

SEIZING OPPORTUNITIES TO ACCELERATE THE ENERGY TRANSITION

INTERIM REPORT 2018



ENEXIS
HOLDING N.V.



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SEIZING OPPORTUNITIES TO ACCELERATE THE ENERGY TRANSITION



The Dutch climate targets are challenging. A wide range of measures are required to make the energy infrastructure and existing housing more sustainable. Besides performing our core assignment to an excellent standard, Enexis Groep sees opportunities for accelerating the energy transition.

In our operating area in the first half of 2018, homes were insulated, pilots for natural gas-free neighbourhoods were started and solar energy parks were connected to our grid. At the same time, at national level, we contributed to establishing broad support for the Climate Accord. We are positive about its results and the contribution we can make to achieving the CO₂ targets.

EXCELLENT GRID MANAGEMENT

The Dutch economy is growing fast and more and more investments are being made to make homes, buildings and offices more sustainable. At Enexis Netbeheer we see a great deal of evidence of this, as increasing numbers of applications for connection to our network come in. There is so much work that, despite all our efforts, we are sometimes unable to get connections in place on time. This is inconvenient for customers. It's important to them that we make clear, transparent arrangements and that the timing is realistic. We are working on this, together with the other distribution system operators (DSO's) and contractors.

We are also searching hard for new employees, but the availability of trained technical employees and ICT professionals is a problem. New employees often need to follow a training programme before they are able to take on a full range of duties, as working in a safe, controlled manner is of the highest importance in our field of work. Together with the sector and regional training institutes, we are investing more than ever in developing and retraining people. For example, we have more than doubled the number of training places at our two vocational colleges.

The continued low outage time in our electricity grids and the high level of safety in our gas grids emphasise that we are being successful in our efforts to achieving excellent grid management. We are investing in our infrastructure and this is bearing fruit. Particularly when it comes to the energy transition, timely investment in our networks plays a key role. In the first half of this year we have made the conscious decision to prioritise customer requests and to not roll out Distribution Automation Light as quickly. The good condition of our grids means that this delay does not affect our performance in the shorter term. We are constantly examining how we can keep our grids reliable and ready to meet the challenges of the future.

ACCELERATING THE ENERGY TRANSITION

It's inspiring to see that the energy transition is a hot topic at all levels in society. Ideas for making energy more sustainable and reducing CO₂ emissions have been discussed with enthusiasm at climate change negotiation tables and around dinner tables up and down the country in recent months. The Climate Accord forms the basis for a national master plan and gives direction for activities that in many cases are carried out at local level and tailored to local needs.

Making the built environment more sustainable is a substantial task. Municipalities, housing corporations and home owners are searching, supported by Enexis Group, for suitable and affordable solutions as alternatives to natural gas. In principle, three technologies offer possible solutions: all-electric, heating grids and hybrid heat pumps (powered by sustainable gases and sustainable electricity). We often see that the potential of green gas is not yet being fully exploited. Due to the limited network adjustments required, this solution is affordable, can be quickly achieved and offers significant opportunities for reaching CO₂ targets. We regard sustainable use of our existing networks as an efficient way of accelerating the energy transition.

Municipalities are responsible for managing a district oriented approach. Assessment guidelines will be produced to help them carry out an effective assessment for each neighbourhood on the basis of objective data. Together with other network operators, we have offered to provide a process supervisor in each municipality, to help with the process of making choices about sustainable energy. For many people, making energy more sustainable is a big step that brings significant financial consequences with it. So we are delighted with the introduction of building-specific funding, an easily accessible loan specifically linked to the property. It means that, in principle, action towards achieving sustainability is within reach for everyone. The experience we have gained in more than 260 neighbourhoods through the 'Buurkracht' programme will be very useful in the neighbourhood-focused approach.



