

## **Higher profit as a result of KEMA share sale**

### **Half-year results 2014: revenue and costs down, capital expenditures up**

**Arnhem, the Netherlands, 25 July 2014 – Alliander reports higher results for the first half of 2014, as shown by the half-year figures presented today. Profit after tax increased from € 129 million to € 155 million thanks to the sale of Alliander's 25.4% shareholding in N.V. KEMA to DNV GL Group. The sale produced a net gain of € 45 million. Profit after tax exclusive of incidental items fell from € 131 million to € 114 million due to the lower regulated tariffs.**

#### **Revenue**

Revenue dropped to € 837 million in the first half of 2014 compared with € 860 million in the same period in 2013. The fall was due to lower regulated tariffs.

#### **Lower operating expenses**

Operating expenses exclusive of sufferance tax, i.e. municipal tax for the use of public land, dropped from € 346 million in 2013 to € 329 million. Alliander will continue to pursue effectiveness and efficiency improvements over the coming years, with a specific focus on further reducing costs operating expenses.

#### **Sufferance tax**

Sufferance tax - municipal tax Alliander has to pay for the use of public land - continues to rise: in the first half of 2014 the tax already amounted to € 37 million (H1 2013: € 27 million). These costs are reflected in the tariffs. This works out to roughly € 20 a year per customer. The rising sufferance tax remains a source of concern. Local levies imply a generic tariff increase for all customers, while sufferance tax is levied by certain municipalities only. For this reason, Alliander is not in favour of sufferance tax.

#### **Capital expenditures**

Total capital expenditures rose to € 273 million in the first half of 2014 against € 245 million in the same period in 2013. This included an investment of about € 11 million in a heating network in Nijmegen.

#### **Outage duration and customer satisfaction**

The electricity outage duration remained virtually unchanged compared to the first half of 2013: 9.6 minutes in the first half of 2014 (first half of 2013: 9,7).

A major gas outage occurred on 30 May 2014 in the Sprenkelaar area of Apeldoorn, where a break in the water mains caused water and mud to flow into the gas mains. It took until 8 June to restore the gas supply.

Customer satisfaction is rising. In the first half of 2014, Liander scored a 95% satisfaction rating in the consumer segment (2013: 92%); the satisfaction rating among business customers was 87% (2013: 86%).

#### **New member of Management Board**

Ingrid Thijssen has joined the Management Board of Alliander. She has been responsible for grid manager Liander since mid-May 2014. Ed d'Hondt, chairman of Alliander's Supervisory Board: "Developments in the world of energy place high demands on our company. We are in favour of appointing more members to the Alliander Management Board so as to place the company in a better position to address future challenges. Ingrid Thijssen has gained extensive experience in the

service industry and in managing large, complex organisations. This makes her ideally suited for her new role.”

### **Growth strategy**

Alliander foresees considerable capital expenditures on its networks in the longer term. In view of these expenditures, a growth strategy was developed, which has been put to the shareholders. Alliander’s shareholders are looking for substantial growth of the business to keep costs as low as possible for the customers, also in the longer term. They see growth in the Netherlands as a priority. Alliander is exploring growth opportunities in this country together with its shareholders. In this light, sizable growth in Germany is not expedient at this time. As a result, Alliander decided to withdraw permanently from the bidding processes for the concessions for Berlin and Hamburg in the first half of 2014.

### **Network exchange between Alliander and Enexis**

Network operators Alliander and Enexis are exploring opportunities for exchanging the Enexis energy networks in the province of Friesland and the Noordoostpolder area with those of Alliander in the Eindhoven and Zuidoost-Brabant area (Endinet). A Letter of Intent was signed for this purpose on 18 March 2014.

### **Energy transition**

The number of customers generating their own renewable electricity – mainly with solar panels – continues to grow: from over 36,000 in the first half of 2013 to more than 63,000 in the first half of 2014.

### **About Alliander**

Network company Alliander, which is active in the energy sector and employs approximately 7,000 staff, comprises the Liander, Endinet and Liandon companies. Network operators Liander and Endinet distribute electricity to 3.1 million customers and gas to 2.6 million customers in an area covering over a third of the Netherlands. Liander and Endinet are responsible for maintenance, expansion and innovation of their networks in the provinces of Gelderland, Noord-Holland and parts of Zuid-Holland, Friesland, Flevoland and Noord-Brabant. Liandon provides services relating to the construction and maintenance of complex energy infrastructures.

### **For more information:**

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