

CREDIT OPINION

12 December 2018

Update

✓ Rate this Research

RATINGS

Alliander N.V.

Domicile	Netherlands
Long Term Rating	Aa2
Type	LT Issuer Rating
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Alliander N.V.

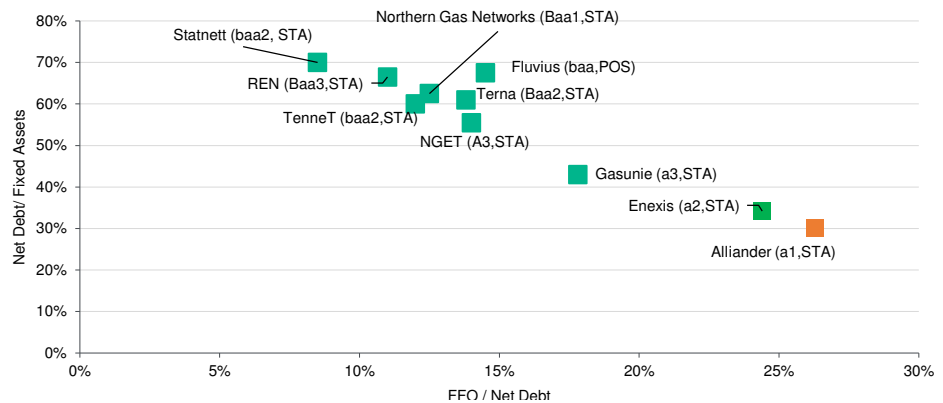
Update to credit analysis

Summary

Alliander's credit profile is supported by (1) its low business risk profile as the monopoly provider of electricity and gas distribution network services within its service area; (2) stable and predictable cash flows, generated under a well-established and transparent regulatory framework; and (3) its strong financial profile, with modest leverage (as measured by Net Debt / Fixed Assets) compared to European peers.

Despite decreasing allowed returns in the current regulatory period to 2021, we expect Alliander to maintain a strong financial profile over the medium term, supported by (1) a moderate distribution policy; and (2) manageable investment requirements.

Exhibit 1
Modest leverage compared to European peers supports strong stand-alone credit quality



Notes: (1) Financial metrics used represent middle point of Moody's forward view estimates as published in latest credit opinions and ratings shown represent stand-alone credit quality (expressed as assigned final rating or baseline credit assessment where applicable); (2) Net Debt / RAB rather than Net Debt / Fixed Assets shown for NGET (National Grid Electricity Transmission plc) and NGN (Northern Gas Networks Limited)
Source: Moody's estimates

Alliander's Aa2 rating incorporates two-notches of uplift from its stand-alone credit quality, reflecting the strong probability of extraordinary financial support being provided its owners, the largest of which is the Province of Gelderland with a 45% shareholding, if this was ever needed.

Credit strengths

- » Low business risk profile of regulated monopoly distribution network operations
- » Good cash flow visibility through 2021 under regulatory determination
- » Strong financial profile supported by moderate investment requirements and prudent distribution policy
- » Strong implicit support from Alliander's owners, local government shareholders.

Credit challenges

- » Further decline in allowed returns during regulatory period will weaken cash flow based metrics, albeit partially offset by Alliander's cost of embedded debt which we expect to remain below regulatory allowances

Rating outlook

The stable outlook for Alliander reflects our expectation that the company will maintain focus on its regulated business and maintain a balanced financial policy, thus, allowing it to continue exhibiting a financial profile in line with the guidance for the current rating.

Factors that could lead to an upgrade

Funds from operations (FFO) / Net Debt comfortably above the mid-thirties and retained cash flow (RCF) permanently in the high-twenties, both in percentage terms, may put upward pressure on the ratings, provided that such metrics are still combined with a conservative approach to the business, i.e. continued focus on the core regulated activities, and a prudent financial and dividend policy.

Factors that could lead to a downgrade

There would be downward rating pressure if Alliander failed to maintain the following minimum credit metrics: FFO / Net Debt above 25% on a sustainable basis and Net Debt / Fixed Assets below the low forties in percentage terms. Downward rating pressure could also arise if the potential support from Alliander's local government shareholders were to be seen less likely to be obtained or if their credit strength were to weaken.

Key indicators

Exhibit 2

Alliander exhibits strong financial metrics

	Dec-13	Dec-14	Dec-15	Dec-16	Dec-17	LTM Jun-18
FFO Interest Coverage	7.6x	7.5x	7.7x	8.4x	9.7x	11.4x
Net Debt / Fixed Assets	33.7%	28.1%	29.2%	27.9%	29.8%	29.2%
FFO / Net Debt	30.7%	31.9%	26.3%	25.1%	25.5%	30.6%
RCF / Net Debt	26.6%	24.4%	19.4%	20.1%	20.1%	25.1%

Note: All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.

