

2023 Results

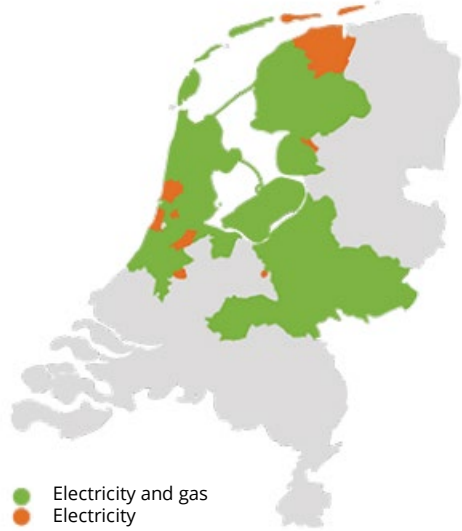
alliander

4 March 2024

Alliander at a glance



Service area



Electricity grid size

96,000 km

95,000 km in 2022

→ Transported volume: 40 TWh

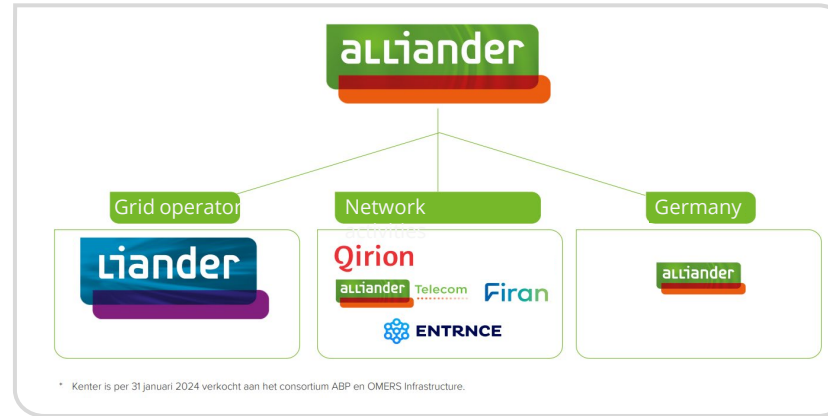
Gas grid size

42,000 km

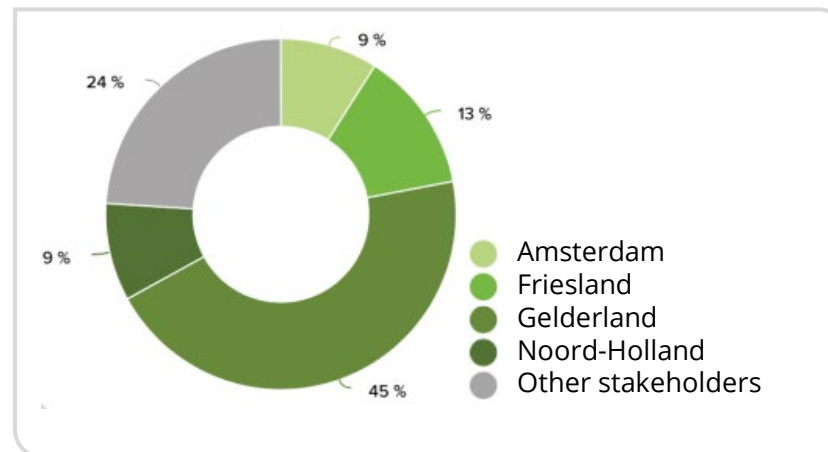
42,000 km in 2022

→ Transported volume: 4.3 billion m³

Organisation



Stakeholders



Operational key figures (2023)

- Number of connections: **5.9 million**
- Electricity outage duration: **23.2 minutes**
- Gas outage duration: **116 seconds**
- Total installed wind energy capacity: **1.8 GW**
- Total installed solar energy capacity: **7.4 GWp**
- Workforce (including contract workers): **8,325 fte**

Financial key figures (2023)

- Net income: **€ 2.8 billion**
- Investments: **€ 1.4 billion**
- Result after tax: **€ 267 million**
- Total assets: **€ 11.6 billion**

Key highlights 2023



More work done but grid congestion continues to increase

- CAPEX increased to €1.4 billion (+€0.2 billion compared to 2022)
- Continuous challenging environment with increasing grid congestion

Solid results

- Revenue rose to €2.8 billion (+ €0.6 billion compared to 2022)
- Result increased to € 267 million (+ €69 million compared to 2022)

Strong financial position

- FFO/net debt increased to 21.1% (2022 :19.2%)
- Credit ratings affirmed at A+ (S&P) and Aa3 (Moody's) with stable outlook
- Additional €400 million in back up credit facilities put in place to cover for higher liquidity needs
- Framework Agreement has become effective

Regulation

- €187 million higher revenues in 2024 due to revised method decisions after successful DSO appeal at Trade Board. Total effect on revenue in 2024-2026 will be around €750 million.

