areas in which Enexis operates (or operated until recently).

### Enexis shares

*(Percentage of shares held by the provinces and the municipalities in the provinces)*



# Key figures

amounts in millions of euros

	1st half-year 2016	1st half-year 2015	%
<b>Result</b>			
Revenue	684.6	673.1	1.7
Transmission- and systemservices and distribution losses costs	111.2	114.4	-2.7
Other operating income	19.5	9.3	109.2
Balance available for operating activities	592.9	568.0	4.4
Operating expenses excluding depreciation, impairments and decommissioning	244.5	225.7	8.3
Depreciation, impairments and decommissioning	163.9	147.1	11.4
Operating profit	184.5	195.2	-5.5
Share of result of associates and joint ventures	0.7	0.7	-3.7
EBIT	185.2	195.9	-5.5
Financial income and expenses	-44.2	-38.9	13.6
Profit before tax	141.0	157.0	-10.2
Profit for the year	109.7	114.8	-4.4
<b>Balance sheet</b>			
	30 June 2016	31-12-2015	%
Net working capital <sup>2</sup>	-9.4	-63.5	-85.3
Non-current assets	6,730.4	5,846.2	15.1
Capital employed <sup>1,2</sup>	6,064.0	5,478.2	10.7
Equity	3,606.2	3,607.7	-0.0
Total assets	7,238.5	7,079.4	2.2
Gross investments <sup>3</sup>	275.0	219.0	25.6
<b>Ratios</b>			
	30 June 2016	31-12-2015	%
Solvency	% 49.8	51.0	-2.2
ROIC <sup>1,4</sup>	% 6.3	7.2	-12.1
Return on equity <sup>1,4</sup>	% 6.0	6.2	-2.2
<b>Key figures<sup>5</sup></b>			
	1st half-year 2016	1st half-year 2015	%
Number of connections electricity (x 1,000)	2,742	2,690	1.9
Number of connections gas (x 1,000)	2,279	2,088	9.1
Section length electricity (x 1,000 km)	136.5	138.2	-1.2
Section length gas (x 1,000 km)	46.2	44.8	3.1
Number of employees at end of the period	4,421	4,331	2.1
<b>Outage time</b>			
	1st half-year 2016	1st half-year 2015	%
Outage time electricity (minutes per connection)	8.2	6.1	34.4
Outage time gas (seconds per connection)	19	22	-13.6

1. The level of the capital employed has been affected by approximately EUR 440 million as a result of the acquisition of Endinet Groep B.V. and the sale of Aktivabedrijf Enexis Friesland B.V. as of 1 January 2016.












2. From 2016, the long-term portion of the reservation for accrued leave will be reclassified from current liabilities to non-current liabilities. Accordingly, an adjustment of EUR 2.8 million has been made for 2015.

3. For 2015, this concerns investments in the first half-year of 2015.

4. For the first half-year of 2016, these ratios have been calculated based on a 12-month rolling average.

5. Includes Endinet.

# Objectives and performance<sup>1</sup>

Indicator	30 June 2016	Objectives 2016	Realised 2015
<b>Enexis Way of Working</b>			
 <b>Employee engagement</b>	<b>8.3</b>	8.0	8.0
 <b>DART-rate internal</b>	<b>0.20</b>	≤ 0.32	0.33
 <b>DART-rate external</b>	<b>1.15</b>	≤ 0.67	0.78
<b>Reliable</b>			
 <b>Annual outage time electricity</b>	<b>8.2 minutes</b>	≤ 22.4 minutes	14.2 minutes
 <b>Average low-voltage outage duration</b>	<b>165 minutes</b>	≤ 155 minutes	169 minutes
<b>Affordable</b>			
 <b>Controllable costs and revenues</b>	<b>EUR 188.2 million</b>	≤ EUR 368.2 million	EUR 355.6 million
<b>Customer-oriented</b>			
 <b>Customer Effort Scores (CES)<sup>2</sup></b>	<b>2 out of 6</b>	≥ 5 out of 6 customer effort scores Q4 2016 ≤ sub-target	3 out of 5
 <b>Offering of Smart Meters</b>	<b>228,153 addresses</b>	≥ 392,500 addresses	233,247 addresses
 <b>Installation of Smart Meters</b>	<b>89.7%</b>	≥ 90%	90%
<b>Sustainable</b>			
 <b>Number of new 'Buurkracht' neighbourhoods</b>	<b>35 neighbourhoods</b>	≥ 65 neighbourhoods	55 neighbourhoods
 <b>CO<sub>2</sub> reduction leased cars and claimed kilometres<sup>3,4</sup></b>	<b>5.2%</b>	≥ 4% reduction compared to the 2015 score	N.A.

1. Excluding Endinet, with the exception of DART rate internal, annual outage time electricity, controllable costs and revenues, Offering of Smart Meters and Installation of Smart Meters.

2. 2016: Standard connections, custom connections, customer service telephony, Enexis.nl, complaints & claims, failures information.

3. Vehicles with a commercial registration are excluded from this research.

4. This KPI will be reported as from the end of 2016.

See definitions in the 'Glossary' of the Annual Report 2015.



The table on the previous page shows Enexis's Balanced Score Card (BSC). This BSC is based on our objectives in the Strategic Plan 2014-2017. The key performance indicators (KPIs) correspond as follows to the following key topics in our materiality analysis.

1. Ensuring health and safety at work (internal DART rate, external DART rate, employee engagement)
2. Customer health and safety (Public safety: see page 12)
3. Availability and reliability of the energy supply (Average interruption time low-voltage outage)
4. Energy transition (Offering and installing smart meters)
5. Energy usage ('Buurkracht' neighbourhoods)
6. Access to energy (Annual outage time)
7. Economic performance (Controllable costs and revenues)
8. CO<sub>2</sub> emissions (CO<sub>2</sub> reduction leased cars and claimed kilometres)
9. Customer satisfaction (CES)

In accordance with our strategy, the KPIs are distributed across the 4 pillars: Reliable, Affordable, Customer-oriented and Sustainable. To support our strategy and realise our ambitions in these areas, we need the commitment and dedication of our employees. This is illustrated in the Enexis Way of Working. Our Executive Board and other members of the board of directors discuss progress monthly in management meetings. Progress in this area is also covered in the monthly report that the Executive Board discusses with the Supervisory Board.

### Strategic direction

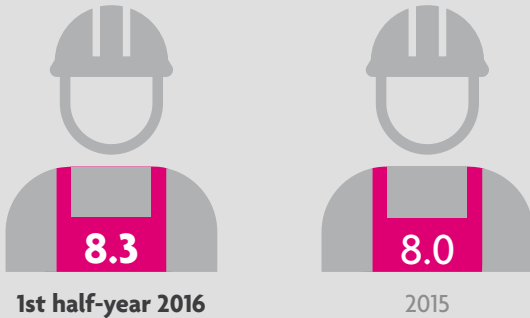
The speed and the impact of the energy transition continue to increase. This has consequences for our existing energy grids and the services offered. In order to respond to the challenges that the transition to a sustainable energy system pose, in the first half of 2016 a process was started to refocus the strategic direction of Enexis. This included taking steps to anticipate regulations and legislation, reducing costs and increasing interaction with stakeholders.



