N.V. Eneco Beheer

Half-year report 2018

Contents

(amounts from the condensed interim figures 2018; in € 1 million)

Results

Total revenues	H1 2018	2,101	H1 2017	1,605
Gross margin and other operating revenues	H1 2018	562	H1 2017	550
Operating income before depreciation (EBITDA)	H1 2018	230	H1 2017	263
Operating profit (EBIT)	H1 2018	115	H1 2017	135
Profit after tax from continuing operations	H1 2018	75	H1 2017	96
Cash flow from operating activities	H1 2018	214	H1 2017	382

Capital

Group equity	30 June 2018	2,886	31 Dec 2017	2,869
Interest-bearing debt	30 June 2018	707	31 Dec 2017	735
Balance sheet total	30 June 2018	5,710	31 Dec 2017	5,656
Capital expenditure and acquisitions	H1 2018	181	H1 2017	207

Ratios

Group equity/ total assets	30 June 2018	50.5%	31 Dec 2017	50.7%
Credit Rating	2018	BBB+	2017	BBB+

Eneco is investing in its organisation in the run-up to privatisation and moving further along its sustainability path

In connection with its pending privatisation, Eneco is working hard on preparing the business for this new phase. This requires investment. In combination with the overall effect of a series of non-recurring items, this meant that while the results were still favourable, they turned out lower than in the same period last year. The expansion of a network of strategic partnerships focused on the energy transition is continuing unabated, putting the interests of Eneco's customers to the fore.

New partnerships and innovative, sustainable activities

Customers are central to Eneco. Whether they are in the business or retail market, our customers expect us to maintain and expand our leadership in the energy transition. Achieving that requires investment and constant innovation but also expanding our network of partners in the various chains. The energy transition can only happen with collaboration and so during the first half of the year we again entered into several new partnerships, in particular for sustainable wind energy for our customers. From 2019, Eneco, along with local energy collective OM, will supply the municipality of The Hague with sustainable power (including solar) for use in its offices, sports halls and other buildings and facilities.

Eneco signed an exclusive Power Purchasing Agreement with YARD ENERGY, a Netherlands-based developer of wind energy projects, under which Eneco will purchase 100% of the green electricity generated by six new wind farms in the YARD ENERGY development portfolio for a period of 16 years. This will be enough to supply around 233,000 households with green energy.

An agreement was signed with REScoopNL, an alliance of 135 local wind co-operatives, with the aim of developing more local energy projects. These include both solar and wind but also savings, supply, heat, mobility and storage, from the viewpoint that local involvement is very important for a fast and effective energy transition. This alliance will allow more local projects to be set up more quickly, such as in Weert where Eneco has been working with Weert Energie, a REScoopNL member, on a local wind farm and other projects since 2017.

At the end of May, Europe's largest battery, EnspireME, was ready to supply reserve capacity to the European electricity grid. Eneco and Mitsubishi Corporation are joint owners. Initial experience with the battery has been positive. All our bids for primary regulating capacity have been accepted at the weekly auctions of German/European grid managers. In other words, the battery's capacity is being actively deployed by grid managers to ensure the right voltage in German and European high-voltage grids. In this way, the battery is making an innovative contribution to the energy transition.

In June, we announced that the Borssele III/IV wind farms would definitely be built. The Blauwwind Consortium (in which Eneco is a 10% partner) finalised the financing for these wind farms in the North Sea. Total expected production is 3,000 gigawatt hours (GWh) per year and Eneco will take half of this for 15 years to supply business and retail customers with locally-produced green energy. Construction has now started. Construction has also started at the Norther wind farm, 23 kilometres from Zeebrugge off the Belgian coast. Eneco has a 25% share in this farm, which is expected to generate almost 1400 GWh per year.

In the context of innovative services, Eneco and independent investment fund SET Ventures acquired a minority stake in GreenFlux, a supplier of smart charging services for electric vehicles. Eneco eMobility also entered into an agreement with Mobility Service Nederland for electric charging services, with the aim of making electric vehicles more attractive and accessible for company car drivers.

Result developments

Higher revenues, higher gross margin

Thanks to the acquisitions of the customer portfolio of Eni in Belgium and the holding in German company LichtBlick in 2017 and of the Dutch customer database of E.ON in 2018, total revenue rose by 31% to €2,101 million (H1 2017: €1,605 million). Excluding these acquisitions, total revenue was almost unchanged.

Gross margin and other operating revenues rose slightly, by 2%, to €562 million. The acquisitions of Eni and LichtBlick contributed positively to this while the expiry of grants for the Prinses Amalia Windpark depressed the margin.

