

# INVESTOR PRESENTATION



## ENEXIS HOLDING N.V. ANNUAL RESULTS 2020

- 4<sup>th</sup> MARCH 2021
- MARIËLLE VOGT
- CHIEF FINANCIAL OFFICER

# CONTENTS AND KEY HIGHLIGHTS

## Corporate Profile

- Enexis - a leading publicly owned DSO in the Netherlands
- Focusing on excellent grid management and accelerating the energy transition
- Operating in a stable and transparent regulatory environment
- Minimum impact Covid-19 on our people and business

## CSR Strategy

- Enabling the Dutch energy transition in its service area
- Committed to Sustainable Development Goals
- Industry leading ESG ratings

## Financing the Energy Transition

- Green Bond
- Convertible hybrid shareholder loan

## Strong Financials & Prudent Policy

- Sound financial performance
- Increasing investments due to sustainability projects
- Financial ratios comfortably meet required hurdles
- Outlook 2021





# CORPORATE PROFILE

Corporate Profile

CSR Strategy

Financing the Energy Transition

Strong Financials & Prudent Policy

# ENEXIS - A LEADING PUBLICLY OWNED DSO IN THE NETHERLANDS

## Key financials (€ million)

Balance sheet total	8,751
Revenue	1,516
Profit after tax	108
Workload	882

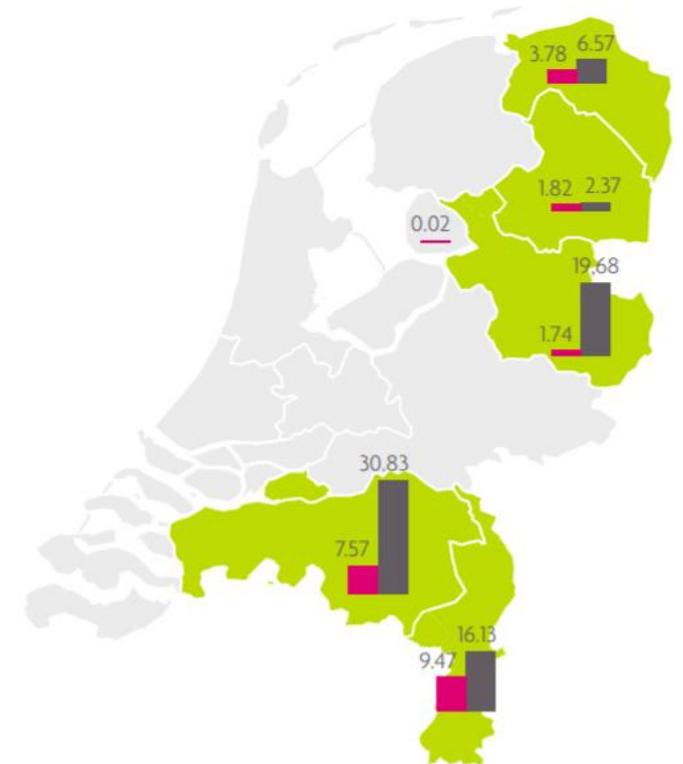
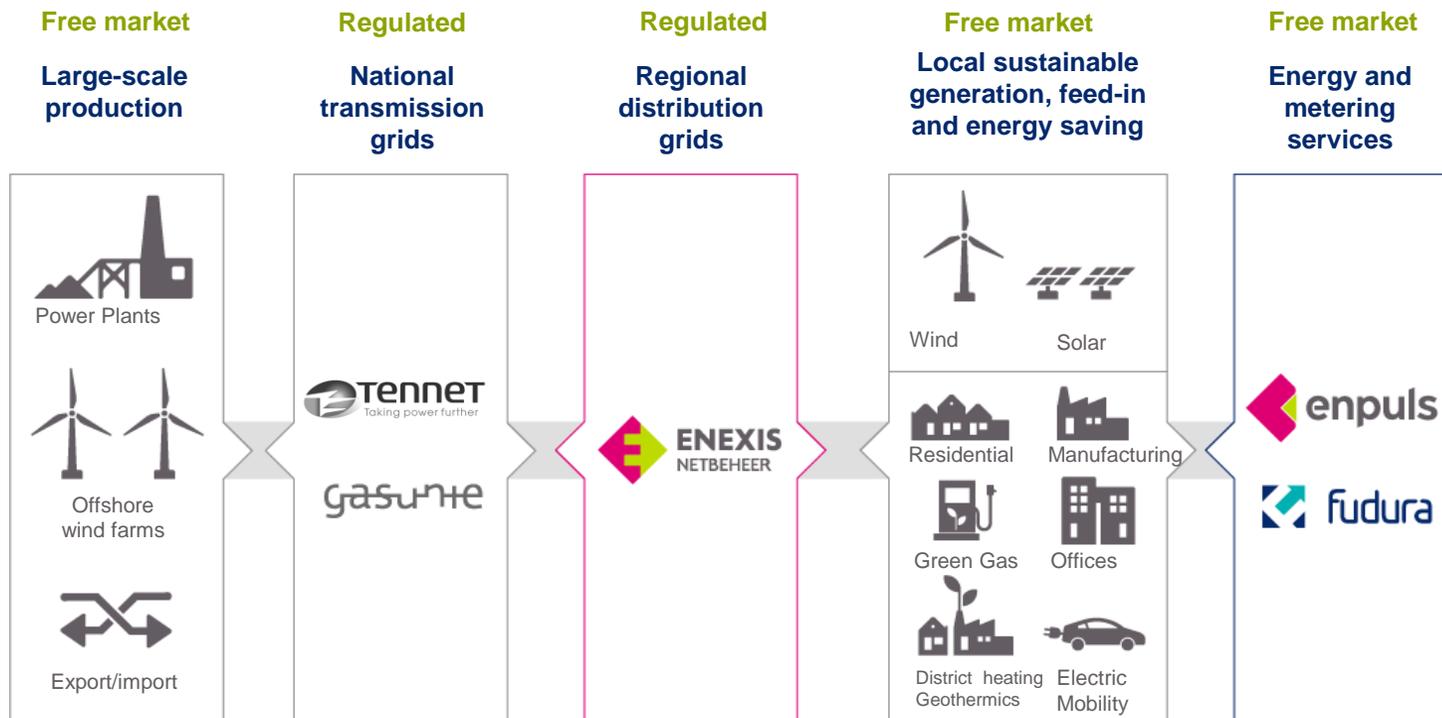
## Other key figures 2020