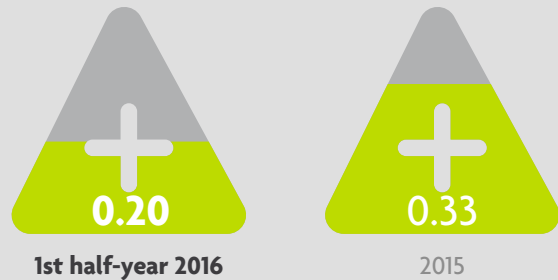


# The Enexis Way of Working

## Employee engagement



## DART rate internal



We can only achieve our ambitions with the dedication and commitment of our employees. That's why it is important to us that they carry out their work at Enexis safely and with energy and enthusiasm.

## Safety

For Enexis, safety at work takes top priority. We want every employee to arrive home safe and sound at the end of each day. Our aim for 2017 is to halve the number of accidents resulting in absence, compared to 2013. In 2016, this objective translates into a DART rate of  $\leq 0.32$ .

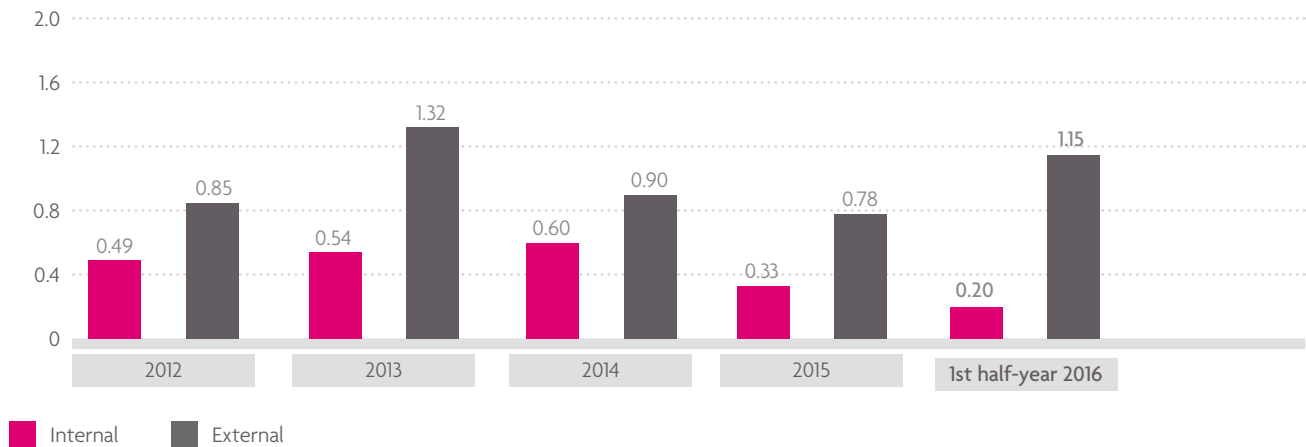
To achieve this objective, in 2016 we are continuing to devote considerable attention to safety, and are making efforts to increase awareness in this area even further. We are running an internal campaign, in which we take time to consider our daily actions. At the individual Enexis sites, employees are actively involved in various initiatives to raise safety awareness. For example, our Maastricht office organised a safety market, and our Emmen office has introduced a menu with safety themes.

Thanks to these efforts, our internal DART rate is better than our target and we are seeing internal improvements in accident reporting and follow-up. Unfortunately, 4 accidents resulting in absence occurred in the first half of 2016.

In the first half of 2016, third parties reported 9 accidents resulting in absence. Partly due to this, our DART rate for third parties was, at 1.15, under our target ( $\leq 0.67$ ). This less positive DART rate may also be due to our efforts in 2015 to promote better accident reporting by third parties.



## DART rate<sup>1</sup> internal and external



1. DART (Days Away Restricted or Transferred) rate: the number of accidents resulting in days away from work or job transfer per 200,000 hours worked.

## Sustainable employability

Enexis encourages and facilitates sustainable employability (SE). This enables employees to maintain and/or strengthen their position in the employment market and keeps them fit and motivated.

All our employees have a personal SE budget of EUR 500 per calendar year. In the first half of 2016, the number of employees using their SE budget increased compared to the first half of 2015. The most commonly recurring items on which employees spend their budget are career-related courses and training, sports clothing and membership of a sports club.

## Engaged employees

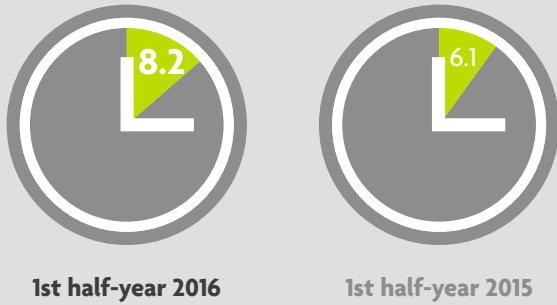
Enexis aims to ensure that its employees are energised by their work, passionate about what they do, and take pleasure in it, and that they carry out their duties as well as possible. Employee engagement fosters quality, innovation, productivity and positive energy.

On the one hand, this engagement is influenced by employees themselves. For example, by using their talents, setting themselves challenging but realistic targets, taking the initiative and ensuring a good balance between work and private life. On the other hand, managers also influence the engagement of their employees. For example, giving direction by setting clear objectives, inspiring them, expressing appreciation and making sure the work remains challenging.

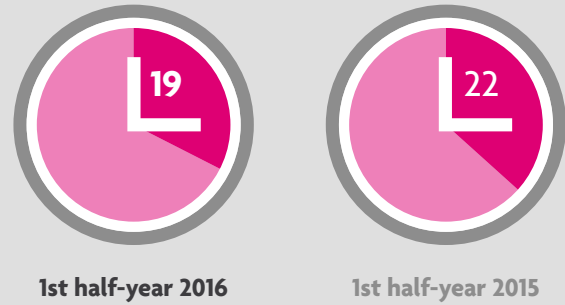
In the first half of 2016, over 2 measurements, Enexis scored an average of 8.3 out of 10 for employee engagement. This was with a 48.4% response rate in a survey of more than 1,500 employees, selected randomly. This is higher than our target and our score in 2015 (both 8.0 out of 10). From our findings, we find that our people are intrinsically motivated and enthusiastic about their work, and that sickness absence has also fallen compared to the first half of 2015.

# Reliable

**Annual outage time electricity**  
(in minutes per connection)



**Annual outage time gas**  
(in seconds per connection)



It is our job to ensure that people have access to energy at all times and everywhere. Now, and in the future. We want to maintain the reliability and safety at the current high levels. We also want to understand how energy supply is changing, and ensure the timely adaption of our grids.