The weather had a similar effect on gross margin as last year. As in 2017, winds were lighter than average in the past half year and so our wind farms generated less energy than usual. 2018 was colder than the previous year but this did not lead to a higher margin since the extra gas supplies had to be bought at higher prices.

Expenses

In the past half year, Eneco incurred higher expenses as a result of the various acquisitions and a number of change processes at the company. Total operating expenses including depreciation and amortisation rose by €32 million (8%) to €447 million.

Additional expenses were incurred in various areas including the integration of Eni in Belgium and E.ON in the Netherlands with Eneco activities. The preparations for the sale of Eneco shares also contributed to a higher cost level. The on-going change process for the Dutch organisation that will lead to a better customer experience, partly through digitalisation, has the ultimate aim of improving the result by €100 million by the end of 2019.

Net depreciation and amortisation fell: there was a fall since most of the Prinses Amalia Windpark has been depreciated but, on the other hand, acquisitions of course involve new depreciation and amortisation charges.

Result

Operating profit (EBIT) fell €20 million to €115 million compared with €135 million in the same period in 2017. The profit after income tax was €75 million, €21 million lower than the first half of 2017.

Investments

Eneco continues to invest in increasing its customer base and making energy provision more sustainable. In total, Eneco invested €181 million this half year (H1 2017: €207 million), much of this on acquiring E.ON's customer portfolio and assets in the Netherlands. Our investments also included new solar and wind farms (€41 million), district heating generation and networks (€31 million) and modifications to Enecogen (€11 million).

Eneco took over the Dutch sales and supply activities of Uniper Benelux, which operates under the brand name E.ON. Eneco was able to welcome about 200,000 Dutch business and retail customers, creating new opportunities for growth in the area of sustainable energy and innovative energy services.

Privatisation process

There has been hard work on the preparations for the privatisation of Eneco in the past period, during which there was some commotion in the media, utimately leading to a ruling of the Enterprise Division of the Amsterdam Court of Appeal on 18 July. The Enterprise Division ordered an investigation into the policy on the privatisation of Eneco Group and change of Chief Executive Officer and suspended the chairman of the Supervisory Board. Shortly after the ruling, Edo van den Assem, the chairman of the Supervisory Board, and Marike van Lier Lels, a member of the Supervisory Board, resigned and Charlotte Insinger was appointed by the Enterprise Division as temporary chair of the Supervisory Board. Following the appointment of Ruud Sondag as the new CEO, the shareholders, Board of Management and Supervisory Board are determined and united, along with the Central Works Council, to energetically continue the privatisation of the company.

Outlook

Our strategy and ambitions for growth give us confidence in the further development of our business. Nevertheless, the integration of new business units, the performance improvement programme and the privatisation process will bring additional expense. Against that background, we expect the result in 2018 to be substantially lower.

Condensed consolidated interim financial statements 2018

Consolidated income statement

x € 1 million	Note	First half 2018	First half 2017
Revenues from energy sales and energy related activities	3.4	2,065	1,583
Purchases of energy and energy related activities	3	1,539	1,055
Gross margin		**526**	**528**
Other revenues		36	22
Gross margin and other operating revenues		**562**	**550**
Employee benefit expenses		131	116
Cost of contracted work and other external costs		195	164
Depreciation and impairment of property, plant and equipment		88	107
Amortisation and impairment of intangible assets		27	21
Other operating expenses		6	7
Operating expenses		**447**	**415**
Operating profit		**115**	**135**
Share of profit of associates and joint ventures		-1	1
Financial income		5	5
Financial expenses		-16	-15
Profit before income tax		**103**	**126**
Income tax	6	-28	-30
Profit after income tax		**75**	**96**
Profit distribution:			
Profit after income tax attributable to non-controlling interests		-	-
Profit after income tax attributable to shareholder of N.V. Eneco Beheer		75	96
Profit after income tax		**75**	**96**

Unaudited.

Consolidated statement of comprehensive income

x € 1 million	Note	First half 2018	First half 2017
Profit after income tax		**75**	**96**
Adjustments for:			
Unrealised gains and losses that will not be reclassified to profit or loss			
Remeasurement of defined-benefit pension plans		-	-
Unrealised gains and losses that may be reclassified to profit or loss			
Exchange rate differences		-	-4
Unrealised gains and losses on cash flow hedges		-8	4
Deferred tax liabilities on cash flow hedges and hedge of net investment in foreign operations		2	-3
Share of unrealised profit of associates and joint ventures after tax		-1	3
Total other comprehensive income		**-7**	**-**
Total comprehensive income		**68**	**96**
Profit distribution:			
Non-controlling interests		-	-
Shareholder of N.V. Eneco Beheer		68	96
Total comprehensive income		**68**	**96**

Unaudited.