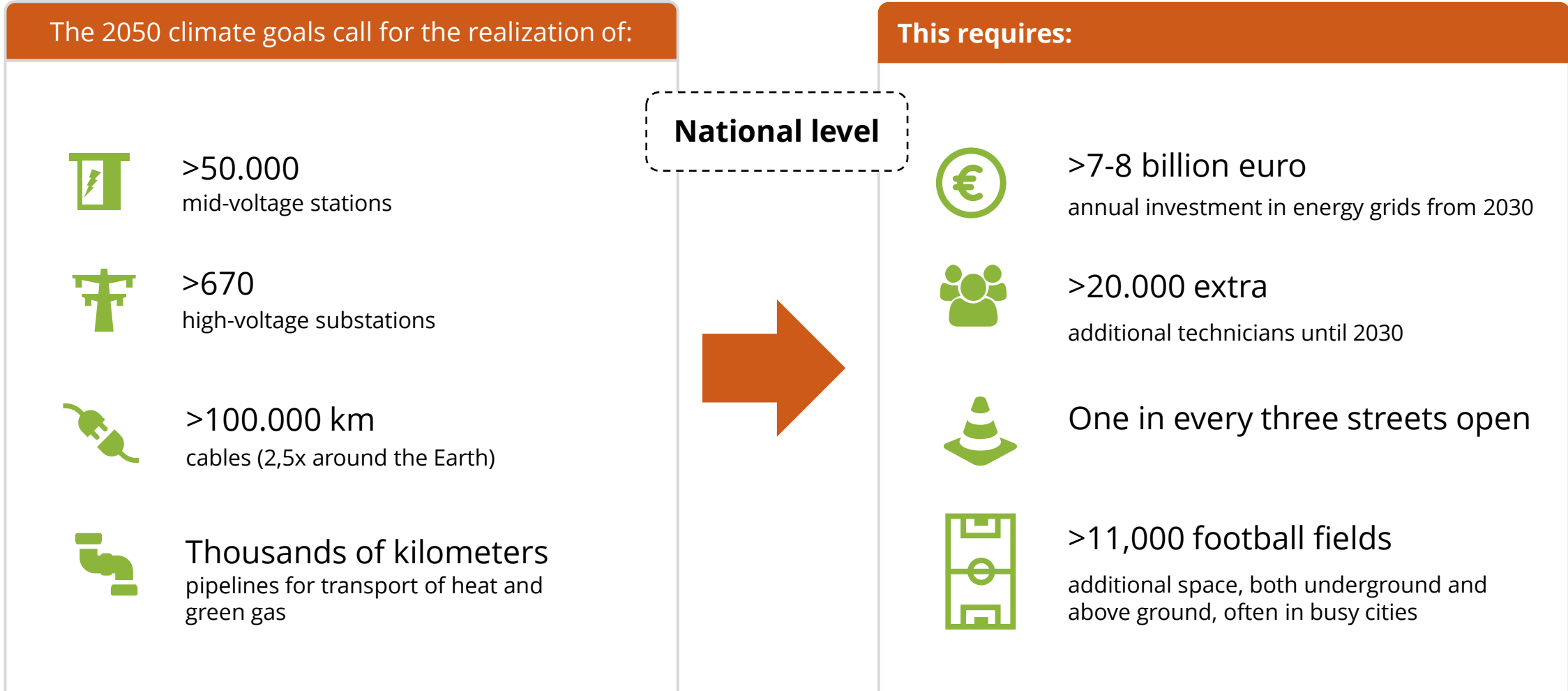
Developments in the Energy Transition

Meeting climate goals implies significant growth in electricity demand and renewable capacity