Employees	4,767
Connections (E+G)	5.2 million
% regulated turnover	91%

## Service area

Shares owned by 5 provinces (75.6%) and **88 municipalities (24.4%)**

## Linking pin within the energy chain



# FOCUSING ON EXCELLENT GRID MANAGEMENT AND ACCELERATING THE ENERGY TRANSITION

Achieving the goals of the Dutch Climate Agreement in active collaboration with other stakeholders

Scalable solutions and innovation

- Acquisition of Mijnwater (heat-grid)



Keeping the network reliable and ready for the future

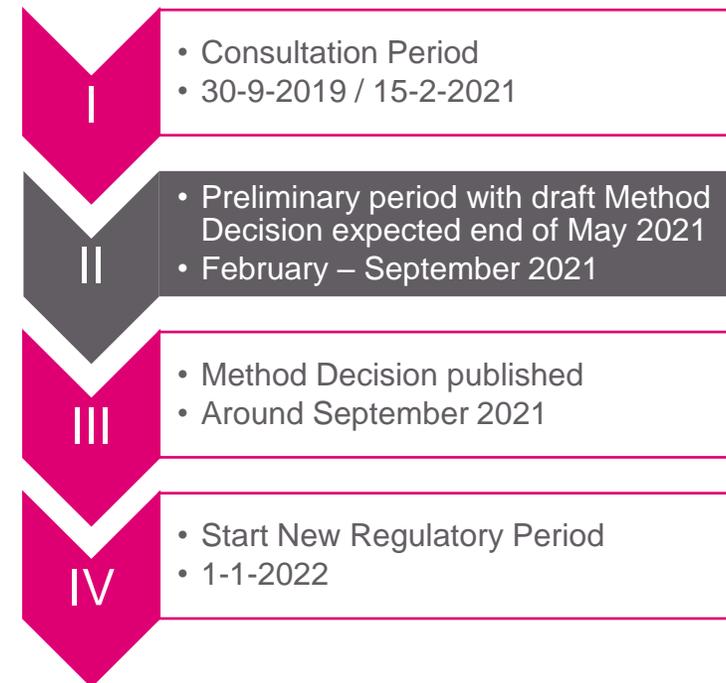
Adding ICT to the grid



# OPERATING IN A STABLE AND TRANSPARENT REGULATORY ENVIRONMENT

## Preparations and dialogue for the new regulatory period

- Established regulatory framework allows us:
  - to recover efficient costs
  - to earn a return on Regulated Asset Base
- With the energy transition gaining speed we face increasing grid investments year on year
- Gradual further declining WACC in a low interest environment
- Utilities in dialogue with ACM (Dutch regulator) regarding treatment of pre-financing of increasing investments



# MINIMUM IMPACT COVID-19 ON OUR PEOPLE AND BUSINESS

*PRECAUTIONARY MEASURES ARE IN PLACE IN ORDER TO MITIGATE IMPACT*

- Priorities are

health of our  
employees

public safety and that of  
our colleagues

continuity of the supply  
of electricity and gas

- Due to Covid-19 we suspended certain activities with physical interaction in Q2 (e.g. roll out of smart meters)
- Enexis imposed extra safe-measures and even achieved a 10% increase in workload
- Impact on financials 2020:
  - Impact on profit is marginal
  - Corona had marginal impact on revenue, as the largest portion is fixed by regulated tariffs





# CSR Strategy

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**CSR Strategy**

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# ENABLING THE ENERGY TRANSITION IN ITS SERVICE AREA

## DUTCH CLIMATE AGREEMENT TARGETS AND REGIONAL STRATEGIES

### Dutch Climate Law and it's 3 main goals



**49%** reduction of greenhouse emissions by **2030**



**95%** reduction of greenhouse emissions by **2050**



**100%** CO2-neutral electricity supply by **2050**

### Targets are set and actions are taken

- Enexis has a strong position as a discussion partner in the Regional Energy Strategies
- Enexis advocates active coordination from national Government
- System efficiency and transport indication
- Increased investments and focus on smart solutions

ANNUAL SUSTAINABLE CAPACITY (IN GIGAWATT)



# COMMITTED TO SUSTAINABLE DEVELOPMENT GOALS

## HOW WE ADD VALUE TO SOCIETY

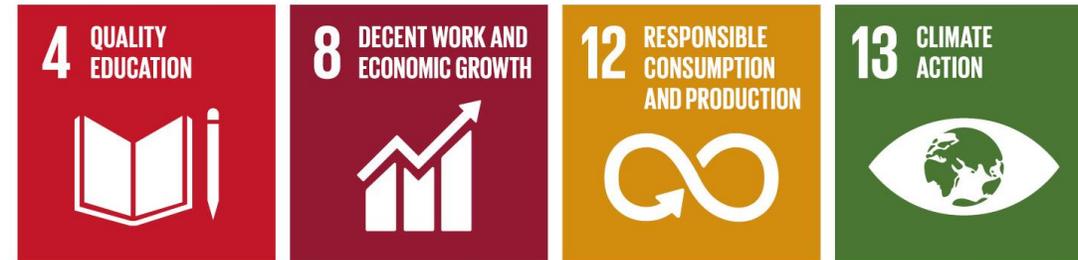
### MAIN FOCUS



### Main focus (core activities)

- Results in 2020:
  - High grid reliability (average outage time for electricity is 13 minutes/year and for gas 81 seconds/year)
  - Grid expansion of 710 MVA for sustainable energy projects

### DIRECT CONTRIBUTION



### Direct contribution (responsible operations)

- Results in 2020:
  - Improvement in safety of employees (LTIF 2020 0.81 versus LTIF 2019 1.16)
  - Internal carbon pricing in all investment and procurement decisions (50 euro/ton)
  - Recycling rate of 93% and separation of 85 waste flows
  - Net zero carbon footprint (since 2016)