Source: Moody's Financial Metrics TM

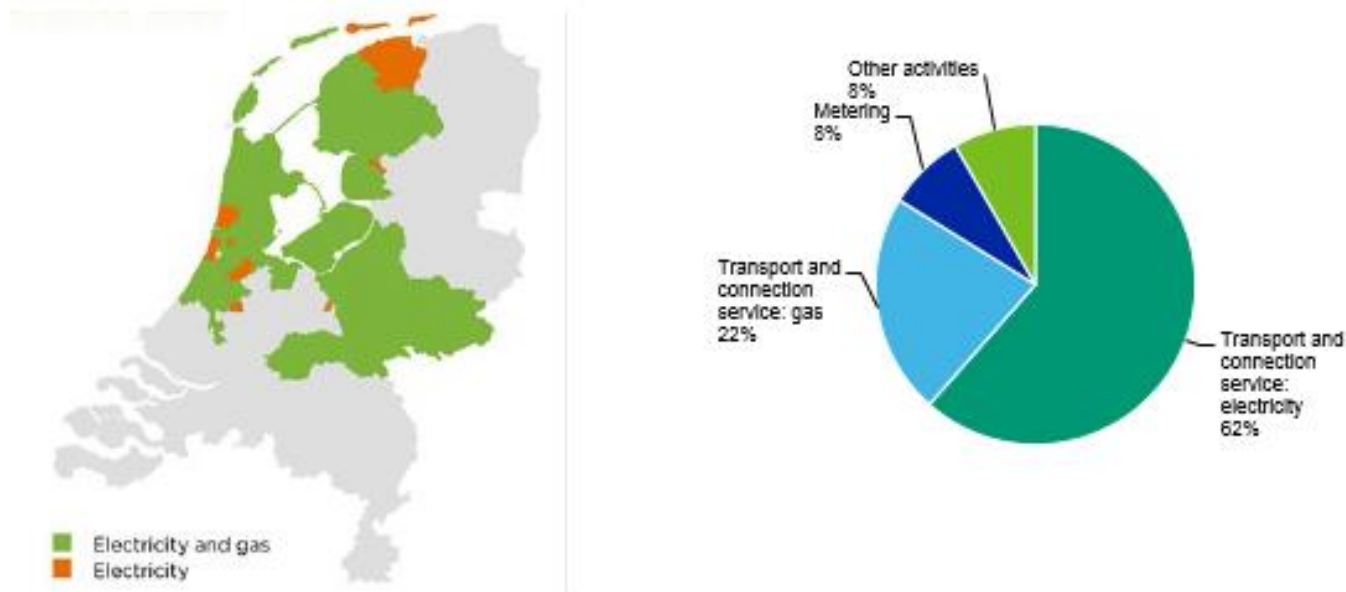
Profile

Alliander N.V. owns and manages low and medium voltage electricity and gas distribution networks in the Dutch provinces of Gelderland, Noord-Holland, Flevoland and large parts of, Friesland and Zuid-Holland. The company is the largest electricity and gas network operator in the Netherlands with approximately 3.2 million electricity and 2.5 million gas connections, covering some 35% of the Netherlands. The vast majority of Alliander's revenues come from its regulated activities (Liander network activities).

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moody's.com for the most updated credit rating action information and rating history.

Exhibit 3

Overview of Alliander's service area (left); Revenue breakdown by segment (LTM ending June 2018) (right)



Source: Company reports

The company is fully owned by Dutch provinces and municipalities, with the largest stakes held by the provinces of Gelderland (44.7%), Friesland (12.7%) and Noord-Holland (9.2%), and the City of Amsterdam (9.2%). The remaining 24% share is owned by 73 small municipalities where Alliander provides its network services.

Detailed credit considerations

Low business risk profile supported by predictable cash flows from predominantly regulated activities

Regulated activities (i.e., the operation of energy distribution networks) contribute around 85% of Alliander's revenues, providing relatively stable and predictable cash flows under a transparent regulatory regime, and medium term visibility over investment requirements.

Alliander's unregulated activities represent less than 15% of revenues and comprise network service, maintenance and operations for regulated monopolies (through Qirion) and are strongly linked to Alliander's core business. We expect the proportion of non-regulated cash flows to reduce slightly going forward following the divestment of the company's subsidiary Allego, which provides electric vehicle charging infrastructure, on 1 June 2018, .

Well-established, stable and transparent regulatory regime

The Dutch regulatory framework is one of the most well-established within western Europe, having applied since 2000 and 2001 for electricity and gas networks respectively, with regulatory periods 3 to 5 years in duration. The framework allows the country's distribution network companies to earn a return on their regulated asset base (RAB), and provides allowances for costs adjusted for consumer price index (CPI) inflation and an efficiency incentive factor. The regulation incorporates incentives determined by a "yardstick" mechanism, which defines the cost efficiency and quality factors based on industry averages and encourages network operators to outperform. This approach is typical amongst regulatory regimes in Europe and we consider that the application by the Dutch regulator, the Authority for Consumers and Markets (ACM), has been transparent and consistent to date.