National level

Sector	Dutch climate goals 2030	Implied increase in capacity/demand
<p>Energy</p>	<ul style="list-style-type: none"> 21 GW offshore Wind 35++ TWh Sustainable energy generation on land Closing coal power plants 	Offshore wind: x5 Onshore wind: x1.4 Solar PV: x3 100 TWh flexible
<p>Industry</p>	<ul style="list-style-type: none"> 35.7 million tonnes of CO₂ reduction relative to the year 1990 Customized agreements for the largest emitters 	Doubling of energy demand Production of green hydrogen: x15 (~7x electrolyser 2 ^e Maasvlakte)
<p>Mobility</p>	<ul style="list-style-type: none"> 1.95 million electric vehicles 1.7 million charging stations 14% sustainable fuel usage in aviation Full deployment of shore power in shipping when docked 	20% higher electricity demand
<p>Urban environment</p>	<ul style="list-style-type: none"> 2.5 million insulated homes 1.5 million (hybrid) heat pumps 900,000 new-build homes 25% least sustainable commercial buildings become sustainable 	>1 GWp per 500,000 homes with a heat pump
<p>Agricultural</p>	<ul style="list-style-type: none"> Green gas from e.g..biogas 	Two-way traffic within the gas transportation network Production of green gas: x9 (~70x largest bio fermenter BEC)

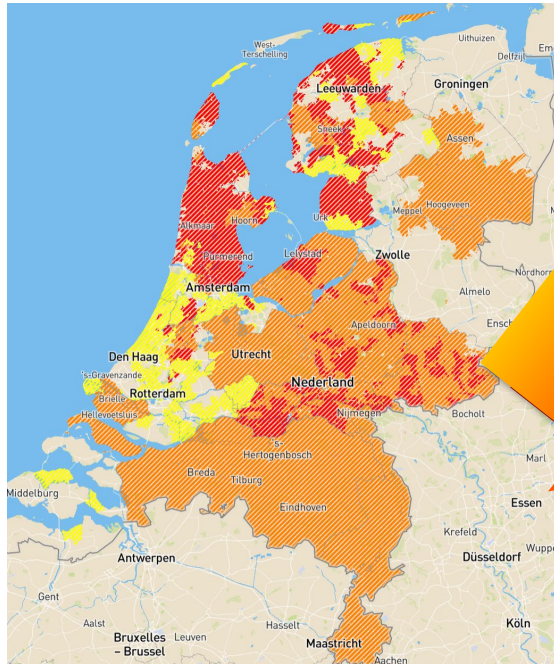
The extreme demand for electrification is creating a significant challenge in many aspects



Electric grid distribution capacity constraints for large connections are increasing at a fast pace