MOVING FORWARD STEP BY STEP TOGETHER

The new Climate Accord fills us with energy. Together with hundreds of companies, social organisations and government bodies we made a commitment to making our country more sustainable. At all levels we are getting to work to put practical solutions in place. As a DSO, we realise that we need to take significant steps to make excellent grid management possible, now and in the future. In doing so, safety is and continues to be our highest priority. We are prepared for the challenges the energy transition brings, we're training as many new colleagues as possible and we continue to carry out research into new sustainable innovations.










Using our knowledge of existing infrastructures and new technology, we help citizens, companies and municipalities to join forces in seizing opportunities and, in doing so, to work together step by step to accelerate the energy transition.

Executive Board Enexis Holding N.V.,

Peter Vermaat

Maarten Blacquièrè

OBJECTIVES AND PERFORMANCE

EXCELLENT GRID MANAGEMENT		1 ST HALF YEAR 2018	OBJECTIVE 2018	REALISATION 2017
	Employee engagement and Teamwork	Engagement: 7.6 Teamwork: 6.4	Engagement \geq 8.0 Teamwork \geq 6.8	Engagement: 7.6 Teamwork: 6.3
	Lost Time Injury Frequency (LTIF) Enexis	1.25	\leq 0.95	1.63
	Electricity annual outage time	8.0 minutes	\leq 19.5 minutes	13.8 minutes
	Number of substations equipped with Distribution Automation (DA) and Distribution Automation Light (DALI) ¹	DA 218 substations DALI 221 substations	DA \geq 320 substations DALI \geq 3,800 substations	DA 364 substations
	Controllable costs and revenues ²	EUR 197 million	\leq EUR 394 million	EUR 388 million
	Customer effort scores (CES) ³	Standard connections: 26% Installation of Primary Infrastructure: 33% Outages: 18%	Standard connections: \leq 23% Installation of Primary Infrastructure: \leq 19% Outages: \leq 15%	Standard connections: 37% Customised connections: 26% Customer service by phone: 23% Enexis.nl: 15% Outages: 11%
ACCELERATING ENERGY TRANSITION				
	CO ₂ reduction lease cars and kilometres claimed ³	9.4%	\geq 17.8% reduction compared to 2014 score	6.9%
	Number of tonnes of CO ₂ emissions saved in 'Buurkracht' programme	771 tonnes CO ₂ saving	\geq 6,000 tonnes CO ₂ saving at end of 2018	\geq 3,000 tonnes CO ₂ saving at end of 2017
	Increased sustainability of urban area	16 stakeholders	41 of the stakeholders identified take at least 1 process step	N/A

1. Objective 2018 and realisation 2017 relate to figures up to and including November.

2. Objective 2018 is a normalised target.

3. First half year 2018 relate to figures up to and including May.

For definitions, please refer to the Glossary of the Annual Report 2017.

KEY FIGURES

amounts in millions of euros		1st half year 2018	1st half year 2017
Result			
Revenue		718	689
Operating expenses		242	237
Depreciation, impairments and decommissioning		168	166
Operating profit		198	174
Share of result of associates and joint ventures		0	1
EBIT		198	175
Profit for the year		127	109
Financial position			
		30 June 2018	31 December 2017
Net working capital		-39	-61
Non-current assets		7,311	7,181
Capital employed		6,513	6,386
Equity		3,832	3,808
Net interest-bearing liabilities		2,294	2,201
Total assets		7,884	7,668
Gross investments ¹⁾		297	266
Ratios			
		30 June 2018	31 December 2017
Solvency	%	48.6	49.7
ROIC	%	5.5	5.3
Return on equity	%	5.9	5.4
Key figures			
		1st half year 2018	1st half year 2017
Number of connections electricity (x 1,000)		2,800	2,751
Number of connections gas (x 1,000)		2,320	2,289
Section length electricity grid (x 1,000 km)		139.5	137.9
Section length gas grid (x 1,000 km)		46.4	46.0
Number of employees at end of the period		4,303	4,363
		1st half year 2018	1st half year 2017
Outage time electricity (in minutes)		8.0	8.3
Outage time gas (in seconds)		38	26