Exhibit 4

Alliander scored Aa for Stability and Predictability of Regulatory Regime

Stability and Predictability of Regulatory Regime by country as scored under our Regulated Electric and Gas Networks methodology

Aaa	Aa	A	Baa
Great Britain ¹	Czech Republic	Belgium - Flanders	Belgium - Wallonia
	Finland	Estonia	Poland
	France	Germany	Slovakia
	Ireland (RoI & NI)	Portugal	Spain
	Italy		
	Netherlands²		
	Norway ³		

Notes: (1) Only onshore incumbent network operators, excludes offshore transmission owners (OFTOs) (Aa); (2) excludes Gasunie and TenneT (both A); (3) excludes Solveig (Baa); (4) subfactor scores as of November 2018.

Source: Moody's Investors Service

New Method Decisions for current regulatory period to be published in January 2019; however, no material changes to Alliander's allowed revenues expected

The current regulatory period for both electricity and gas distribution runs for a further three years, until 31 December 2021. The ACM published the Final Determination (known as the Method Decisions in the Netherlands) in September 2016. However, the Method Decisions were annulled in July 2018 by the Trade and Industry Appeals Tribunal (Cbb) following an appeal by network operators of certain aspects of the Method Decisions, of which only the final decision on allowed returns may impact distribution companies allowed revenue over the regulatory period¹. Since the Cbb's interim ruling, the ACM have published draft proposals on allowed returns for consultation with new Method Decisions required to be published no later than 24 January 2019. Based on the ACM's draft proposals, we expect limited changes to the overall allowed revenues over the regulatory period for the distribution companies. More information on the appeal, the Cbb's interim ruling and the ACM's draft proposals on allowed return can be found in the highlight box below.

Exhibit 5

Summary of key parameters of original Method Decisions for 2017-21 for Alliander

Area	Value	Comment
General parameters		
Allowed returns (WACC)		All, real pre-tax
2016	4.30%	
2021	3.00%	
Inflation		
2016	0.80%	
2017-21	1.20%	
Electricity DSO operations		
Dynamic efficiency	0.69%	Sector wide
q-factor	0.00%	
x-factor	1.90%	Lowest in sector - 1.9% - 2.25% range for the 7 elec DSOs (2.07% unweighted average)
Base revenue (EUR mn)	1023	2017 value
Level of revenue in 2021 (EUR mn)	1008	1.5% cut
Gas DSO operations		
Dynamic efficiency	0.03%	Sector wide
x-factor	1.42%	Lowest in sector - 1.42% - 2.19% range for the 8 gas DSOs (1.61% unweighted average)
Base revenue (EUR mn)	381	
Level of revenue in 2021 (EUR mn)	376	1.1% cut

Note: (1) The x-factor is price differential rather than an efficiency target as in many other European frameworks. The x-factor is equal to the annual change in revenue between (a) base revenue, determined on the basis of realised costs and the static efficiency measures; and b) the level of revenue in 2021, computed using parameters that estimate future cost trends. (2) Total income is equal to total income in the prior year * (1 + (inflation [CPI] - x factor + q [quality parameter]) / 100)

Source: Regulatory data; Moody's Investors Service

For distribution system operators (DSOs), the scope of changes, if any, to the Method Decisions resulting from the CBB's ruling is limited to allowed returns which were scheduled to fall gradually from 4.3% to 3.0% (both, real pre-tax) over the period², compared to 3.6% at the end of the prior regulatory period (2014-16). The CBB ruled in favour of Dutch network operators on specific points of detail in the allowed returns calculation, which in isolation would slightly increase allowed returns and thus allowed revenues³. However, whilst the ACM have adopted the CBB's decisions in their revised draft proposals on allowed returns, published in November 2018, the way they have incorporated them means that the average allowed return for the regulatory period is unaltered (20 basis point increase in starting WACC with a 20 basis point decrease in closing WACC). We expect any incremental revenue for the regulatory period to be collected by network operators in 2020-2021 when tariffs can next be updated (2019 tariffs have been set already based off the annulled Method Decisions). More detail on the appeal can be found in the highlight box below.