Consolidated balance sheet

x € 1 million	Note	At 30 June 2018	At 31 December 2017
Non-current assets			
Property, plant and equipment		2,530	2,538
Intangible assets		1,006	976
Financial assets	8	328	314
Total non-current assets		**3,864**	**3,828**
Current assets			
Assets held for sale	7	2	214
Intangible assets and inventories		81	58
Trade receivables		701	650
Current income tax and other receivables		272	251
Derivative financial instruments	8	183	190
Cash and cash equivalents		607	465
Total current assets		**1,846**	**1,828**
TOTAL ASSETS		**5,710**	**5,656**
Equity			
Equity attributable to N.V. Eneco Beheer shareholder	9	2,883	2,866
Non-controlling interests	9	3	3
Total equity		**2,886**	**2,869**
Non-current liabilities			
Provisions for employee benefits and other provisions	10	103	104
Deferred income tax liabilities		302	306
Derivative financial instruments	8	67	45
Interest-bearing debt		486	453
Other liabilities		131	117
Total non-current liabilities		**1,089**	**1,025**
Current liabilities			
Liabilities held for sale	7	2	9
Provisions for employee benefits and other provisions	10	24	14
Derivative financial instruments	8	174	181
Interest-bearing debt		221	282
Trade, current tax and other liabilities		1,314	1,276
Total current liabilities		**1,735**	**1,762**
TOTAL EQUITY AND LIABILITIES		**5,710**	**5,656**

Unaudited with the exception of 31 December 2017.

Consolidated cash flow statement

x € 1 million	Note	First half 2018	First half 2017
Profit after income tax		**75**	**96**
Adjusted for:			
Total of dividend received from associates and joint ventures, interest paid and received and income tax paid		217	297
Income tax paid / received		-78	-11
Cash flow from operating activities		**214**	**382**
Cash flow from investing activities[1]		**24**	**-211**
Dividend payments	9	-64	-
Movement of non-current interest-bearing debt		-32	-32
Movement of current interest-bearing debt		-	25
Cash flow from financing activities		**-96**	**-7**
Movements in cash and cash equivalents[1]		**142**	**164**
Balance of cash and cash equivalents at 1 January		465	343
Balance of cash and cash equivalents of disposed consolidated entities		-	-32
Balance of cash and cash equivalents at 30 June		**607**	**475**

1 First half-year 2017 restated for comparison purposes.

Unaudited.

Consolidated statement of changes in equity

x € 1 million	Paid-up and called-up share capital	Share premium	Translation reserve	Cash flow hedge reserve	Retained earnings	Undistributed profit	Total	Non-controlling interests	Total equity
	Equity attributable to N.V. Eneco Beheer shareholder								
At 1 January 2017	**122**	**-**	**1**	**30**	**2,965**	**-**	**3,118**	**3**	**3,121**
Profit after income tax	-	-	-	-	96	-	96	-	96
Total other comprehensive income (after tax)	-	-	-5	5	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-5**	**5**	**96**	**-**	**96**	**-**	**96**
Profit appropriation 2016	-	-	-	-	192	-192	-	-	-
Capital payment to Stedin Holding N.V. (dividend in kind)	-	-	-	-	-351	-	-351	-	-351
At 30 June 2017	**122**	**-**	**-4**	**35**	**2,902**	**-192**	**2,863**	**3**	**2,866**

	Paid-up and called-up share capital	Share premium	Translation reserve	Cash flow hedge reserve	Retained earnings	Undistributed profit	Total	Non-controlling interests	Total equity
	Equity attributable to N.V. Eneco Beheer shareholder								
At 1 January 2018	**122**	**-**	**-6**	**10**	**2,613**	**127**	**2,866**	**3**	**2,869**
Adjustments opening balance at 1 January[1]	-	-	-	-	13	-	13	-	13
Adjusted opening balance at 1 January 2018	**122**	**-**	**-6**	**10**	**2,626**	**127**	**2,879**	**3**	**2,882**
Profit after income tax 2018	-	-	-	-	-	75	75	-	75
Total other comprehensive income (after tax)	-	-	-	-7	-	-	-7	-	-7
Total comprehensive income	**-**	**-**	**-**	**-7**	**-**	**75**	**68**	**-**	**68**
Profit appropriation 2017	-	-	-	-	127	-127	-	-	-
Cash dividend to Eneco Group N.V.	-	-	-	-	-64	-	-64	-	-64
Total transactions with current and former owners of the company	**-**	**-**	**-**	**-**	**63**	**-127**	**-64**	**-**	**-64**
At 30 June 2018	**122**	**-**	**-6**	**3**	**2,689**	**75**	**2,883**	**3**	**2,886**

[1] See note 9 ‘Equity’ for further information.