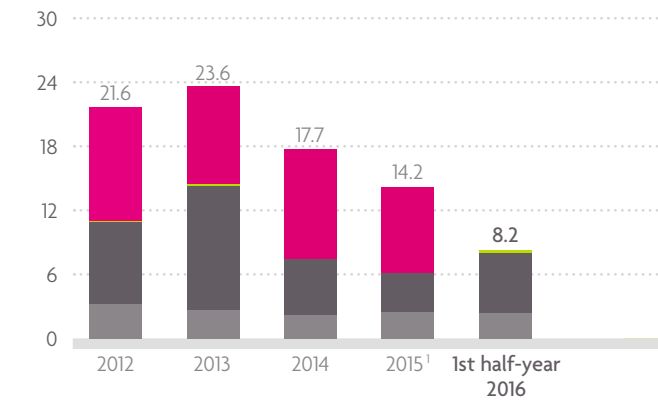
## Reliable supply

The electricity outage time in the first half of 2016 was 8.2 minutes. Our performance in this area therefore exceeded our target. However, this is an increase of 34.4% compared to the same period in 2015 (first half of 2015: 6.1 minutes) when the outage time was historically low. The 12-month moving average for electricity is 16.3 minutes.

In the first half of 2016, there were 6 electricity outages, including 2 large-scale outages. In Onderdendam (Groningen) a large-scale outage in the medium voltage installation occurred. In Geldrop (Noord-Brabant) a fire broke out, with the result that the mid-voltage transmission station was disabled.

The gas outage time in the first half of 2016 was 19 seconds (first half of 2015: 22 seconds). The 12-month moving average for gas is 75 seconds.

### Reliability of the electricity/annual outage time per connection (in minutes)



- 1st half-year Low Voltage
- 1st half-year Medium Voltage
- 1st half-year High Voltage
- 2nd half-year total

1. Possibly slightly different to other figures presented in 2015 due to the final sectoral figures presented to the ACM.

### Public safety

Enexis uses the KPI public safety to measure the safety of its gas grids using a number of milestones.

Milestones	Status at 1st half-year 2016
Number of gas leaks with a negligible or small impact < 12,000	6,315 reports
Number of gas leaks with a moderate or considerable impact < 10	2 reports
Number of incidents with a serious impact < 3	0 reports
Number of incidents with a disastrous impact < 1	0 reports

- ◆ Negligible/small: reports that count for the safety indicator, such as reports of gas leaks without demonstrable impact.
- ◆ Moderate/considerable: number of accidents with First Aid Assistance, injuries resulting in absenteeism or damage to the environment between EUR 10 K and EUR 1 M.
- ◆ Serious: accidents with serious (permanent) injuries or damage to the environment between EUR 1 M and EUR 10 M.
- ◆ Disastrous: accidents with one or several fatalities or damage to the environment of at least EUR 10 M.

In the first half of 2016, we observe an increasing number of reports of gas leaks with a negligible or small effect in gas meter equipment. If we apply this increase up to the end of the year, we will just meet our target in 2016. Enexis has initiated a detailed investigation to find the cause of the increase. For the remaining 3 milestones, we are currently ahead of target.

### Investments and maintenance

To be able to meet energy needs in the future, Enexis (including Endinet) budgeted EUR 705 million (Enexis EUR 656 million and Endinet EUR 49 million) in 2016 for grid maintenance, replacement and renewal. To carry this out, we have prepared a work package, including investments at our own initiative, and investments commissioned by customers.

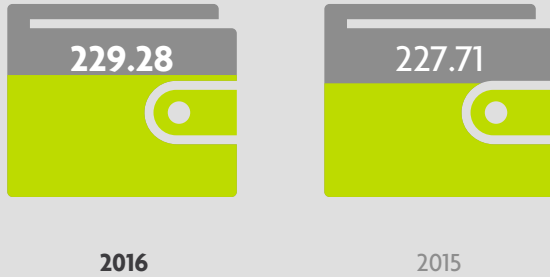
As Enexis has offered more smart meters than forecast in the first half of 2016, the company is ahead of its investment target.



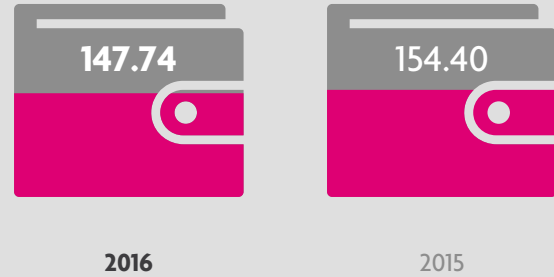


# Affordable

## Electricity grid operating costs for household consumption (in EUR)



## Gas grid operating costs for household consumption (in EUR)



We want to be the grid operator with the lowest possible tariffs. At the same time, we want to offer our shareholders a reasonable return.

### Tariffs reduced

As of 1 January 2016, the regulated tariffs of Enexis (Enexis B.V. and Endinet B.V.) decreased by an average of 0.6%.

### Method decision

In April 2016, the Dutch Authority for Consumers & Markets (ACM) published draft method decisions for the national and regional energy grid operators for the coming regulatory period (2017-2021). The purpose of these decisions is to lay down the calculation method that will be used to determine what the annual revenue of the grid operators can be, and what tariffs they are allowed to charge their customers (consumers and businesses). The combined grid operators have submitted their views on the draft decisions, along with others. A final method decision is expected in September 2016.

### Exchange and integration of Endinet

With effect from 1 January 2016, Alliander and Enexis exchanged energy grids, to allocate the areas along provincial boundaries more logically. In the long term, this will deliver cost savings for both parties. Enexis exchanged its energy grids in Friesland and the Noordoostpolder and Urk municipalities for Alliander's energy grids in the Eindhoven and the region of Zuid-Oost Brabant (Endinet). In the first half of 2016, Enexis further implemented the integration of Endinet into the Enexis organisation, for example with respect to employees and IT systems.



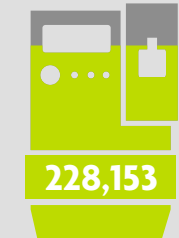
On 1 January 2016, 241 Endinet employees transferred to Enexis. It was agreed with them, the Workers Council and the unions that we will make every effort to support employees in moving 'from work into work', either within Enexis or elsewhere. A period of up to 2 years has been allocated for this. However, we aim to achieve this by the end of 2016. Support for employees and additional interviews have already resulted in 210 employees finding suitable work by 1 July 2016. We expect that during the second half of 2016 this will also be the case for the group of approximately 30, who have not yet found suitable positions.

ICT is the backbone of the integration process. The way in which the information about Endinet grids is registered differs from the way in which Enexis does this. In order to be able to integrate the data in our systems, we need to carry out a conversion via data reprocessing. We anticipate that the complete integration of Endinet within the Enexis organisation will be completed on 1 January 2017.