1 For 2017, this concerns investments in the first half year of 2017.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS 2018

CONSOLIDATED INCOME STATEMENT

amounts in millions of euros	1st half year 2018		1st half year 2017	
Revenue ¹⁾		718		689
Less: Transmission services and distribution losses costs		112		113
Other operating income ¹⁾		2		1
Balance available for operating activities		608		577
Employee benefits expenses	149		152	
Depreciation, impairments and decommissioning	168		166	
Cost of work contracted out, materials and other external expenses	81		75	
Other operating expenses	12		10	
		410		403
Operating profit		198		174
Share of result of associates and joint ventures		0		1
Financial income	2		2	
Financial expenses	31		31	
Financial income and expenses		-29		-29
Profit before tax		169		146
Corporate income tax expense		42		37
Profit for the year		127		109
Attributable to:				
Minority shareholders		-		-
Shareholders		127		109
Average number of shares during the financial year		149,682,196		149,682,196
Profit per share ²⁾		0.85		0.73

1 As a consequence of the application of IFRS 15 from 1 January 2018 the amortised contributions of €10 million (2017: €9 million) have been reclassified from other operating income to revenue. For further information see page 14 of the explanatory notes to the consolidated interim financial statements.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

amounts in millions of euros	1st half year 2018	1st half year 2017
Profit for the year	127	109
Released part of non-realised income through hedge reserve	1	1
Tax released on non-realised income through equity	0	0
Total result including non-realised income ¹⁾	128	110
Attributable to:		
Minority shareholders	-	-
Shareholders	128	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 2018	31 December 2017
Assets		
Property, plant and equipment	7,077	6,956
Intangible assets	213	205
Associates and joint ventures	8	8
Other financial assets	13	12
Non-current assets	7,311	7,181
Inventories	18	22
Receivables	155	161
Corporate income tax	46	14
Other financial assets (current)	3	4
Cash and cash equivalents	351	286
Current assets	573	487
Total assets	7,884	7,668

amounts in millions of euros	30 June 2018	31 December 2017
Liabilities		
Issued and paid-up share capital	150	150
Share premium reserve	2,436	2,436
General reserve	1,121	1,017
Hedge reserve	-2	-2
Profit for the year	127	207
Equity	3,832	3,808
Non-current interest-bearing liabilities	2,139	2,139
Non-current provisions	86	86
Advance contributions for the installation of grids and connections	740	716
Deferred corporate income tax	302	293
Other non-current liabilities	2	2
Non-current liabilities	3,269	3,236
Trade and other payables	252	251
Current interest-bearing liabilities	506	348
Current provisions	6	7
Advance contributions to be amortised in the following year	19	18
Current liabilities	783	624
Total liabilities	7,884	7,668

CONSOLIDATED STATEMENT OF CASH FLOW

amounts in millions of euros	1st half year 2018	1st half year 2017
Profit for the year	127	109
Depreciation and impairments	168	166
Amortised contribution for installation of grids and connections	-10	-9
Contributions for the installation of grids and connections ¹⁾	35	36
Share of result of associates and joint ventures	0	-1
Dividend received from associates	0	2
Change in operational working capital ²⁾	-22	-27
Change in deferred corporate income tax	9	4
Change in non-current provisions	0	0
Change in other non-current liabilities	0	-1
Others	0	0
Cash flow from operating activities	307	279
Investments in property, plant, equipment and intangible assets	-297	-266
Loans granted	-2	-3
Increase deposits and money market funds	-	-
Decrease deposits and money market funds	-	50
Repayment of loans granted	2	1
Cash flow from investing activities	-297	-218
Cash flow before financing activities	10	61
New interest-bearing liabilities excluding amounts owed to credit institutions	655	175
Repayment of interest-bearing liabilities excluding amounts owed to credit institutions	-556	-76
Dividend paid	-103	-103
Cash flow from financing activities	-4	-4
Total cash flows	6	57
Cash and cash equivalents minus amounts owed to credit institutions at the beginning of the financial year ³⁾	56	34
Cash and cash equivalents minus amounts owed to credit institutions at the end of the period ⁴⁾	62	91