ACM's draft proposals on allowed returns reflect CBB's conclusions but, if adopted, would have no impact on DSOs allowed revenues for the regulatory period

All Dutch network operators challenged the ACM's calculation of allowed return in the Method Decisions for the current regulatory period. The Trade and Industry Appeals Tribunal (College van Beroep voor het bedrijfsleven [CBB]) published its interim decision on 24 July 2018. They ruled that:

- » One of the comparators used in the peer group to compute the asset beta (Fluxys) should be removed, impacting the asset beta and in turn the allowed equity return
- » Net debt rather than gross debt should be used when assessing gearing, primarily impacting the assumed gearing level (net debt is lower than gross debt and, since allowed equity returns are higher than the allowed cost of debt, this would increase allowed returns) but also the asset beta and, in turn, the equity beta and allowed equity return (direction unknown)

Exhibit 6

ACM's draft proposals on allowed return for new 2017-21 Method Decisions show higher starting but lower finishing WACC for Dutch DSOs

Parameter	2011-2013	2014-2016	Published Method Decisions 2017-21: 2016	New Draft Method Decisions 2017-21: 2016	Published Method Decisions 2017-21: 2021	New Draft Method Decisions 2017-21: 2021
risk free rate	3.95%	2.50%	2.50%	2.50%	1.33%	1.33%
risk premium	1.50%	1.20%	0.93%	0.93%	0.81%	0.81%
transaction costs	0.00%	0.15%	0.15%	0.15%	0.15%	0.15%
Nominal Cost of Debt	5.45%	3.85%	3.58%	3.58%	2.29%	2.29%
nominal risk free rate	3.95%	2.50%	1.28%	1.28%	1.28%	1.28%
market risk premium	5.00%	5.00%	5.05%	5.05%	5.05%	5.05%
asset beta	0.42	0.35	0.42	0.44	0.42	0.39
equity beta	0.81	0.61	0.74	0.78	0.74	0.68
Nominal Cost of Equity	8.00%	5.55%	5.02%	5.21%	5.02%	4.72%
gearing assumption	55%	50%	50%	50%	50%	50%
tax rate	25.5%	25.0%	25.0%	25.0%	25.0%	25.0%
Nominal WACC pre-tax	7.8%	5.6%	5.13%	5.26%	4.49%	4.29%
inflation	1.55%	2.00%	0.77%	0.77%	1.42%	1.42%
Real WACC pre-tax	6.2%	3.6%	4.3%	4.5%	3.0%	2.8%

Source: Regulatory data

In the ACM's draft proposals on allowed returns published in November 2018 for consultation they have adopted the CBB's decision. However, under their proposals there is no change in the average WACC for the period (the starting and end WACC are 20 basis points higher and lower respectively). This reflects that:

- » Asset beta changes net out - the upward movement in the 2016 asset beta from removing Fluxys from the peer group, and making no other changes to the comparator group, is broadly offset by the downward movement in the 2021 asset beta from updating the reference period considered (to the 3-years ending 30 September 2018 rather than 31 December 2015) for the updated peer group
- » Assumed gearing level unchanged - having considered the net debt, rather than gross debt, of the updated peer group using the same reference periods as with the updated asset beta calculation, the ACM deemed a 50% gearing assumption remained appropriate.

The ACM is required to publish new Method Decisions no later than 24 January 2019.

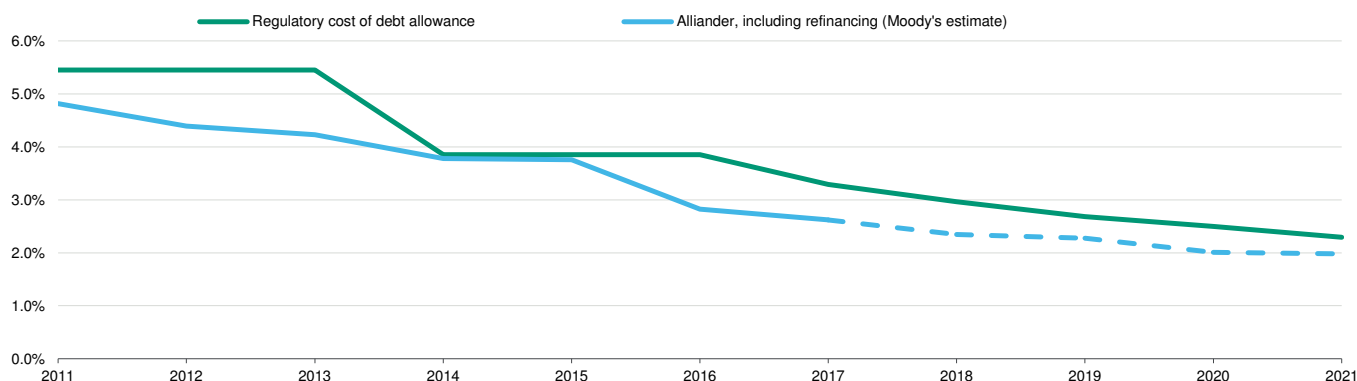
Impact of lower allowed returns manageable

The reduction in allowed returns in the current regulatory period is less material than in the 2014-16 regulatory period where it fell from 6.2% to 3.6% (both real, pre-tax) in gradual steps. Alliander has demonstrated its ability to fund comfortably around the cost of debt embedded in the return allowance, and benefits from recent issuance including the €500 million hybrid refinancing completed in January 2018 at a coupon of 1.625%. Reflecting debt outstanding as at 31 December 2017, including hybrids, Alliander's average cost of debt is just over 2.5% (nominal), slightly below the regulatory cost of debt assumptions into 2018.