Unaudited.

Selected notes to the condensed consolidated interim financial statements

1. Accounting principles for financial reporting

1.1 General information

N.V. Eneco Beheer ('the Company') is a company incorporated under Dutch law, with its registered office in Rotterdam. It is the holding company of subsidiaries, interests in joint operations and joint ventures and associates (referred to jointly as 'Eneco' or 'the Group'). Eneco Groep N.V. is the sole shareholder and ultimate holding company. The company is registered at the Chamber of Commerce under number 24246970.

In line with its mission of 'everyone's sustainable energy', the Group is investing in making the supply chain more sustainable with the aim of keeping energy clean, available and affordable for customers into the future. The Group focuses on innovative energy services and products that allow customers to save energy or generate sustainable energy jointly or alone and feed it into the energy network. New services are being developed for this that form and shape the energy transition. These include the Toon® platform, innovative flexible services and services focusing on saving energy. In addition to the Netherlands, the Group operates in Belgium, France, Germany and the United Kingdom.

The Group's main strategic alliances are its investments and participating interests in onshore and offshore wind farms and start-ups, and memberships of co-operatives. These include the joint investment with Mitsubishi Corporation in the Luchterduinen offshore wind farm, the Norther wind farm being developed off the Belgian coast and investments with a number of partners (including Shell and Mitsubishi Corporation) in Blauwwind (Borssele III & IV) offshore wind farm currently under development. The Group is also a member of the Enecogen VOF power station partnership and has interests in Groene Energie Administratie B.V. (Greenchoice) and since 2017 in Next Kraftwerke GmbH, a German virtual power plant operator.

Unless stated otherwise, all amounts in the financial statements are in millions of euros.

The interim financial statements have been prepared in compliance with IAS 34 'Interim Financial Reporting' and present the consolidated balance sheet and consolidated cash flow statement in condensed form. These figures should be read in conjunction with the Group's 2017 annual financial statements, which were prepared in compliance with the International Financial Reporting Standards (IFRS), as adopted by the European Commission, in force at 31 December 2017, and with the provisions of Part 9, Book 2 of the Dutch Civil Code.

The Board of Management authorised the publication of these interim financial statements on 31 August 2018.

1.2 New or amended IFRS standards

There were no amendments to existing IFRS standards and/or new IFRS interpretations adopted by the European Commission at 1 January 2018 that are relevant for Eneco to apply in certain situations when preparing these interim financial statements.

The following new IFRS standards adopted by the European Commission are relevant to Eneco and have been applied since 1 January 2018:

- IFRS 9 ‘Financial Instruments’: this standard sets a comprehensive framework for the classification, presentation, recognition and measurement of all financial assets and liabilities and replaces the existing regulations in IAS 39 ‘Financial Instruments: Recognition and Measurement’. IFRS 9 is effective for reporting periods beginning on or after 1 January 2018.

  Changes resulting from the application of this standard and the impact on Eneco’s figures:
  1) The revised provisions on the classification and measurement of financial assets (applicable mainly to derivative financial instruments, trade receivables and other receivables) and financial liabilities (mainly derivative financial instruments, trade creditors, interest-bearing debt and other debt) have not affected Eneco’s consolidated figures. Consequently, the comparative figures for 2017 have not been restated on the introduction of IFRS 9.

  2) The model for determining impairment of financial assets in IFRS 9 is different from that in IAS 39. At Eneco this relates mainly to determining the provision for doubtful debts. Until 2018 this was done using the ‘incurred losses’ method under which a provision was only formed when there was a ‘trigger’ (a specific ‘credit event’). From 2018, the ‘expected losses’ model applies under IFRS 9 in which both historical and forward-looking information is used when determining this provision as there is always an inherent risk that a debtor will not or not fully pay. Consequently, this risk has to be recognised from the initial recognition of the receivable. The same applies to ‘amounts to be billed’. The impact of these amended rules for measuring receivables (provision for doubtful debts) is limited by the large number of relatively small debtors of a generally short-term nature, which spreads the risk, combined with continuation of the current (strict) assessment criteria and processes for the receivables portfolio as a whole. The application of the ‘expected loss approach’ under IFRS 9 rather than the ‘incurred loss approach’ has led to an extra addition to the provision for doubtful debts and an adjustment to ‘amounts to be billed’ of €1 million in total. This amount has been recognised in the opening balance sheet at 1 January 2018. Equity in the 2018 opening balance sheet has accordingly been reduced by the same amount after adjustment for a deferred tax asset. The 2017 comparative figures have not been restated. The effect on the income statement for the first half of 2018 as a result of these changes from IFRS 9 was limited and so is not disclosed further.