1 As a consequence of the application of IFRS 15 from 1 January 2018 the contributions for the installation of grids and connections of € 35 million (2017: € 36 million) have been reclassified from cash flow from investing activities to cash flow from operating activities. For further information see page 14 of the explanatory notes to the consolidated interim financial statements.

2 The change in operational working capital was significantly influenced in the first half of 2018 by an advance payment of corporate income tax to be paid over 2018 of € 70 million (in the first half of 2017, the advance payment of corporate tax over 2017 was € 73 million).

3 Bank and cash balances (€ 286 million) minus the negative bank balances presented as short-term interest-bearing liabilities (€ 230 million).

4 Bank and cash balances (€ 351 million) minus the negative bank balances presented as short-term interest-bearing liabilities (€ 289 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 2017	149,682,196	150	2,436	914	-3	207	3,704
Profit for the year 1st half year 2017	-	-	-	-	-	109	109
Amortisation hedge reserve 1st half year 2017	-	-	-	-	0	-	0
Total result including unrealized results	149,682,196	150	2,436	914	-3	316	3,813
Profit appropriation for 2016	-	-	-	103	-	-103	0
Dividend paid for 2016	-	-	-	-	-	-104	-104
At 30 June 2017	149,682,196	150	2,436	1,017	-3	109	3,709
Profit for the year 2nd half year 2017	-	-	-	-	-	98	98
Amortisation hedge reserve 2nd half year 2017	-	-	-	-	1	-	1
At 31 December 2017	149,682,196	150	2,436	1,017	-2	207	3,808
At 1 January 2018	149,682,196	150	2,436	1,017	-2	207	3,808
Change in accounting policy ¹⁾	-	-	-	0	-	-	0
Profit for the year 1st half year 2018	-	-	-	-	-	127	127
Amortisation hedge reserve 1st half year 2018	-	-	-	-	0	-	0
Total result including unrealized results	149,682,196	150	2,436	1,017	-2	334	3,935
Profit appropriation for 2017	-	-	-	104	-	-104	0
Dividend paid for 2017	-	-	-	-	-	-103	-103
At 30 June 2018	149,682,196	150	2,436	1,121	-2	127	3,832

1 As a consequence of the application of IFRS 9 from 1 January 2018 the provisions for doubtful debts and the valuation of loans granted to associates and joint ventures have been adjusted with effect from 1 January 2018. This change in accounting policy has a negative impact of € 0.4 million and has been included in the form of a reduction in the general reserve. For further information see page 14 of the explanatory notes to the consolidated interim financial statements.

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 2018 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.

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

GENERAL PRINCIPLES FOR CONSOLIDATION, VALUATION AND DETERMINATION OF RESULTS

Other than the new IFRS standards described in the next paragraph, we have applied the same accounting principles to this Interim report as those applied in the annual report 2017 for Enexis Holding (which can be found on www.enexisgroep.com/annualreport).

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 2018.

The corporate income tax is based on the best estimate of the anticipated average tax rate for 2018, calculated according to the pre-tax profit for the first six months of 2018. The effective tax burden in the first half of 2018 is in line with the nominal tax percentage.

It appears from the government coalition agreement that there is a proposal to reduce the corporate income tax rate by 4% to 21% in stages in the period up to 2021. A reduction in the tax rate has consequences for the valuation of deferred corporate income tax. At present, this proposal has not been formalised in legislation and no provision has been made in the interim report for 2018 for the financial impact of the proposed tax rate reduction. It is expected that the rate change will be formalised in the tax plans for 2019.