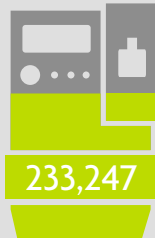


# Customer-oriented

## Offered smart meters (number of addresses)

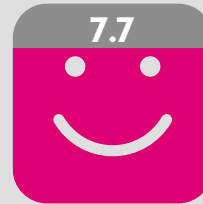


1st half-year 2016



2015

## Evaluation of service to roll-out smart meters



Q2 2016



Q2 2015

Enexis has over 5 million customers. We believe it is important to enable our customers to save energy by supporting them with information. Our aim is that the customer thinks: 'If I could choose, I'd choose Enexis.'

## Customer satisfaction

Enexis measures customer satisfaction with respect to specific processes. We do this on the basis of the Customer Effort Score (CES). This 5-point score reflects the amount of effort the customer has to make to receive the right assistance. The scale is from 1 (very low effort) to 5 (very high effort). The CES adds the percentages of the customer scores 4 and 5 together. For the CES score, the principle is 'the lower, the better', and the targets at maximum levels.

## Explanation of the CES processes

	Target Q4 2016	Q1 2016	Q2 2016
Standard connections	≤ 20%	27%	32%
Customised connections	≤ 20%	31%	26%
Customer service telephony	≤ 17%	21%	20%
Enexis.nl	≤ 15%	15%	15%
Complaints & Claims	≤ 40%	30%	31%
Information on outages	≤ 10%	12%	15%

Two out of six CES perform better or equal as targeted. In the second quarter the CES on three out of six processes showed a decrease. In general, our customer service employees score well on customer friendliness and knowledge. Our customers also feel that their question or complaint is taken seriously. This is positive. However, for processes surrounding both standard and customised connections, our customers miss a clear point of contact. In this case, they need to contact different departments several times. In order to come up with structured improvements for the connection processes, in 2016 Enexis began drawing up a new design for these processes.

To ensure that important customer information is always up to date and easy to find, we have started improving our website ([enexis.nl](http://enexis.nl), including information on outages). In this, we are concentrating on ensuring information is up to date and quickly available, as well as publicising the national number for outages.

## Installing and encouraging the use of smart meters

The large-scale offering of smart meters started in 2015 and will continue until the end of 2020. Our aim for 2016 is to offer a smart meter on 392,500 addresses. By mid-year 2016, Enexis has offered a smart meter to over 228,000 addresses (including Endinet addresses). This is above our target.

In almost 90% of all offerings, a successful installation followed immediately. In the other cases, for example, the customer was not at home, there were technical reasons why the meter could not be installed, or the customer refused the meter. In terms of people who refuse the smart meter (4.5% in the first half of 2016), Enexis has scored better than the previous year (5.0% in 2015), and better than the average for the sector (5.4% in 2015).

Number of addresses offered	1st half-year	
Total number of installed addresses	204,733	89.7%
Not installed:		
Refused by customer	10,198	4.5%
Postponed at the request of customer	10,573	4.7%
Technically not possible	2,649	1.1%
<b>Total</b>	<b>228,153</b>	<b>100%</b>

Number of meters installed	Cumulative total	Until June 2016	2015	2014	2013	2012
Electricity meters	865,886	204,733	233,247	174,165	128,795	90,105
Gas meters	678,880	176,292	149,204	149,494	96,291	63,533
<b>Total</b>	<b>1,544,766</b>	<b>381,025</b>	<b>382,451</b>	<b>323,659</b>	<b>225,086</b>	<b>153,638</b>

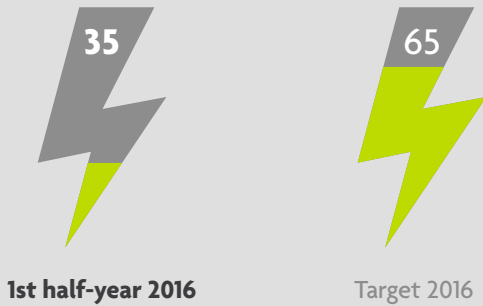
Smart meters provide people with better insight into their energy consumption, and with opportunities to save energy. In order to encourage and support customers in their efforts, Enexis has started the pilot 'Energiekanjers'. In the pilot, in Breda, Deventer and then Groningen, we are looking at how we can best approach households to encourage them to purchase a particular product (such as energy consumption managers or apps).

We are doing this to give customers greater insight into the possibilities of the smart meter, and to enable them to make the step toward saving energy faster. For this, Enexis is working with over 20 commercial parties (including energy suppliers and independent service providers). The pilot will be completed at the end of September 2016. We will then evaluate which mix of tools delivers the best results, and how we can best approach our customers in the coming years.

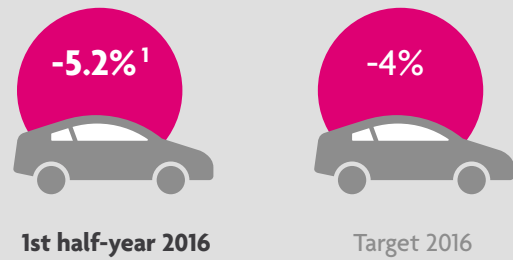


# Sustainable

## Number of 'Buurkracht' neighbourhoods



## CO<sub>2</sub> emissions from our fleet



1. The percentage refers to the period up to 31 May. The delay of one month is due to the processing of the units purchased at the petrol station.

We take our social responsibility seriously, and are happy to contribute to the realisation of the Energy Agreement, both directly and indirectly. As a partner in the energy transition, Enexis is helping customers and others to save energy. We are also saving energy in our own premises and want to reduce our carbon footprint.

### Buurkracht programme

Buurkracht is a successful programme in which Enexis actively encourages customers to save energy. The number of initiatives is growing rapidly. In the first half of 2016, 35 new neighbourhoods joined the programme. This is just under our target of 37. It takes time to put together a good team of volunteers. We expect to achieve the planned 65 extra neighbourhoods in 2016. If necessary, Enexis will deploy additional neighbourhood support staff. As of mid-year 2016, there are 137 neighbourhoods taking part in Buurkracht.

### Sustainable mobility

The Enexis sustainable mobility policy is aimed at reducing our travel movements and increasing the sustainability of journeys made by our employees. The reduction of CO<sub>2</sub> emissions by our own fleet is an important spearhead of this policy. Up to the end of May 2016, the CO<sub>2</sub> emissions from our fleet decreased by 5.2%, compared to the same period in 2014. This percentage stems from a decrease of 6.6% in the CO<sub>2</sub> emissions per FTE on the basis of kilometres declared, and a 4.5% decrease in the CO<sub>2</sub> emissions from lease kilometres.

To realise the targets, in the second half of 2016 Enexis will continue to encourage employees to make use of all the measures in place. These include using public transport and cycling, or using an electric bike, and smart working (e.g. remote meetings). In addition, we are starting a number of mobility pilots, in which we work with participants to find best practices for increasing sustainability, and shortening and avoiding journeys.