  3) The provisions on hedge accounting in IFRS 9 have been amended to be more closely in line with businesses’ risk policy and are less rigid. Since Eneco also applied hedge accounting under IAS 39, implementation of the new standard has not had a material impact on the consolidated figures, because all existing hedging relationships could be continued in line with the provisions of IFRS 9. These changes have not affected the figures for the first half of 2018 or on the reporting date 30 June 2018 or the comparative figures for 2017.

- IFRS 15 ‘Revenue from Contracts with Customers’: this new standard provides a framework for revenue recognition and replaces the existing regulations on revenue recognition, including IAS 18 ‘Revenue’, IAS 11 ‘Construction Contracts’ and IFRIC 18 ‘Transfers of Assets from Customers’. IFRS 15 is effective for reporting periods beginning on or after 1 January 2018. Eneco has analysed the potential effect of applying this standard on the consolidated financial statements. The particular areas examined were connection and transmission fees, discounts, acquisition costs, taxes, other statutory charges, combined contracts and construction contracts, the moment at which revenue is recognised and whether Eneco is regarded as the agent or principal for this revenue. On implementation of IFRS 15, these have not led to differences with accounting rules applied in the past, other than the costs incurred when acquiring and settling energy supply contracts. These expenses are capitalised under IFRS 15 as prepaid expenses and amortised over the term of the contracts.

Eneco is using the ability permitted by IFRS 15 to apply the standard from 1 January 2018 without restating the 2017 comparative figures. Consequently, the cumulative effect of €18 million from capitalising acquisition costs (including contract exit fees) for on-going contracts has been recognised in the opening balance sheet at 1 January 2018 in 'Current income tax and other receivables'. Equity in the 2018 opening balance sheet has been increased by the same amount (€13 million) after deduction of a deferred tax liability. Under this transitional method, IFRS 15 requires disclosure of what the effect would have been on the interim and annual figures had the old IAS 18 still been in force in the 2018 reporting period. In that situation, it would have led to full recognition of the acquisition costs (including contract exit fees) through profit or loss instead of capitalisation as prepaid expenses and amortisation over the term of the contract according to IFRS 15. Under IAS 18, the additional costs, on top of the amortisation of capitalised prepaid acquisition costs already recognised in the result , would have been €4 million in the first half of 2018. These would have been recognised as 'Other operating expenses'.
Finally, IFRS 15 requires disclosure of a more comprehensive breakdown of revenue in the interim and annual financial statements. In view of the nature of the Group's operations, the breakdown by type of product or service has been supplemented by a breakdown of revenue by country. See note 4 'Revenues from energy sales and energy related activities' to these interim financial statements. This should be read in conjunction with the general framework as described in note 3 'Seasonal activity pattern'.

The following new IFRS standard adopted by the European Commission is relevant to Eneco and will be applied from 1 January 2019:

- IFRS 16 'Leases': under this standard no distinction is drawn between operating and finance leases for lessees and off-balance-sheet accounting is no longer permitted for operating leases. The right of use of an asset under an operating lease must be capitalised on the balance sheet while recognising a lease liability. Assets with a value of less than USD 5,000 or a lease term of less than 12 months are exempt from capitalisation under IFRS 16. This new standard replaces the existing rules in IFRIC 4 'Determining whether an Arrangement contains a Lease' and IAS 17 'Leases'. IFRS 16 is effective for reporting periods starting on or after 1 January 2019. Early adoption is permitted, but the Group will not do this.

  The Group has completed a preliminary analysis of the potential effects of this new standard on the consolidated figures. This has shown that the assets ('leased assets'/'property, plant and equipment') and the lease liabilities at present value (as part of 'Interest-bearing debt') will increase. A further consequence of IFRS 16 is that the capitalised 'leased assets' will be depreciated over the remaining lease period and charged to the result through 'Depreciation and impairment of property, plant and equipment'. The interest charge from adding interest to the lease liabilities will be recognised through the income statement in 'Financial expenses'. Eneco will complete the analysis of the potential effects on the consolidated financial statements from applying this standard during the second half of 2018.

Other new IFRS standards, amendments to existing standards and new interpretations that will apply in later reporting periods and/or that have not yet been adopted by the European Commission and/or that are not relevant to the Group are not addressed further in these interim financial statements.