NEW IFRS STANDARDS AND AMENDMENTS VALID SINCE 1 JANUARY 2018

STANDARDS EFFECTIVE IN THE FIRST HALF OF 2018

IFRS 9 (revised) – ‘Financial Instruments’, valid from 1 January 2018. The principal changes in this IFRS standard involve a new framework for the classification and valuation of financial assets and a transition from ‘incurred losses’ to ‘expected credit losses’ when determining provisions for accounts receivable and determining ‘expected credit losses’ in respect of loans granted to associates and joint ventures. This revised standard applies from 1 January 2018. Comparative figures for 2017 are not required.

For Enexis Holding the revised standard has an impact on the provisions for accounts receivable and loans granted to associates and joint ventures. As a consequence of the transition from ‘incurred losses’ to ‘expected credit losses’ the provisions for accounts receivable and the valuation of loans granted to associates and joint ventures have been adjusted with effect from 1 January 2018. The assumptions used to determine the ‘expected credit losses’ are estimates that are based on a significant degree on our own historic debt collection data and long-term average credit loss ratings and recovery rates as published by credit rating agencies. This change in accounting policy has a negative impact of EUR 0.4 million and has been deducted from equity with effect from 1 January 2018. The changes that took place during the reporting period, starting from 1 January 2018, have been included in the consolidated balance sheet and income statement for the relevant period. This change in accounting policy has been included in the opening balance for 2018.

IFRS 15 – ‘Revenue from Contracts with Customers’, valid from 1 January 2018. This standard replaces 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 Holding has applied this new standard from 1 January 2018. The transition to IFRS 15 has no impact in terms of figures on Enexis Holding’s profits and/or balance sheet value. However, changes have been made to the presentation and the explanatory notes.

Under IFRS installation contributions that have been received are regarded as part of the performance obligations, which means that the amortised contributions have to be presented for as revenue. This reclassification has been included as follows:

amounts in millions of euros	30 June 2018 reclassification	30 June 2017 reclassification
Consolidated income statement		
Revenue	10	9
Other operating income	-10	-9
Total	0	0

Due to the causal link between the installation contributions received and the investment expenditure incurred to realize the connection, Enexis Holding has chosen to base the timing of accounting for revenue, in respect of the contributions received, on the lifetime of the connection.

The further separation of revenue according to revenue categories that will be included in the explanatory notes to the financial statements for 2018 is, based on the interim financial statements, as follows:

amounts in millions of euros	1st half year 2018	1st half year 2017
Regulated		
Periodic transmission- and connection fees electricity		
High-volume consumers	159	151
Low-volume consumers	261	249
Periodic transmission- and connection fees gas		
High-volume consumers	21	21
Low-volume consumers	140	137
Metering services	63	61
Amortised contributions	10	9
Other	4	3
Total regulated	658	631
Non-regulated		
Rental income	17	16
Income from sale of products and services	27	25
Metering services	16	17
Total non-regulated	60	58
Total	718	689

This relates to revenue taken 'over time' and generated within the Dutch market.

FUTURE STANDARDS NOT YET IN EFFECT DURING THE FIRST HALF OF 2018

The following improvements and amendments to the IFRS standards have been published and accepted by the European Union, but were not yet in effect in the first half of 2018 and therefore have not been applied.

IFRS 16 – Leases, valid from 1 January 2019. The new standard means that operational leases and rental obligations, which are now shown as off-balance sheet commitments, will also be required to be accounted for on the balance sheet from 2019. Implementation of IFRS 16 has commenced. The materiality and scope of the lease portfolio has been determined, with a selection has been made of a number of lease contracts that have been used as input for the 'high level impact assessment'. The estimated effect on the balance sheet of the implementation for company cars and office sites, will not deviate substantially from the nominal value of the off-balance sheet commitments stated for these items on 31 December 2017 (approximately EUR 110 million). It should be noted here that the final figure depends on decisions that still need to be made regarding initial implementation of the standard and whether contract elements are separated as well as the interest rate applied. For the other contracts, which primarily relate to ICT, the impact is still being investigated at present. The implementation of IFRS 16 will result in a reclassification



on the income statement from operating expenses to depreciation expenses and financial expenses. In the statement of cash flows a shift will take place from operating activities to financing activities.