## Progressing towards a sustainable future together

Enexis wants to realise a co-operation with its partners that will contribute to achieving the Energy Agreement. To achieve this, Enexis held a number of 'Alliance factories' during the first half of 2016, for example, on topics associated with solar power or saving energy. In 2016, we also started with the development of 4 iconic projects. An example of one such project is 'Ruimte voor Zon' in Groningen, in which Enexis is collaborating with the province of Groningen. This project is bringing 90 partners together, to realise more solar parks in Groningen.

## Inspiring by entering into a dialogue

Where possible, Enexis wants to speed up the energy transition. This is why we are actively entering into a dialogue, and are working together with a broad group of stakeholders: from consumers, politicians and companies to supervisory authorities and interest groups, with the aim of bringing them together.

In order to stimulate discussion about energy for the future, in both roundtable discussions and in the so-called Alliance factories mentioned earlier, Enexis has developed 4 future scenarios [www.toekomstscenarios.enexis.nl](http://www.toekomstscenarios.enexis.nl). These scenarios are our way of issuing a warning regarding possible developments and their consequences for the parties involved. And to give further inspiration, Enexis produced a book in the first half of 2016, entitled 'Eindeloze energie'. A book about the energy world of tomorrow, full of challenging opinions and promising developments.



# Financial review

In the first half of 2016, Enexis realised revenue of EUR 684.6 million and a post-tax profit for the period of EUR 109.7 million.

## Balance available for operating activities

The balance available for operating activities in the first half of 2016 was affected to the amount of EUR 17.2 million by the exchange of Aktivabedrijf Enexis Friesland B.V. with Endinet as of 1 January 2016.

After the elimination of the impact from the exchange, there remains an increase in the balance available for operating activities of EUR 7.7 million compared to the first half of 2015.

Revenue from electricity and gas decreased by EUR 6.5 million, and is affected by the average maximum tariffs for 2016 as imposed by the ACM. For electricity, an average increase of 0.6% applies; for gas, an average decrease of 4.0%.

Our transmission- and systemservices and distribution losses costs for electricity for the first half of 2016 were EUR 3.6 million lower than in the first half of 2015. This is mainly due to lower costs for grid losses, thanks to a decrease in the purchase tariffs for grid losses.

Our other operating income was EUR 10.6 million higher than in the equivalent period in the last year. This is attributable entirely to the book profit realised on the sale of Aktivabedrijf Enexis Friesland B.V. and the sale of assets of Fudura associated with the exchange of the grid areas with Alliander.

## Operating expenses

The operating expenses in the first half of 2016 were affected by EUR 12.3 million due to the exchange of Aktivabedrijf Enexis Friesland B.V. with Endinet as of 1 January 2016. After the elimination of the impact from the exchange, there remained an increase in the operating expenses of EUR 23.3 million compared to the first half of 2016.

The principle causes were:

- ◆ Staffing: EUR +16.4 million. The costs are higher due to CLA (Collective Labour Agreement) increases, increased hiring-in of external personnel, and contributions to employee-related provisions.
- ◆ Cost of work contracted out and other operating expenses: EUR -2.2 million. Lower office costs, in part as a result of more projects being capitalised, compensated by an increase in activities for maintaining our grid.
- ◆ Depreciation charges: EUR +9.1 million. Higher depreciation charges due to the decommissioning of conventional meters as a result of the large-scale roll-out of smart meters.

## Operating profit

Enexis's operating profit in the first six months of 2016 was EUR 184.5 million. This is EUR 10.7 million less than the equivalent period in 2015.



### Share of the results of associates and financial income and expenses

The share of the results of associates is, at EUR 0.7 million, virtually unchanged compared to the first half of 2015. Compared to the first half of 2015, our financial expenses increased by EUR 2.9 million. Our financial assets decreased by EUR 2.4 million. This resulted in a worsening of the result of the financial assets minus the financial expenses by EUR 5.3 million due to the penalty interest paid as a result of the early repayment of a shareholder loan.

### Profit for the year

Our profit for the year decreased by 4.4%, to EUR 109.7 million (half-year 2015: EUR 114.8 million). The reason for this decrease is the relatively higher increase in operating expenses compared to the increase in the balance available for operating activities, higher financial expenses and lower taxes.

### 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 2016.

	Actual
FFO/net interest-bearing liabilities $\geq$ 16%	25%
FFO-interest coverage $\geq$ 3.5	6.6
Net interest-bearing liabilities/(shareholders' equity + net interest-bearing liabilities) $\leq$ 60%	38%



# Consolidated income statement

amounts in millions of euros	1st half-year 2016	1st half-year 2015
Revenue	684.6	673.1
Less: transmission- and systemservices and distribution losses costs	111.2	114.4
Other operating income	19.5	9.3
Balance available for operating activities	592.9	568.0
Employee benefits expenses	161.2	143.8
Depreciation, impairments and decommissioning	163.9	147.1
Cost of work contracted out, materials and other external expenses	74.6	71.7
Other operating expenses	8.7	10.2
<b>Total operating expenses</b>	<b>408.4</b>	<b>372.8</b>
<b>Operating profit</b>	<b>184.5</b>	<b>195.2</b>
Share of result of associates and joint ventures	0.7	0.7
Financial income <sup>1</sup>	0.4	2.8
Financial expenses <sup>1</sup>	44.6	41.7
<b>Financial income and expenses</b>	<b>-44.2</b>	<b>-38.9</b>
<b>Profit before tax</b>	<b>141.0</b>	<b>157.0</b>
Corporate income tax expense	31.3	42.2
<b>Profit for the year</b>	<b>109.7</b>	<b>114.8</b>
Attributable to:		
Minority shareholders	0	0
Shareholders	109.7	114.8
Average number of shares during the financial year	149,682,196	149,682,196
<b>Profit per share<sup>2</sup></b>	<b>0.73</b>	<b>0.77</b>

1. From 2016 the interest during construction, previously reported as financial income is classified as financial expense. Accordingly, the comparative figure for 2015 has been adjusted by EUR 0.6 million.
2. Stated in euros, dilution of earnings does not apply.