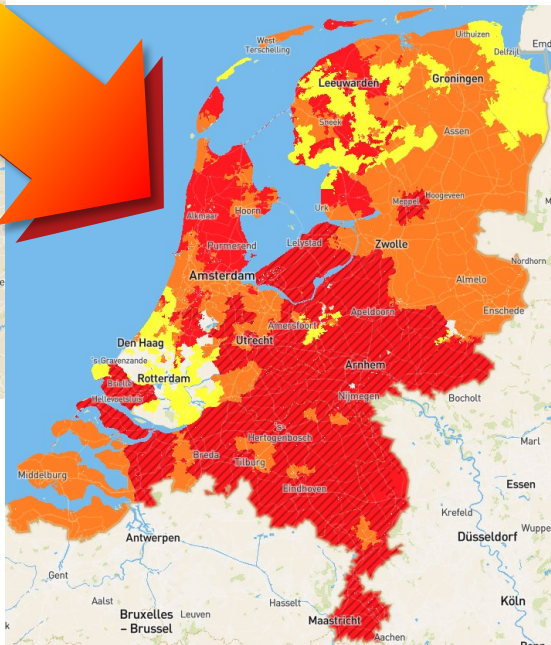


January 2023

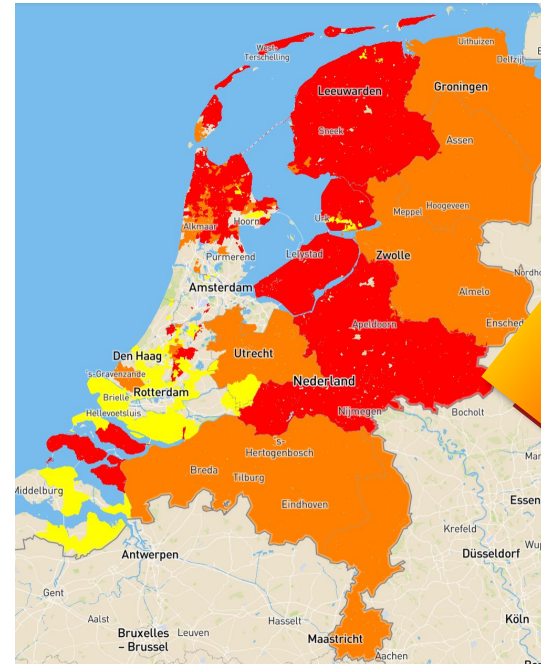


Restrictions for electricity consumption from the grid

December 2023

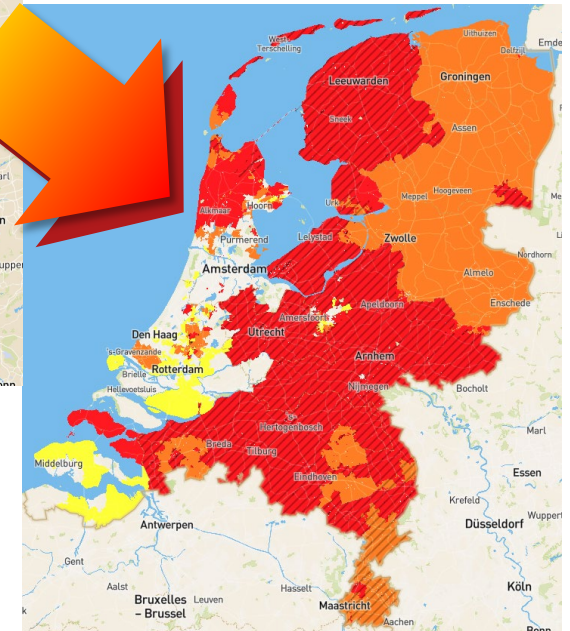


January 2023



Restrictions for feed-in of electricity production to the grid

December 2023



Alliander focuses on four areas to facilitate and accelerate the energy transition



Substantially upscale implementation capacity



Energy system planning



Maximize the potential of the existing grid



Good customer and stakeholder communications

Examples of our approach



Substantially upscale implementation capacity

- Modular construction
- District-by-district approach for upgrading low-voltage grids
- Large-scale contracting of work packages for high- and medium-voltage grids

Maximize potential of existing grid

- Sweating the assets
- Group contracts for cooperating individual companies to make better use of the local grid capacity.

Good customer and stakeholder communications

- Improved and proactive communication on projects in regions
- Introduction online status tracking of request for new connection or capacity increase

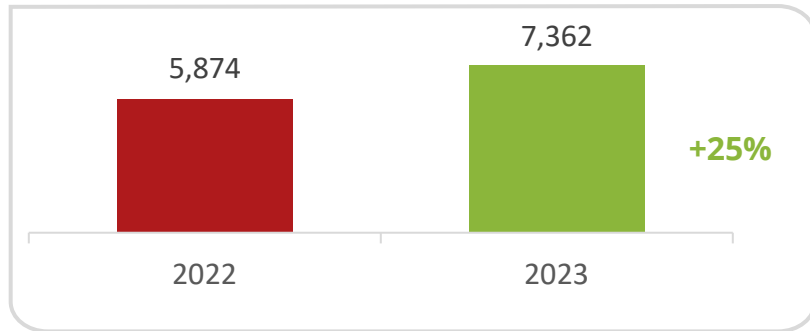
A high-angle photograph of a worker in a trench. The worker is wearing a bright yellow high-visibility safety vest over a dark long-sleeved shirt and dark trousers. They are wearing white work gloves and are focused on a task involving a yellow pipe and orange cables. A red valve or fitting is visible on the pipe. The trench is dug into brown earth, and a metal tool with a long handle is positioned nearby. The scene is brightly lit, suggesting an outdoor or well-lit indoor environment.