SEASONAL INFLUENCES

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

RESULTS IN THE FIRST HALF OF 2018

The profit for the year of Enexis Holding is EUR 127 million, which is EUR 18 million (16.5%) higher than in the 1st half of 2017. The principal reason for this is the average tariff increase of 2.4%, offset by slight increases in operating expenses and tax.

REVENUE, PURCHASE COSTS AND BALANCE AVAILABLE FOR OPERATING ACTIVITIES

The revenue from transmission and connection fees for electricity and gas increased by 4.1% as compared to the first half of 2017. This increase is primarily due to an average tariff increase of 2.4% and an increase in turnover of 0.8% resulting from the acquisition of N.V. Stedin Netten Weert on 1 July 2017. In addition to this, the number of connections in the existing servicing area increased by 0.9%.

The revenue from metering services increased by 2.6% as compared to the first half of 2017, primarily due to an average tariff increase of 3.0%.

OPERATING EXPENSES

Employee benefit expenses decreased by EUR 3 million, to EUR 149 million in the first half of 2018. This reduction was largely due to a reduction in the reserves held for performance-related pay (EUR 3 million) and the release of staff-related provisions due to an interest rate rise (EUR 2 million). Salaries are currently at 2017 levels as no collective labour agreement increase has been implemented, due to the ongoing collective labour agreement negotiations. The periodic salary increases unrelated to the collective labour agreement (EUR 2 million) are offset by a slight reduction in the number of FTE as compared to 30 June 2017 (EUR 2 million). The cost of agency staff increased by EUR 7 million as compared with 30 June 2017, primarily due to large projects relating to excellent grid management and vacancies being temporarily filled by agency staff. The activated costs of our own staff increased by EUR 5 million, due to increased use of our own staff for investment projects.

Depreciation, impairments and decommissioning amount to EUR 168 million, in line with the first half of 2017. No significant extraordinary depreciation occurred in the first half of 2017 or in the first half of 2018.

The costs of work contracted out, materials and other external expenses increased by EUR 6 million, to EUR 81 million in the first half of 2018. This increase was mainly due to an increase in ICT costs, largely related to the project to insource the service desk and implement the migration of various applications. This is offset by a decrease in the cost of work contracted out as a consequence of reduced exploitation activities.

Other operating expenses increased by EUR 2 million to EUR 12 million in the first half of 2018. This increase was mainly due to additional allocations to provisions.

FINANCIAL INCOME AND EXPENSES

The financial income and expenses are in line with the first half of 2017. The financing structure and the composition of the borrowings are merely unchanged as compared to the previous year.

TAX

The profit before tax in the first half of 2018 was EUR 169 million. Income tax for the first half of 2018 was EUR 42 million. The effective tax burden in the first half of 2018 was in line with the nominal tax percentage (25%).

ACQUISITION AND SALE OF PARTS OF THE COMPANY

POSSIBLE SALE OF EXTRA HIGH-PRESSURE PIPELINES

Enexis Netbeheer and Enduris are investigating together with national network operator Gasunie Transport Services (GTS) whether the extra high-pressure networks in the south-west of the Netherlands that are currently owned by Enexis Netbeheer, Enduris and ZEBRA Gasnetwerk could become part of GTS's national gas transmission network. ZEBRA employs 13 people.

On 18 June 2018, a Heads of Agreement (HoA) was signed with a view to a potential sale. The earliest possible sale date is 1 September 2019. The parties will also refer any potential sale to the regulator, the Netherlands Authority for Consumers and Markets (ACM).