# Consolidated statement of comprehensive income

amounts in millions of euros	1st half-year 2016	1st half-year 2015
Profit for the year	109.7	114.8
Released part of non-realised income through hedge reserve	0.4	0.4
Tax released on non-realised income through equity	-0.1	-0.1
<b>Total result including non-realised income<sup>1</sup></b>	<b>110.0</b>	<b>115.1</b>
Attributable to:		
Minority shareholders	0.0	0.0
Shareholders	110.0	115.1

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 2016	31 December 2015
<b>Assets</b>		
Property, plant and equipment	6,499.7	5,717.4
Intangible assets	207.5	106.8
Associates and joint ventures	12.0	12.6
Other financial assets	11.2	9.4
<b>Non-current assets</b>	<b>6,730.4</b>	<b>5,846.2</b>
Inventories	28.8	30.2
Receivables	174.2	157.5
Corporate income tax	49.4	16.4
Other financial assets (current)	52.2	122.2
Cash and cash equivalents	203.5	536.7
<b>Current assets</b>	<b>508.1</b>	<b>863.0</b>
<b>Assets held for sale</b>	<b>0.0</b>	<b>370.2</b>
<b>Total assets</b>	<b>7,238.5</b>	<b>7,079.4</b>

amounts in millions of euros	30 June 2016	31 December 2015
<b>Liabilities</b>		
Issued and paid-up share capital	149.7	149.7
Share premium reserve	2,436.3	2,436.3
General reserve	913.9	802.3
Hedge reserve	-3.4	-3.7
Profit for the year	109.7	223.1
<b>Equity</b>	<b>3,606.2</b>	<b>3,607.7</b>
Non-current interest-bearing liabilities <sup>1</sup>	2,152.5	1,660.7
Non-current provisions	71.1	62.3
Advance contributions for the installation of grids and connections	641.3	613.6
Deferred corporate income tax	284.1	195.1
Other non-current liabilities <sup>2</sup>	3.0	2.8
<b>Non-current liabilities</b>	<b>3,152.0</b>	<b>2,534.5</b>
Trade and other payables <sup>2</sup>	253.9	256.5
Current interest-bearing liabilities <sup>3</sup>	202.9	608.4
Current provisions	7.8	11.2
Advance contributions to be amortised in the following year	15.7	15.1
<b>Current liabilities</b>	<b>480.3</b>	<b>891.2</b>
<b>Liabilities held for sale</b>	<b>0.0</b>	<b>46.0</b>
<b>Total liabilities</b>	<b>7,238.5</b>	<b>7,079.4</b>

1. The increase relates to the issue of the bond loan of EUR 500 million nominal after deduction of EUR 7.4 million in emission costs, which will be amortised during the period of the loan.
2. From 2016 the long-term portion of the reservation for accrued leave is reclassified from current liabilities to non-current liabilities. Accordingly, an adjustment of EUR 2.8 million has been made for 2015.
3. The decrease concerns the repayment of the shareholder loan tranche C of EUR 500 million. On the other hand the negative bank balances increased by EUR 95.3 million.

# Consolidated cash flow statement

amounts in millions of euros	1st half-year 2016	1st half-year 2015
Profit for the year	109.7	114.8
Adjustment result of sale Aktivabedrijf Enexis Friesland B.V.	-10.5	0.0
Depreciation and impairments	163.9	147.1
Amortised contribution for installation of grids and connections	-7.7	-7.3
Share of result of associates and joint ventures	-0.7	-0.7
Dividend received from associates	1.3	1.3
Change in operating working capital <sup>1</sup>	-47.0	-52.9
Change in deferred corporate income taxes	4.2	19.1
Change in non-current provisions	8.2	-0.7
Change in other non-current liabilities	0.2	0.0
Others	0.1	0.5
<b>Cash flow from operating activities</b>	<b>221.7</b>	<b>221.2</b>
Investments in property, plant, equipment and intangible assets	-275.5	-223.9
Additional payment acquisition Endinet Groep B.V.	-358.6	0.0
Contributions for installation of grids and connections	35.4	29.8
Loans granted	-2.3	-0.3
Increase deposits and money market funds	-50.0	-110.0
Decrease deposits and money market funds	120.0	200.0
Repayment of loans granted	1.2	0.9
<b>Cash flow from investing activities</b>	<b>-529.8</b>	<b>-103.5</b>
<b>Cash flow before financing activities</b>	<b>-308.1</b>	<b>117.7</b>
Issuing bond notes <sup>2</sup>	492.6	0.0
New interest-bearing liabilities excluding amounts owed to credit institutions	0.5	0.3
Repayment of interest-bearing liabilities excluding amounts owed to credit institutions	-502.0	-1.3
Dividend paid	-111.5	-132.8
<b>Cash flow from financing activities</b>	<b>-120.4</b>	<b>-133.8</b>
<b>Total cash flows</b>	<b>-428.5</b>	<b>-16.1</b>
Cash and cash equivalents minus amounts owed to credit institutions at the beginning of the financial year <sup>3</sup>	536.1	82.6
<b>Cash and cash equivalents minus amounts owed to credit institutions at the end of the reporting period<sup>4</sup></b>	<b>107.6</b>	<b>66.6</b>

1. The change in the operating working capital was significantly influenced in the first half of 2016 by an advance payment of corporate income tax to be paid over 2016, of EUR 71 million (in the first half-year of 2016, the advance payment of corporate income tax over 2015 was EUR 80 million). This is off-set by a refund of EUR 11 million over 2014.
2. EUR 500 million nominal after deduction of EUR 7.4 million in emission costs, which will be amortised during the period of the loan.
3. Bank and cash balances (EUR 536.7 million) minus the negative bank balances presented as short-term interest-bearing obligations (EUR 0.6 million).
4. Bank and cash balances (EUR 203.5 million) minus the negative bank balances presented as short-term interest-bearing obligations (EUR 95.9 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
<b>At 1 January 2015</b>	<b>149,682,196</b>	<b>149.7</b>	<b>2,436.3</b>	<b>669.5</b>	<b>-4.3</b>	<b>265.5</b>	<b>3,516.7</b>
Profit for the year in 1st half-year 2015	-	-	-	-	-	114.8	114.8
Amortisation hedge reserve in 1st half-year 2015	-	-	-	-	0.3	-	0.3
<b>Total result including unrealised results</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.3</b>	<b>114.8</b>	<b>115.1</b>
Profit appropriation for 2014	-	-	-	132.7	-	-132.7	0.0
Dividend paid for 2014	-	-	-	-	-	-132.8	-132.8
<b>Subtotal 1st half-year 2015</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>132.7</b>	<b>0.3</b>	<b>-150.7</b>	<b>-17.7</b>
<b>At 30 June 2015</b>	<b>149,682,196</b>	<b>149.7</b>	<b>2,436.3</b>	<b>802.2</b>	<b>-4.0</b>	<b>114.8</b>	<b>3,499.0</b>
Profit for the year in 2nd half-year 2015	-	-	-	-	-	108.3	108.3
Amortisation hedge reserve in 2nd half-year 2015	-	-	-	-	0.3	-	0.3
<b>Subtotal 2nd half-year 2015</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.3</b>	<b>108.3</b>	<b>108.6</b>
<b>At 31 December 2015</b>	<b>149,682,196</b>	<b>149.7</b>	<b>2,436.3</b>	<b>802.3</b>	<b>-3.7</b>	<b>223.1</b>	<b>3,607.7</b>
<b>At 1 January 2016</b>	<b>149,682,196</b>	<b>149.7</b>	<b>2,436.3</b>	<b>802.3</b>	<b>-3.7</b>	<b>223.1</b>	<b>3,607.7</b>
Profit for the year in 1st half-year 2016	-	-	-	-	-	109.7	109.7
Amortisation hedge reserve in 1st half-year 2016	-	-	-	-	0.3	0	0.3
<b>Total result including unrealised results</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.3</b>	<b>109.7</b>	<b>110.0</b>
Profit appropriation for 2015	-	-	-	111.6	-	-111.6	0.0
Dividend paid for 2015	-	-	-	-	-	-111.5	-111.5
<b>Subtotal 1st half-year 2016</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>111.6</b>	<b>0.3</b>	<b>-113.4</b>	<b>-1.5</b>
<b>At 30 June 2016</b>	<b>149,682,196</b>	<b>149.7</b>	<b>2,436.3</b>	<b>913.9</b>	<b>-3.4</b>	<b>109.7</b>	<b>3,606.2</b>

# 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-year of 2016 for the limited liability 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 accountant.