# INDUSTRY LEADING ESG RATINGS

## Sustainalytics ESG risk rating

18.3 Low Risk



Momentum Score: -3.1

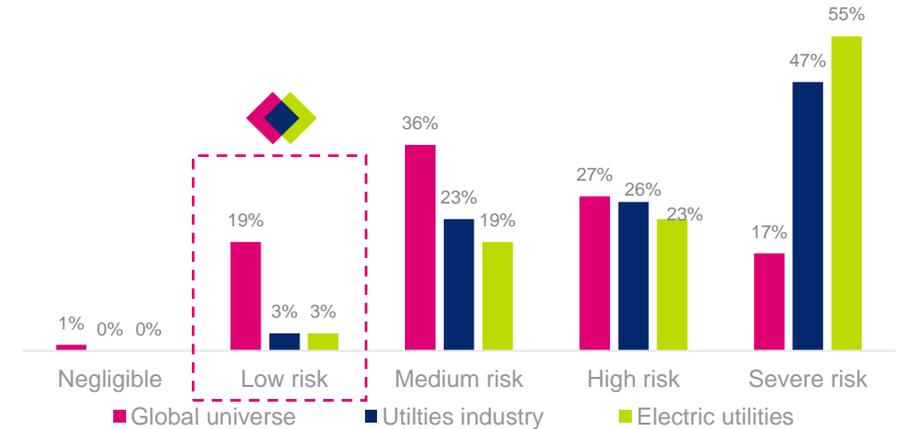
Improved

- ESG risk rating improved from 'Medium-' to 'Low Risk'
- Enexis is ranked 4 out of 199 in the Utilities Industry group and ranked 3 out of 88 in the subindustry Electric Utilities

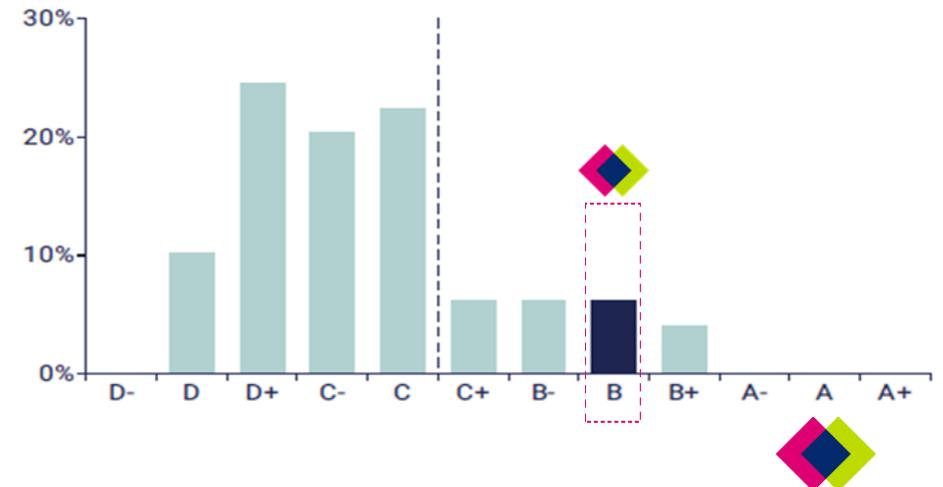
## ISS ESG Prime rating

- Enexis ESG rating improved from **C not Prime** to **B Prime**
- Enexis is ranked among the best ESG performers in the utilities/network operator's industry

## Sustainalytics ESG Risk Rating distribution



## ISS ESG Rating distribution





# FINANCING THE ENERGY TRANSITION

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# GREEN BOND

## A GREEN APPROACH TO FINANCE THE ENERGY TRANSITION



GREEN FINANCE FRAMEWORK

May 2020

### Green Bond Issuance

- Enexis Holding N.V. issued its first Green Bond in June 2020
- Size € 500 million
- Maturity 2032
- Coupon 0,625 percent
- Proceeds Renewable Energy, Energy Efficiency, Clean Energy Transportation and Green Buildings

### Green Finance Framework & topics

- Framework is aligned with best practice in the market
- Framework is set up such that it accommodates other Green Finance instruments
- SPO by ISS-ESG



# CONVERTIBLE HYBRID SHAREHOLDER LOAN

## *CONTINUED COMMITMENT FROM SHAREHOLDERS*

### Shareholder loan characteristics

- Size € 500 million
- Tranche A: € 412 million with a 2.15% coupon settled on 29<sup>th</sup> July 2020
- Tranche B: € 79 million with a 1.40% coupon settled on 30<sup>th</sup> November 2020
- Callable November 2030
- 60-year maturity
- Unconditional conversion right if any credit rating drops below A flat or A2 or when rating is put on negative watch