2. Accounting policies

2.1 Accounting policies

The accounting policies and basis of consolidation used in the interim financial statements are consistent with the accounting policies described in the 2017 annual financial statements except for the application of new IFRS standards as set out in 1.2.

2.2 Judgements, estimates and assumptions

In preparing the half-year figures management used judgements, estimates and assumptions which affect the reported amounts and rights and obligations not disclosed in the balance sheet. In particular, they relate to the revenues from sales to retail customers, the useful life of property, plant and equipment and intangible assets, the fair value of the relevant assets and liabilities, impairment of assets and the size of provisions. The judgements, estimates and assumptions that have been made are based on market information, knowledge, historical experience and other factors that can be deemed reasonable in the circumstances. Actual results could, however, differ from the estimates. Judgements, estimates and assumptions are reviewed on an on-going basis.

Changes in accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period. If the revision also affects future periods, the change is made prospectively in the relevant periods.

3. Seasonal activity pattern

The supply and generation of energy vary with the seasons. In the winter season, there is a higher demand for energy required for heating. In the summer season, this need does not exist and is partially offset by a higher energy requirement for the cooling of buildings. The generation of electricity and the production of gas and heat is determined by demand and by market prices. The generation of sustainable energy varies predominantly with the seasons. Under normal circumstances, there is higher than average production of wind energy in the period from October to March and a peak in the production of solar energy during the summer months. The production of energy from biomass shows a stable pattern throughout the year.

4. Revenues from energy sales and energy related activities

The nature of the changes and effect of initial application of IFRS 15 in these interim financial statements are explained in 1.2. The tables below show revenues from energy sales and energy related activities broken down by type of product and geographical market.

x € 1 million	First half 2018	First half 2017
Electricity	1,086	773
Gas	783	619
District heat	157	152
Energy-related activities	39	39
Total	**2,065**	**1,583**

x € 1 million	First half 2018	First half 2017
Netherlands	1,600	1,331
Belgium	423	117
Germany	357	222
United Kingdom	25	28
France	4	4
Elimination of mutual deliveries	-344	-119
Total	**2,065**	**1,583**

Revenue for the first half of 2018 included transmission charges of some €133 million (first half of 2017: €92 million) invoiced on behalf of grid operators and some €112 million (first half of 2017: €75 million) of environmental and other levies and taxes, both from operations in Germany.

5. Business combinations and other changes in the consolidation structure

There were three acquisitions in the first half of 2018. These involved energy company E.ON Benelux Levering B.V. (customer portfolios) and two smart energy companies which are not discussed further as they are not material. In addition the business combination in respect of the energy business and the wind energy activities of Eni Gas & Power N.V. acquired in 2017 was completed and these figures are definitive. The business combination in respect of the wind energy activities of De Wolff Verenigde Bedrijven B.V. acquired in 2017 will be completed in the second half of 2018 and those figures will also become definitive.

Acquisition of E.ON Benelux Levering in 2018

On 1 May 2018 Eneco completed the purchase of a 100% holding in E.ON Benelux Levering B.V. (name changed to Eneco Zuid Nederland B.V., hereinafter 'EZN') after reaching agreement on the proposed acquisition with the works councils of both companies and after receiving the approval of the Dutch competition authorities. With the purchase of energy company EZN, based in Eindhoven, Eneco is taking over the Dutch sales and supply activities of Uniper Benelux. EZN has some 150 employees and the company supplies energy to about 200,000 Dutch retail and business customers. The acquisition offers Eneco opportunities for growth in the area of sustainable energy and innovative energy services.

The purchase price for EZN was some €25 million in cash. This acquisition does not involve a variable portion of the purchase price (earn out) or deferred payment. The assessment of the fair value of the identified assets and liabilities had not been completed on the reporting date 30 June 2018 and it may alter the allocation of the purchase price to the assets and liabilities. Consequently, the acquisition has been recognised 'provisionally' in the 2018 interim financial statements. Based on these provisional figures in the opening balance sheet, the goodwill is currently nil. The provisional fair value of the trade and other receivables acquired is €97 million including €4 million provided for as uncollectible at the acquisition date.

The costs related to this transaction were some €0.5 million, of which €0.1 million has been charged to the 2018 result (Other operating expenses). Since the acquisition date, EZN has contributed a total of some €60 million to the Group's revenues and, due to seasonal influences, a slight loss after tax in the first half of 2018.

Had this acquisition taken place on 1 January 2018, the Group's revenues and result after tax for the first half would have been €2,296 million and €78 million respectively.