For an analysis of the results, we refer you to the financial review included on page 19 of this interim report.

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 financial statement 2015 for Enexis Holding N.V. (which can be found on [www.enexis.nl](http://www.enexis.nl)).

With the exception of the fair value of the interest-bearing loans, explained on page 29, the fair value of the financial assets and liabilities does not, in all material aspects, deviate from the book value as of 30 June 2016.

For the purpose of corporate income tax, Enexis Holding N.V. is the head of the fiscal unity, and as such, responsible for the liabilities of the entities included in the fiscal unity. As of 1 January 2016, the entities Enexis B.V., Endinet Groep B.V., Fudura B.V. and Vastgoed B.V. are part of the fiscal unity.

## New IFRS standards and amendments valid since 1 January 2016

### Standards effective in the first half-year of 2016

In the first half-year of 2016, several amendments came into effect that have no consequences for the consolidated interim financial statement of Enexis:

- ◆ Amendments to IFRS 11 'Joint Arrangements' – 'Accounting for Acquisitions of Interests in Joint Operations'.
- ◆ Amendments to IAS 16 Property, plant and equipment and IAS 41 'Agriculture: Bearer Plants'.
- ◆ Annual improvements of IFRS's, cycle 2012-2014.
- ◆ Amendments to IAS 1 'Presentation of Financial statements' – disclosure initiatives.
- ◆ Amendments to IAS 16 Property, plant and equipment and IAS 38 Intangible assets – Clarification of accepted methods for depreciation and amortisation.
- ◆ Amendments to IAS 27 Separate Financial Statements – 'Equity Method in Separate Financial Statements'.



## Future standards not yet in effect during the first half-year of 2016

The following improvements and amendments to the IFRS standards have been published, but were not yet endorsed by the European Union in the first half of 2016.

- ◆ IFRS 9 – ‘Financial Instruments’, valid from 1 January 2018.
- ◆ IFRS 14 – ‘Regulatory Deferral Accounts’, valid from 1 January 2016 (not yet endorsed by the European Union).
- ◆ IFRS 15 – ‘Revenue from Contracts with Customers’, valid from 1 January 2018.
- ◆ IFRS 16 – ‘Leases’, valid from 1 January 2019.
- ◆ Amendments to IFRS 10, IFRS 12 and IAS 28 - ‘Investment Entities: Applying the Consolidation Exception’, valid from 1 January 2016 (not yet endorsed by the European Union).
- ◆ Amendments to IFRS 10 ‘Consolidated Financial Statements’ and IAS 28 ‘Investments in Associates and Joint Ventures’ – ‘Sale or Contribution of Assets between an Investor and its Associate or Joint Venture’, valid from 1 January 2016 (postponed indefinitely).
- ◆ Amendments to IAS 12 – ‘Recognition of Deferred Tax Assets for Unrealised Losses’, valid from 1 January 2017.
- ◆ Amendments to IAS 7 – Explanation initiative, valid from 1 January 2017.
- ◆ Clarification in IFRS 15 – ‘Revenue from Contracts with Customers’, valid from 1 January 2018.
- ◆ Amendments to IFRS 2 – ‘Classification and Measurement of Share-based Payment Transactions’, valid from 1 January 2018.

Enexis is currently evaluating the effects of these standards. Any improvements and amendments will come into effect at the commencement of financial years beginning after 2016.

## Seasonal influences

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

## Acquisition and sale of parts of the company

### Acquisition of Endinet Groep B.V.

With effect from 1 January 2016, Endinet Groep B.V. was acquired through purchase from Alliander N.V. As the grid operator, Endinet B.V. is responsible for the gas and electricity grids in part of the Eindhoven region and part of South-East Brabant. As of 1 January 2016, Enexis has acquired full control over Endinet Groep B.V., after which time Endinet Groep B.V. has been consolidated in the group’s accounts. As a result of this acquisition, 241 Endinet employees have joined our company.

The acquisition of Endinet Groep B.V. is part of an exchange transaction, whereby the assets and liabilities in Friesland and the Noordoostpolder (in this case, the municipalities of Noordoostpolder and Urk; subsequently referred to in this report as the ‘Noordoostpolder’) were transferred to Alliander. As a result of this transfer, 123 employees left our company, and are now employed by Alliander.

The acquisition price was EUR 694.1 million, comprising EUR 358.6 million in cash, and EUR 335.5 million in the sales value of the assets transferred under the transaction.



The real value of Endinet Groep B.V. can be specified as follows:

amounts in millions of euros	2016
Property, plant and equipment and intangible assets	673.5
Financial fixed assets	0.7
Current assets	10.0
<b>Total assets</b>	<b>684.2</b>
Trade and other payables	3.6
Deferred corporate income tax liabilities	84.8
<b>Total liabilities</b>	<b>88.4</b>
<b>Fair value net-assets Endinet</b>	<b>595.8</b>
Purchase price	694.1
<b>Goodwill</b>	<b>98.3</b>

The property, plant and equipment and intangible fixed assets are related to approximately 402,000 gas and 110,000 electricity connections and correspond to parts of the grids, connections, meters and other assets.

The amount for current assets is related predominantly to accounts receivable from regular company activities, after deduction of a provision based on an estimated collectability for bad debts.

The deferred taxes relate to differences between the commercial and fiscal valuation of the assets.

The goodwill of EUR 98.3 million can be specified as follows:

amounts in millions of euros	2016
Expected benefits from synergy	54.9
Deferred taxes over the additional step-up price, attributed to the identified assets	45.9
Others	-2.5
<b>Goodwill</b>	<b>98.3</b>

The expenses that were incurred for the acquisition of Endinet Groep B.V. are EUR 3.9 million, of which EUR 0.3 million has been included in the income statement for the first half-year of 2016.

Since the takeover date, 1 January 2016, Endinet Groep B.V. has contributed EUR 49.2 million to revenue. The contribution to the net profit over this period was ultimately EUR 6.9 million (including EUR 4.8 million in attributable interest charges).

### Sale of Aktivabedrijf Enexis Friesland B.V.

Similarly, with effect from 1 January 2016, at the same time as the purchase of Endinet, the limited company Aktivabedrijf Enexis Friesland B.V., including all Enexis assets and liabilities in Friesland and the Noordoostpolder and a limited number of rental plants belonging to Fudura, was sold and transferred to Alliander.