### Rating agencies

- Intermediate equity credit from S&P
- For Moody's the loan is proof of ongoing shareholder support





# STRONG FINANCIALS & PRUDENT POLICY

Corporate Profile

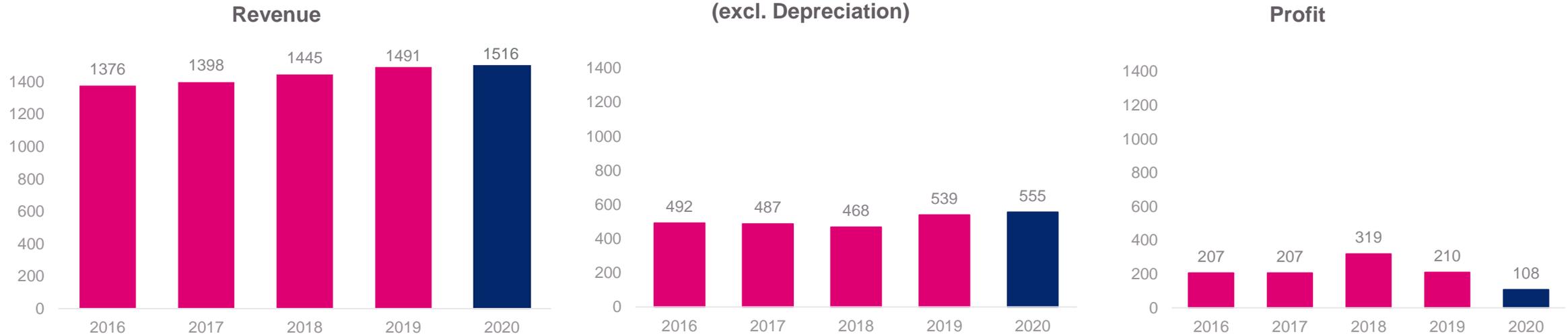
Enexis CSR Strategy

Financing the Energy Transition

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# SOUND FINANCIAL PERFORMANCE