Extra high-pressure networks are gas transmission networks operated by regional network operators with an extra high-pressure level exceeding 16 bar. The networks are used to transport high calorific gas. A transfer of these networks to the national network operator could have a positive effect on the Dutch gas market and the utilisation of the national network. During the next six months the feasibility of a possible takeover will be assessed. The sale is not expected to have any material financial effect for Enexis Holding.

FAIR VALUE OF INTEREST-BEARING LOANS

As of 30 June 2018, Enexis has EUR 2,351 million (31 December 2017: EUR 2,251 million) in interest-bearing loans on its balance sheet. The fair value of these interest-bearing loans is EUR 2,504 million (31 December 2017: EUR 2,409 million). For the bond loans, this fair value is in line with the official stock exchange 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 2018.

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 Euro Commercial Paper (ECP) programme. As at 30 June 2018, EUR 200 million of this remains outstanding.

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 2018. The short-term credit rating for Enexis Holding 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:

	Standard	Actual
FFO/net interest-bearing liabilities	≥ 16%	25%
FFO-interest cover	≥ 3,5	10.3
Net interest-bearing liabilities/(equity + net interest-bearing liabilities)	≤ 60%	37%

SEGMENTATION INFORMATION FOR THE FIRST HALF-YEAR 2018

Enexis Holding makes a distinction between the following reporting segments:

- Regulated activities;
- Other.

For further explanation of this division, a description of the segments and the aspects eliminated from each, please see the paragraph entitled Segmentation in the Explanatory notes to the consolidated annual report on pages 89 to 91 of the Enexis Holding Annual Report 2017 (which can be found on www.enexisgroep.com/annualreport).

The segmented information for the first half of 2018 is as follows:

amounts in millions of euros	Regulated		Other		Normalisations, eliminations and reconciliations		Total	
	1st half year 2018	1st half year 2017	1st half year 2018	1st half year 2017	1st half year 2018	1st half year 2017	1st half year 2018	1st half year 2017
Income statement								
Revenue	684	663	40	36	-6	-10	718	689
Other operating income	2	2	2	2	-2	-3	2	1
Operating profit	187	166	11	8			198	174
Assets and liabilities								
Total assets	7,246	7,559	241	328	397	-388	7,884	7,499

INFORMATION RELATED PARTIES

In the first half of 2018, we distributed dividends of EUR 103 million to shareholders. In addition, we received a sum of EUR 2 million from EDSN, as a regular instalment in repayment of loans already issued and issued new loans for 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 CONTINGENCIES

RENTAL, LEASE AND PURCHASE OBLIGATIONS

Apart from standard settlements, as of 30 June 2018 the obligations relating to private cars, office sites, ICT and other matters do not differ materially from the obligations on 31 December 2017. However, the obligations relating to the purchase of grid losses have been updated and, as of 30 June 2018, amount to EUR 89 million. As of 30 June 2018, the total amount of obligations is EUR 290 million (< 1 year: EUR 128 million; 1-5 years: EUR 153 million; > 5 years: EUR 9 million).

EVENTS AFTER THE BALANCE SHEET DATE

No events occurred after the balance sheet date.

On behalf of the Executive Board of Enexis Holding N.V.

Peter Vermaat, voorzitter

Maarten Blacquière

's-Hertogenbosch, 24 July 2018

REVIEW REPORT

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

INSTRUCTIONS

We have reviewed the accompanying condensed consolidated interim financial information for the six-month period ended 30 June 2018 of Enexis Holding N.V., 's Hertogenbosch, which comprises the consolidated balance sheet as at 30 June 2018, 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 condensed consolidated interim financial information for the six-month period ended 30 June 2018 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

Utrecht, 24 July 2018

PricewaterhouseCoopers Accountants N.V.

Original Dutch review report 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 condensed consolidated interim financial information, both in Dutch. This original review report can be found on the website of Enexis Group)

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