Exhibit 7

Alliander expected to continue outperforming regulatory allowances for cost of debt

Evolution of regulatory cost of debt allowances and Alliander's average cost of debt (all figures in nominal terms)



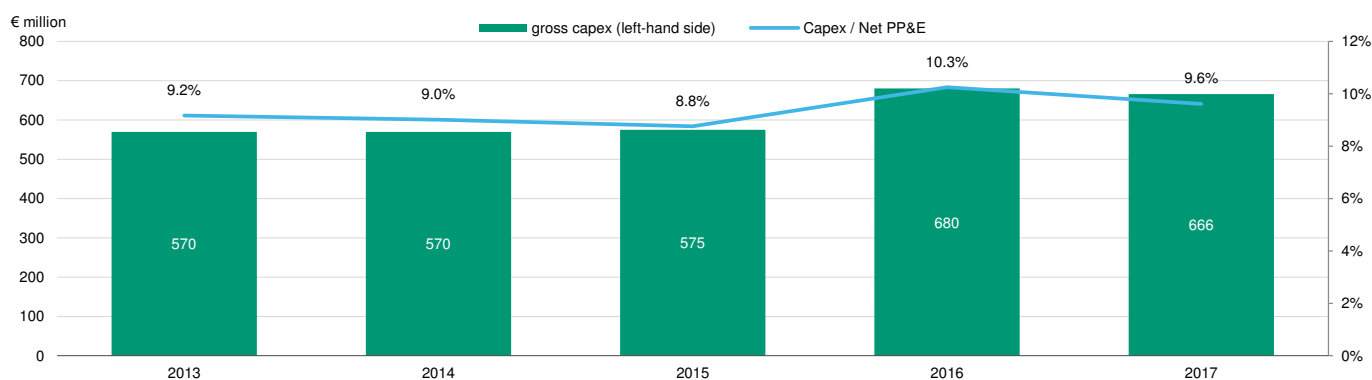
Source: ACM, Annual report and Moody's estimate

Strong financial profile expected to be maintained despite increasing investment requirements

Alliander's capex requirements have increased in recent years, from around €500-600 million per annum (gross of customer contributions) for many years to nearly €700 million per annum in 2016 and 2017, primarily due to the smart meter roll-out that started in 2015. By 2020 all of Alliander's customers have to be offered a smart meter and the company is on track to meet this objective. Around half of its customers had been offered one by the end of 2017 and in H1 2018 its offering of smart meters was 13% above its target run rate for the year⁴. Despite the increase in investment levels, which we expect to be around €650-800 million per annum over the next five years, this represents a relatively modest capex requirements (Alliander's net PP&E was €7.0 billion at 30 June 2018), particularly compared to European electricity transmission system operators, reflecting in part the high technical operating performance of the Dutch networks which reduces necessary maintenance requirements.

Exhibit 8

Alliander's capex levels are increasing due to smart meter roll-out but overall capex programme remains manageable



Source: Annual report, Moody's Investors Service

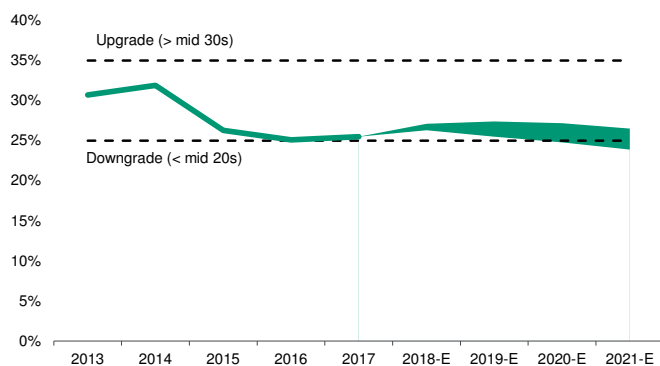
These relatively modest capex requirements, coupled with a conservative dividend policy, with distributions around 45% of net income, underpin our expectation of a continuing strong financial profile. The sale of Alliander's electric vehicle charging solutions business,

Allego, to Meridiam, in June 2018 reduces Alliander's financing needs. Alliander recorded a book profit on the transaction of €106 million with most of the cash proceeds received up-front, the fair value of the deferred amount is €28 million (due 31 December 2023). Given our expectation that this business would generate limited, if any, EBITDA over the next few years whilst also requiring capex, we view this transaction as supporting Alliander's credit profile.

At least until end of the current regulatory period (December 2021), we expect Alliander to continue to exhibit strong financial metrics, with FFO / Net Debt of at least 25% and Net Debt / Fixed Assets at or slightly above 30%.