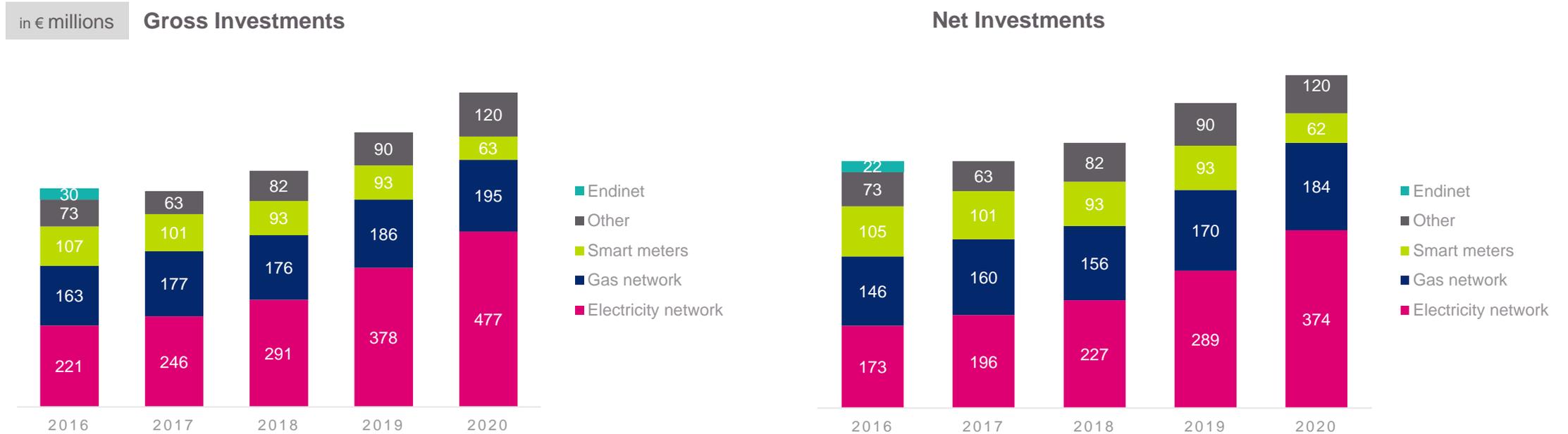
in € millions



- Revenues moved fairly stable. Lower WACC caused downward pressure, which was compensated mainly by CPI
- Operational costs increased due to a higher workload in facilitating the energy transition
- Multi year profits in line with regulatory return for shareholders, whereas 2020 profit decreased due to higher transmission costs and an one-off non-cash item of € - 42 million deferred tax provision (effectively neutralizing the effect on the deferred tax provision from the years 2018 and 2019)



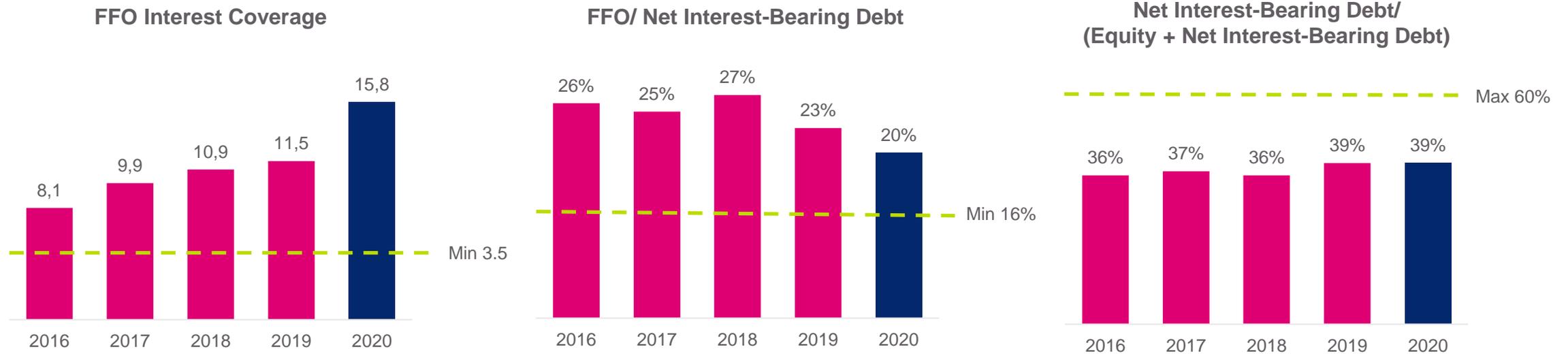
# INCREASING INVESTMENTS DUE TO SUSTAINABILITY PROJECTS



- Energy transition leads to further increasing gross and net investments for the electricity grid
- Replacement of brittle gas pipes to keep the gas grid safe and reliable
- Higher other investments due to increase Fudura client projects and energy transition projects
- Until the end of 2020 we have installed more than 2.3 million Smart Meters



# FINANCIAL RATIOS COMFORTABLY MEET REQUIRED HURDLES



- All ratios well above hurdle rates
- The Interest Coverage Ratio benefitted from decreasing interest rates
- Due to the increasing investments in our grids and lower WACC, we see a decreasing trend in our FFO / Net Debt. We are committed to our financial policy, hence safeguarding a minimum A credit rating profile
- Issuance of hybrid bonds and conversion of the shareholder loan would improve financial ratio's



# OUTLOOK 2021

## Regulation

- Tariff increase of 8,0% on Electricity for average household customer
  - contains compensation for increased transmission costs in 2021
- Tariff increase of 3,4% on Gas for average household customer

## Gross investments

- Gross investments will increase approximately 10% in 2021 mainly because of grid investments related to wind and solar projects on land

## Financing

- Redemption of a € 300 million bond in January 2022
- Potential issuance of another bond



# REFERENCE LINKS

- For more detailed information please visit our website, in particular the investor-relations section.  
<https://www.enexisgroep.com/investor-relations/>
  - Financial statements
  - Credit rating reports
  - Introduction to the regulatory framework
  - Debt redemption schedule



TOGETHER WE ARE WORKING ON A  
RELIABLE AND SUSTAINABLE  
ENERGY SUPPLY FOR TODAY AND  
FOR THE FUTURE.



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