The assets and liabilities in Friesland and the Noordoostpolder associated with this exchange transaction correspond to approximately 223,000 gas and 79,000 electricity connections, and concern grid components, connections, meters and other assets. The sales price was set at EUR 335.5 million.

The value of the assets and liabilities transferred to Alliander represents EUR 323.0 million, and can be specified as follows:

amounts in millions of euros	2016
<b>Sales price</b>	<b>335.5</b>
Property, plant and equipment and intangible assets	368.2
Inventories	0.2
<b>Total assets to transfer</b>	<b>368.4</b>
Provisions	1.8
Advance contributions for the installation of grids and connections	24.5
Deferred corporate income tax	17.9
Trade and other payables	1.2
<b>Total liabilities to transfer</b>	<b>45.4</b>
<b>Value of assets minus liabilities to be transferred</b>	<b>323.0</b>
<b>Transaction result</b>	<b>12.5</b>
Goodwill attributable to the sales	2.0
<b>Sales result</b>	<b>10.5</b>

In the first half of 2016, profits from the sale of EUR 10.5 million were credited in the income statement as other operating income. Over the first half-year of 2016, Aktivabedrijf Enexis Friesland B.V. would have contributed an estimated EUR 31.2 million to revenue. The contribution to net profits over the same period would have ultimately been EUR 4.7 million (including EUR 2.8 million in attributable interest expense).

## Goodwill

On 30 June 2016, there had been no triggering events that could have led to the need to carry out an impairment test. In the first half of 2016, a decrease in goodwill of EUR 2.0 million, as a result of the sale of the assets and liabilities in Friesland and the Noordoostpolder, was deducted from the transaction result, and reported as such in the income statement of Enexis. As a result of the acquisition of Endinet Groep B.V., as of 1 January 2016 the goodwill increased by EUR 98.3 million.

## Fair value of interest-bearing loans

As of 30 June 2016, Enexis has EUR 2,243.7 million (31 December 2015: EUR 2,251.2 million) in interest-bearing loans on its balance sheet. The fair value of these interest-bearing loans is EUR 2,505.1 million (31 December 2015: EUR 2,433.6 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 interest curve as of 30 June 2016. For the other loans, the values of the interest payments and the repayment of the principals have been discounted according to differentiated interest rates, taking into account the effect of time. The fair value has increased as a result of the decrease in market interest rates.

## Segmentation information first half-year period 2016

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

- ◆ Regulated activities;
- ◆ Other.

The above division is based on the internal reporting structure, in particular the consolidated monthly reporting and the company's annual plan. Due to the high degree of administrative independence, virtually all our revenues, expenses, assets and liabilities can be allocated per segment.

The regulated activities of Enexis B.V. and, from 1 January 2016, Endinet B.V. form by far the largest part within Enexis (with respect to revenue and profits after tax, as well as total assets, the share of these activities amounts to more than 90%) and consist of the operating, maintenance and renewal of the regional gas and electricity grids over which the supplier distributes gas or power to consumers' homes or to companies.

The segments included as 'Other' relate to the activities of Fudura B.V. and Enexis Vastgoed B.V. and, since 1 January 2016, a limited part of Endinet Groep B.V. Fudura offers organisations additional services such as measuring energy flows, the design and realisation of infrastructure, rental and maintenance of casings, transformers and switchgear installations, and advice. Fudura ensures that companies can organise their energy supply efficiently. Fudura is also responsible for non-regulated activities that help organisations and households increase the sustainability of their energy supply. Enexis Vastgoed [Real Estate] rents out its own properties.

	Regulated		Others		Normalisations and eliminations		Enexis total	
	1st half-year 2016	1st half-year 2015	1st half-year 2016	1st half-year 2015	1st half-year 2016	1st half-year 2015	1st half-year 2016	1st half-year 2015
<i>amounts in millions of euros</i>								
<b>Income statement</b>								
Revenue	657.1	640.2	37.4	37.2	-9.9	-4.3	684.6	673.1
Other operating income	20.2	9.7	0.6	1.5	-1.3	-1.9	19.5	9.3
Operating profit	170.1	178.5	14.4	16.7	-0.0	0.0	184.5	195.2
<b>Assets and liabilities</b>								
Total assets	7,224.4	6,653.9	180.5	169.5	-166.4	-394.5	7,238.5	6,428.9

Costs and revenue charged between the segments, as well as receivables, payables and current-account positions between the segments have been eliminated. In the segmentation overview, these costs and revenues are reported under normalisations and eliminations. The eliminated costs and revenues mainly concern services provided by the INFRA department for Fudura B.V., and accommodation expenses charged by Enexis Vastgoed B.V.

# Other notes

## Information on related parties

In the first half of 2016, we distributed dividends of EUR 111.5 million to shareholders, and repaid loans from shareholders of EUR 500 million. In addition, we received a sum of EUR 1.1 million from EDSN, as a regular instalment in repayment of a loan, and issued new loans for a value of EUR 2.4 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 contingencies

Apart from standard settlements, as of 30 June 2016, the off-balance sheet obligations and contingencies do not differ substantially from those included in note 33 'The off-balance sheet obligations and contingencies' from the obligations and contingencies presented in the Annual Report 2015, with the exception of the developments in the first half of 2016, outlined below.

## Cross Border Lease (CBL) development in 2016

All original CBLs entered into by Essent/Enexis were terminated voluntarily a number of years ago. As far as the potential surviving obligations are concerned and costs following the termination, the existing cross-guarantee structure between Essent and Enexis remained intact. This entails both parties standing as guarantors for the US investors of the discontinued commercial and grid CBLs.

Following the termination of the last Cross Border Lease in 2012, there remained the possibility of subsequent invoices for the termination and settlement of the CBLs, as well as a very low risk of claims arising from accrued liabilities, the so-called surviving obligations. We now estimate the probability of subsequent costs and the risk of claims for these CBL terminations as zero. As a result of this, in the first half-year of 2016 the CBL funds intended to cover these costs, have been paid out almost entirely to RWE and Enexis shareholders.

## Rental, lease and purchase obligations

The off-balance sheet rental, lease and purchase obligations have increased by approximately EUR 8 million as a result of the acquisition of Endinet Groep B.V., compared to the status at 31 December 2015, as explained in note 33 of the Annual Report 2015.

## Events after the balance sheet date

There are no relevant subsequent events after the balance sheet date.

On behalf of Enexis' Board of Directors,

P. Vermaat, Chairman

M. Blacquièrè

's-Hertogenbosch, 2 August 2016



# Review report

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

## Introduction

We have reviewed the accompanying consolidated interim financial information for the six-month period ended 30 June 2016 of Enexis Holding N.V., 's Hertogenbosch, which comprises the consolidated balance sheet as at 30 June 2016, 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 2016 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

Utrecht, 2 August 2016

PricewaterhouseCoopers Accountants N.V.

Original has been signed by: Drs. 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 Holding N.V.)

**Enexis Holding N.V.**

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