Exhibit 9

Alliander has limited headroom against Moody's ratio guidance on FFO / Net Debt

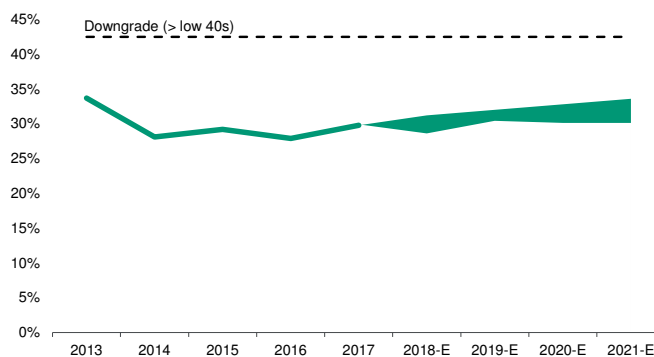


Note: [1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations; [2] As of 12/31/2017; [3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.

Source: Moody's Investors Service

Exhibit 10

Alliander has material headroom against Moody's ratio guidance on Net Debt / Fixed Assets



Note: [1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations; [2] As of 12/31/2017; [3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.

Source: Moody's Investors Service

Final rating incorporates two notches of rating uplift

Given its 100% ownership by Dutch provinces and municipalities, Alliander falls within the scope of our [rating methodology for government-related issuers](#), published in June 2018.

Alliander's Aa2 rating incorporates a two-notch uplift from its stand-alone credit quality, expressed as a baseline credit assessment (BCA) of a1, reflecting a strong probability of extraordinary financial support being provided by its owners, if ever required, the largest of which is the Province of Gelderland with around 45%. Although ownership of Alliander is relatively fragmented among 77 provinces and municipalities, our assumption of strong support reflects (1) the importance of Alliander's network operations for the regional economy; (2) the fact that the four largest provinces together hold 76% of the company's shares; and (3) the strong governance framework in the Netherlands with oversight by the national government.

Our assessment of very high default dependence reflects Alliander's significant exposure to the Dutch economy, as almost all of the company's revenues and cash flows are generated from domestic activities.

Dutch government's ambitious decarbonisation agenda increases strategic importance of Alliander to its owners

In July 2018, a coalition of seven Dutch political parties, which together have around 75% of the seats in Parliament, unveiled an ambitious climate policy (Climate Agreement) proposal. If passed as proposed (implementation would not be before 2019), it would commit the Netherlands to (1) by 2030, a 49% reduction in CO2 emissions (relative to 1990 levels); (2) by 2050, a 95% reduction in CO2 emissions (relative to 1990 levels) and all electricity to be carbon-neutrally generated. Delivering these targets would require a significant acceleration of the energy transition across many areas that would result in material incremental capex for Alliander in the 2020s, including on new connections for local renewable generation (primarily solar and onshore wind), reinforcing the grid to cope with the growth in electric vehicles, and the heat transition. Given central government increasingly sees municipalities and provinces as partners in the energy transition, this strengthens the strategic importance of Alliander to its owners in our view.

Liquidity analysis

Alliander continues to maintain a strong liquidity position, supported by large committed liquidity facilities and solid cash flow generation. As at 30 June 2018, the company had €277 million of cash and cash equivalents, a €600 million revolving credit facility - fully undrawn and available until July 2023 - and €125 million of undrawn committed term loans.

After early refinancing of its €500 million hybrid in January 2018, the next significant bond maturity for Alliander is €300 million due in December 2019. Liquidity in place is sufficient to cover in excess of 12 months' scheduled cash requirements.

Alliander has exposure to contingent liabilities represented by three cross-border leasing (CBL) arrangements. In the case of an unscheduled early termination of all of these CBLs at the same time this could give rise to a total exposure (maximum strip risk) of US \$220 million as of 30 June 2018. According to the conditions of some of the CBLs, the company would need to post additional letters of credit if its ratings were to drop below certain minimum levels. We note that the company can access its €600 million revolving credit facility to cover potential financing needs stemming from the CBLs.

Rating Methodology and Scorecard Factors

Alliander is rated in accordance with the rating methodology for Regulated Electric and Gas Networks, published in March 2017, and the rating methodology for Government-Related Issuers (GRIs), published in June 2018.