Acquisition of Eni in 2017 - definitive figures

Eneco purchased two 100% holdings (Eni Gas & Power N.V. and Eni Wind N.V.) on 10 July 2017. The assessment of the fair value of the identified assets and liabilities was completed in the first half of 2018 and so the figures for this business combination are now definitive. This resulted in a slight reduction in the fair value of the purchased customer databases and the recognition of certain contractual liabilities in the balance sheet. In addition, the deferred tax liabilities related to this business combination have been reduced in connection with a cut in the tax rate in Belgium from 34% to 29.58% with effect from 2018. The net result of these three adjustments is that the purchased goodwill in the acquisition of Eni has been reduced by some €2 million. See note 15 to the Group's 2017 financial statements for further information on the treatment of this acquisition in Eneco's figures for 2017.

Provisional opening balance sheet figures at fair value

As the assessment of the fair value of the identified assets and liabilities of EZN had not been completed on the reporting date 30 June 2018, the provisional figures for those assets and liabilities in EZN's opening balance sheet have not been reported in the context of these interim financial statements.

Sale of 10% of the shares in the Blauwwind (Borssele III & IV) wind farm to Partners Group

Note 34 'Events after the reporting date' to the 2017 financial statements of Eneco Group reported that on 8 January 2018 Eneco had decided to transfer half of its holding in the Borssele III & IV wind farm, which is under construction, to a Swiss investment company (Partners Group). This transaction was effected in June 2018. By means of this sale Eneco reduced its share in this consortium from 20% to 10% but this has not affected its treatment under IFRS or the purchase contracts entered into. The Blauwwind wind farm is consolidated proportionately pursuant to IFRS 11 'Joint Arrangements'. Eneco Group also signed a Power Purchasing Agreement under which it will purchase 50% of the electricity generated by the wind farms for a period of 15 years. For the first 15 years after coming on stream (expected to be 2021), Blauwwind will receive a guaranteed price of €54.49 per MWh under the Dutch SDE+ subsidy scheme. Thereafter, the energy will be sold at the wholesale price on the market. As well as the sale of shares, financing contracts with a bank consortium were also signed in June 2018 for the construction of the wind farm. The partly-financed capital expenditure for the construction phase is expected to be a total of €1.3 billion.

6. Income tax

The effective tax burden amounted to 25.7% (first half of 2017: 23.8%). Tax on the result comprises current tax expense and movements in deferred taxes at the nominal corporate income tax rates in the countries allowing for tax incentives and other facilities.

7. Assets held for sale

The financing agreement totalling €200 million referred to in 'Assets held for sale' in the 2017 financial statements was converted into liquid assets on 27 January 2018 (as explained in 'Events after the reporting date' in the 2017 financial statements).

8. Derivative financial instruments and fair value

The derivative financial instruments were as follows:

At 30 June 2018	Level 1	Level 2	Level 3	Total
Assets				
Energy commodity contracts and CO2 emission rights	10	246	2	258
Interest rate and currency swap contracts	-	7	-	7
	10	**253**	**2**	**265**
Liabilities				
Energy commodity contracts and CO2 emission rights	33	202	-	235
Interest rate and currency swap contracts	-	6	-	6
	33	**208**	**-**	**241**

At 31 December 2017	Level 1	Level 2	Level 3	Total
Assets				
Energy commodity contracts and CO2 emission rights	4	238	2	244
Interest rate and currency swap contracts	1	10	-	11
	5	**248**	**2**	**255**
Liabilities				
Energy commodity contracts and CO2 emission rights	26	195	-	221
Interest rate and currency swap contracts	-	5	-	5
	26	**200**	**-**	**226**

Unaudited with the exception of 31 December 2017.

Financial assets included derivative financial instruments of €81 million at 30 June 2018 (31 December 2017: €65 million).

The fair value of the loans at 30 June 2018 was €642 million (31 December 2017: €650 million). The fair value of the loans is estimated using the present value method based on relevant market interest rates for comparable debt. Consequently, the information for establishing value is covered by 'level 2' in the fair value hierarchy.

The following hierarchy was used for the measurement of the financial instruments:

Level 1
Level 1 recognises financial instruments whose fair value is measured using unadjusted quoted prices in active markets for identical instruments.

Level 2
Level 2 recognises financial instruments whose fair value is measured using market prices or pricing statements and other available information. Where possible, the measurement method uses observable market prices. Level 2 energy commodity contracts are measured using market prices or pricing statements for periods in which an active market exists for the underlying commodities such as electricity, gas (title transfer facility), oil-related prices and emission rights. Other contracts are measured by agreement with the counterparty, using observable interest rate and foreign currency forward curves.

Level 3
Level 3 recognises financial instruments whose fair value is measured using calculations involving significant inputs that are not based on observable market data.