Results for FY 2023

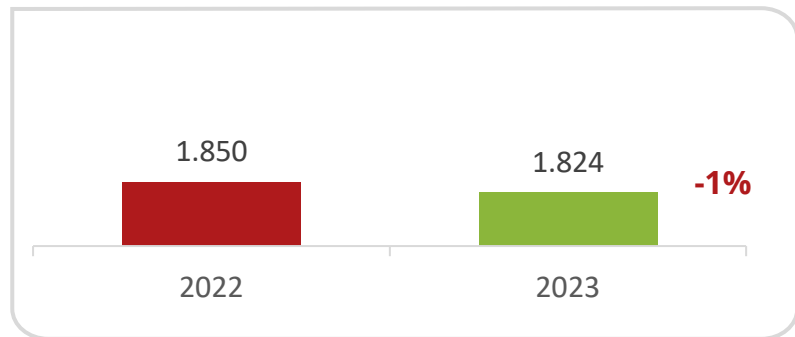
In 2023, we connected more solar capacity, laid more cables and build more transformer stations



Installed solar capacity in MWp



Installed wind capacity in MW



Km of new electricity cables laid



New and refitted transformer stations



New connections to the electricity grid

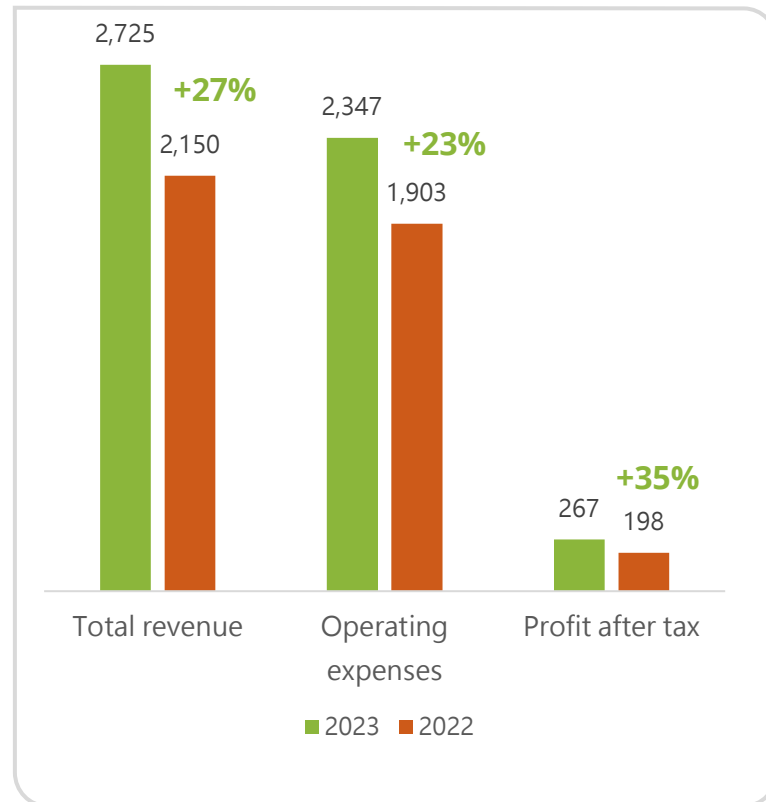


- In 2023 we made slightly less connections to the grid as the focus was on grid reinforcement
- Total installed wind capacity decreased slightly as the decommissioned capacity was larger than newly added capacity