Exhibit 11

Alliander N.V. - Rating Grid

Regulated Electric and Gas Networks Industry Grid [1][2]	Current 12/31/2017		Moody's 12-18 Month Forward View As of December 2018 [3]	
	Measure	Score	Measure	Score
Factor 1 : Regulatory Environment and Asset Ownership Model (40%)				
a) Stability and Predictability of Regulatory Regime	Aa	Aa	Aa	Aa
b) Asset Ownership Model	Aa	Aa	Aa	Aa
c) Cost and Investment Recovery (Ability and Timeliness)	A	A	A	A
d) Revenue Risk	Aa	Aa	Aa	Aa
Factor 2 : Scale and Complexity of Capital Program (10%)				
a) Scale and Complexity of Capital Program	Baa	Baa	Baa	Baa
Factor 3 : Financial Policy (10%)				
a) Financial Policy	A	A	A	A
Factor 4 : Leverage and Coverage (40%)				
a) FFO Interest Coverage (3 Year Avg)	8.5x	Aaa	9.5x - 11x	Aaa
b) Net Debt / Fixed Assets (3 Year Avg)	29.0%	Aaa	28% - 30%	Aaa
c) FFO / Net Debt (3 Year Avg)	25.7%	A	26% - 28%	Aa
d) RCF / Net Debt (3 Year Avg)	19.9%	A	21% - 23%	Aa
Rating:				
Indicated Rating from Grid Factors 1-4		Aa3		Aa3
Rating Lift		0		0
a) Indicated Rating from Grid		Aa3		Aa3
b) Actual BCA Assigned				a1
Government-Related Issuer				Factor
a) Baseline Credit Assessment				a1
b) Government Local Currency Rating				n/a
c) Default Dependence				Very High
d) Support				Strong
e) Final Rating Outcome				Aa2

Note: [1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations; [2] As of 12/31/2017; [3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.

Source: Moody's Financial Metrics TM

Appendix

Exhibit 12

Peer comparison table

	Alliander N.V. Aa2 Stable (a1 BCA)			Enxsis Holding N.V. Aa3 Stable (a2 BCA)			Fingrid Oyj A1 Stable (a2 BCA)			N.V. Nederlandse Gasunie A1 Stable (a3 BCA)			Gas Networks Ireland A3 Stable (a3 BCA)	
	FYE Dec-16	FYE Dec-17	LTM Jun-18	FYE Dec-16	FYE Dec-17	LTM Jun-18	FYE Dec-16	FYE Dec-17	LTM Jun-18	FYE Dec-16	FYE Dec-17	LTM Jun-18	FYE Dec-16	FYE Dec-17
(in EUR millions)														
Revenue	1,584	1,697	1,763	1,376	1,380	1,409	586	672	783	1,548	1,241	1,173	498	473
EBITDA	559	658	702	728	718	743	261	274	323	1,075	793	732	333	311
Total Debt	1,916	2,166	2,327	2,444	2,647	2,805	1,134	1,110	1,103	4,264	3,787	3,849	1,492	1,411
Net Debt	1,853	2,066	2,050	2,246	2,361	2,454	1,055	1,026	1,002	4,026	3,746	3,813	1,431	1,360
Net Property Plant and Equipment	6,633	6,925	7,028	6,790	7,079	7,201	1,715	1,702	1,677	8,741	8,582	8,592	2,571	2,578
FFO Interest Coverage	8.4x	9.7x	11.4x	8.1x	9.6x	9.9x	8.2x	10.5x	12.8x	7.5x	9.1x	10.0x	6.9x	12.0x
Net Debt / Fixed Assets	28.9%	31.3%	33.1%	33.1%	33.4%	34.1%	61.5%	60.3%	59.7%	46.1%	43.6%	44.4%	58.0%	54.8%
FFO / Net Debt	25.1%	25.5%	30.6%	25.5%	24.3%	24.3%	19.2%	21.0%	24.4%	20.7%	19.0%	18.4%	18.8%	18.9%
RCF / Net Debt	20.1%	20.1%	25.1%	20.6%	19.9%	20.1%	10.7%	11.5%	12.1%	12.5%	16.1%	11.6%	16.4%	15.4%

FYE = Financial Year-End. LTM = Last Twelve Months.

Source: Moody's Financial Metrics™. All figures are calculated using Moody's estimates and standard adjustments.

Exhibit 13

Alliander's debt adjustment breakdown

	FYE Dec-13	FYE Dec-14	FYE Dec-15	FYE Dec-16	FYE Dec-17	LTM Jun-18
(in EUR Millions)						
As Reported Debt	2,022.0	1,920.0	1,830.0	1,732.0	1,934.0	2,059.0
Pensions	0.0	0.0	0.0	0.0	0.0	0.0
Operating Leases	204.0	104.0	112.0	104.0	131.7	131.7
Hybrid Securities	248.0	248.0	248.0	248.0	248.0	291.0
Non-Standard Adjustments	-126.0	-144.0	-162.0	-168.0	-148.0	-155.0
Moody's-Adjusted Debt	2,348.0	2,128.0	2,028.0	1,916.0	2,165.7	2,326.7

FYE = Financial Year-End. LTM = Last Twelve Months.

Source: Moody's Financial Metrics™. All figures are calculated using Moody's estimates and standard adjustments.