9. Equity

Equity has been restated in the opening balance sheet by a total of €13 million. Most of this is €12 million relating to the implementation of IFRS 9 and IFRS 15 (see note 1.2).

During the first half of 2018, N.V. Eneco Beheer declared a dividend of €63.5 million payable to its shareholder. This sum was paid to the shareholder in April 2018.

10. Provisions for employee benefits and other provisions

Provisions include restructuring provisions totalling some €13 million (€6 million of which has been charged to the half-year result) in connection with a restructuring of the Dutch business units and at E.ON Benelux Levering B.V. (see note 5).

The severance arrangements, referred to in the 2017 financial statements (note 6 'Remuneration of the Board of Management') were applied on the departure of Mr de Haas.

11. Contingent assets and liabilities

Legal proceedings

The Group is involved either as plaintiff or defendant in various legal and regulatory claims and proceedings related to its operations. Management ensures that these matters are properly contested.

Liabilities and contingencies in connection with these claims and proceedings are assessed periodically based on the latest information available, usually with the assistance of lawyers and other specialists. A liability is only recognised if an adverse outcome is probable and the amount of the loss can be reasonably estimated. The actual outcome of proceedings or a claim may differ from the estimated liability and, consequently, could have a material adverse effect on the financial performance and position of the Group. Eneco has, for example, been ordered to pay a material amount but it denies all liability and disputes every alleged obligation for payment.

The terms and conditions of the unbundling protocol as presented in the Group's 2017 financial statements, are unchanged.

Other contingent liabilities

The Group has energy purchase commitments of €7.0 billion (31 December 2017: €6.1 billion) against which there are sales commitments of €4.1 billion (31 December 2017: €3.4 billion) already entered into, mainly for the business market. These purchase and sale contracts relate to future supplies. There are commitments of €0.5 billion (31 December 2017: €0.6 billion) for the purchase of heat. The annual indefinite commitments for the sale of heat are €0.3 billion (31 December 2017: €0.3 billion).

The Group has issued group and bank guarantees of €0.5 billion (31 December 2017: €0.4 billion) to third parties. Of these, €0.4 billion (31 December 2017: €0.3 billion) have been issued by N.V Eneco Beheer. The remaining group and bank guarantees have been issued by subsidiaries for which N.V Eneco Beheer has issued a declaration of joint and several liability pursuant to Section 403(1)(f), Part 9, Book 2 of the Dutch Civil Code.

12. Events after the reporting date

- Eneco takes a share in two Flemish offshore wind farms
  In June 2018, Eneco entered into a shareholders' agreement with parties to a consortium for a 12.5% holding in two large offshore wind farms, Seastar and Mermaid, being developed off the Flemish coast. It covers wind farms to be built with a total capacity of some 500 MW. Consequently, Eneco Group is further expanding its activities in Belgian offshore wind farms (alongside participation in the Norther wind farm that is under construction). This is in line with Eneco's strategy to grow further and invest in the sustainable generation of energy. The participation in Seastar and Mermaid was agreed on 19 July 2018. The treatment of this joint

venture in Eneco's figures on the basis of IFRS 11 'Joint arrangements' and/or IAS 28 'Investments in associates and joint ventures' will be determined in the second half of 2018.

Review report

To: the Board of Management of N.V. Eneco Beheer

Introduction
We have reviewed the accompanying condensed consolidated interim financial statements of N.V. Eneco Beheer, Rotterdam, which comprise the consolidated balance sheet as at June 30, 2018, the consolidated statements of income, comprehensive income, changes in equity and cash flows for the period of six months ended June 30, 2018, and the selected notes. Management is responsible for the preparation and presentation of these consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on these interim financial statements 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 Entity". A review of interim financial statements 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 statements as at 30 June, 2018, are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Rotterdam, August 31, 2018

Deloitte Accountants B.V.

Signed on the original,
J.A. de Bruin

Disclaimer

This half-year report contains statements relating to the future. These statements can be recognised by the use of wording such as 'anticipated', 'expected', 'forecasts', 'intends', and similar expressions. These statements are subject to risks and uncertainties and the actual results and events can differ considerably from the current expectations. Factors that could lead to this include, but are not limited to, the general economic situation, the situation in the markets in which Eneco operates, the behaviour of customers, suppliers and competitors, technological developments and legal provisions and stipulations of regulatory bodies that affect the activities of Eneco. Future results can also be influenced by factors including, but not limited to, financial risks, such as foreign currency risks, interest risks and liquidity and credit risks. Eneco does not accept any liability or obligation related to the adjustment or revision of the current forecasts on the basis of new information or future events or for any other reason.

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