Exhibit 14

Alliander's EBITDA adjustment breakdown

	FYE Dec-13	FYE Dec-14	FYE Dec-15	FYE Dec-16	FYE Dec-17	LTM Jun-18
(in EUR Millions)						
As Reported EBITDA	765.0	719.0	602.0	528.0	644.0	796.0
Pensions	0.0	0.0	0.0	0.0	0.0	0.0
Operating Leases	51.0	26.0	28.0	26.0	23.0	23.0
Unusual	0.0	0.0	0.0	0.0	0.0	-106.0
Non-Standard Adjustments	-2.0	0.0	4.0	5.0	-9.0	-11.0
Moody's-Adjusted EBITDA	814.0	745.0	634.0	559.0	658.0	702.0

FYE = Financial Year-End. LTM = Last Twelve Months

Source: Moody's Financial Metrics™. All figures are calculated using Moody's estimates and standard adjustments

Exhibit 15

Alliander N.V.

Selected historical adjusted financials

(in EUR Millions)	FYE Dec-13	FYE Dec-14	FYE Dec-15	FYE Dec-16	FYE Dec-17	LTM Jun-18
Income Statement						
Revenue	1,744	1,594	1,540	1,584	1,697	1,763
% Change In Sales (Yoy)	4.2%	-8.6%	-3.4%	2.9%	7.1%	4.5%
EBITDA	814	745	634	559	658	702
EBITDA Margin %	46.7%	46.7%	41.2%	35.3%	38.8%	39.8%
EBIT	474	470	335	213	314	352
EBIT Margin %	27.2%	29.5%	21.8%	13.5%	18.5%	20.0%
Interest Expense	98	87	76	63	60	60
Net Income	291	331	243	279	195	247
Balance Sheet						
Cash & Cash Equivalents	255	351	114	63	100	277
Current Assets	593	651	406	400	517	736
Net Property Plant And Equipment	6,216	6,322	6,565	6,633	6,925	7,028
Non-Current Assets	7,137	7,116	7,373	7,439	7,684	7,779
Total Assets	7,752	7,776	7,838	7,839	8,201	8,515
Current Liabilities	717	730	997	584	762	792
Gross Debt	2,348	2,128	2,028	1,916	2,166	2,327
Non-Current Liabilities	3,908	3,715	3,307	3,639	3,745	3,897
Total Liabilities	4,625	4,445	4,399	4,223	4,507	4,689
Total Equity	3,127	3,331	3,439	3,616	3,694	3,826
Total Liabilities & Equity	7,752	7,776	7,838	7,839	8,201	8,515
Cash Flow						
Funds From Operations	643	567	503	465	528	627
Cash Flow From Operations	715	638	529	390	465	577
Capital Expenditures	-537	-515	-515	-604	-589	-639
RCF	557	434	371	373	416	515
FCF	92	-10	-118	-306	-236	-174
FFO / Net Debt	30.7%	31.9%	26.3%	25.1%	25.5%	30.6%
RCF / Net Debt	26.6%	24.4%	19.4%	20.1%	20.1%	25.1%
FCF / Net Debt	4.4%	-0.6%	-6.2%	-16.5%	-11.4%	-8.5%
Interest Coverage						
EBITDA / Interest Expense	8.3x	8.5x	8.4x	8.9x	10.9x	11.6x
(FFO + Interest) / Interest Expense	7.6x	7.5x	7.7x	8.4x	9.7x	11.4x
Leverage						
Debt / EBITDA	2.9x	2.9x	3.2x	3.4x	3.3x	3.3x
Debt / Book Capitalization	0.4x	0.4x	0.4x	0.3x	0.4x	0.4x

FYE = Financial Year-End. LTM = Last Twelve Months

Source: Moody's Financial Metrics™. All figures are calculated using Moody's estimates and standard adjustments.

Ratings

Exhibit 16

Category	Moody's Rating
ALLIANDER N.V.	
Outlook	Stable
Issuer Rating	Aa2
Senior Unsecured -Dom Curr	Aa2

Jr Subordinate -Dom Curr	A2
ST Issuer Rating	P-1
ALLIANDER FINANCE B.V.	
Outlook	Stable
Bkd Senior Unsecured -Dom Curr	Aa2

Source: Moody's Investors Service

Endnotes

- 1 The transmission companies also appealed other aspects of the Method Decisions
- 2 From 3.6% to 3.0% for expansion investments carried out by the TSO
- 3 Specifically, any changes to allowed returns will affect the so called 'X-factor', currently set at 1.9% and 1.42% per annum for Alliander's electricity and gas DSO activities respectively, which measures the annual change in allowed revenue over the regulatory period and so is impacted by the ACM's decisions on cost efficiency and allowed returns.
- 4 Alliander's target was to offer 584,000 addresses smart meters in 2018 (536,000 addresses were offered a smart meter in 2017), and by end June 2018 it had offered meters to 323,000 addresses.

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