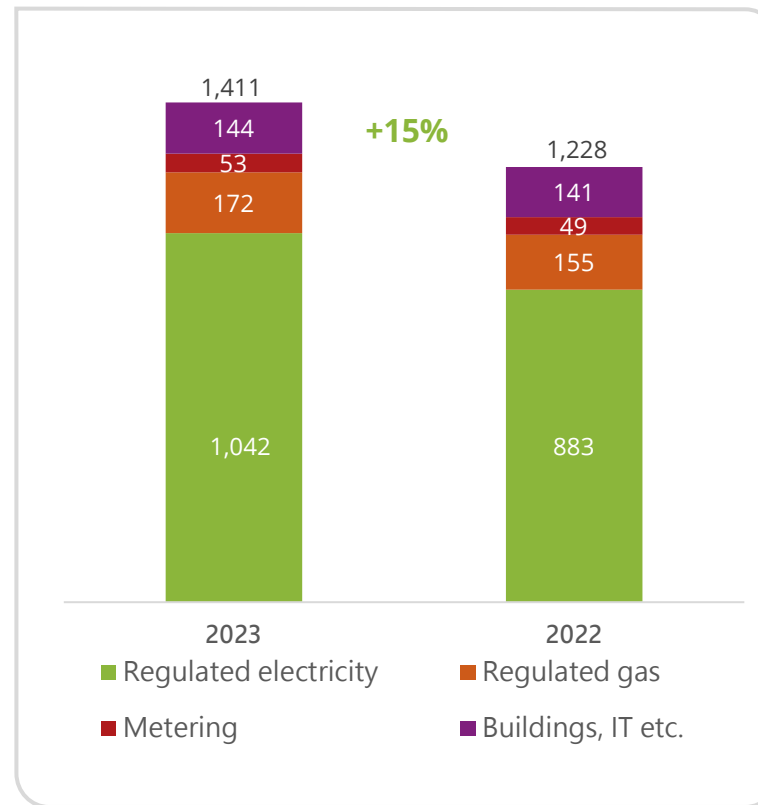
In 2023, higher tariffs impacted our net result and operational cash flow



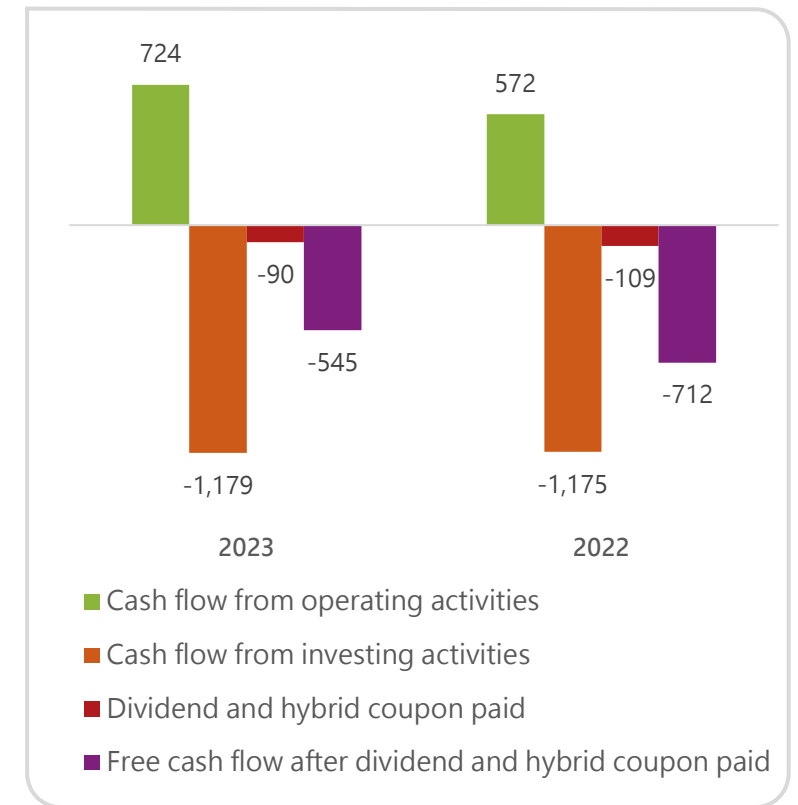
Result increased due to higher tariffs



Investments increased by 15%



Negative free cash flow decreased, due to a better result

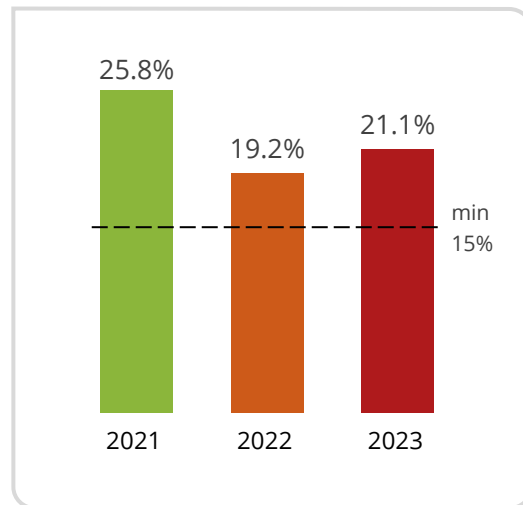


As a result, debt and interest cover ratios were positively affected

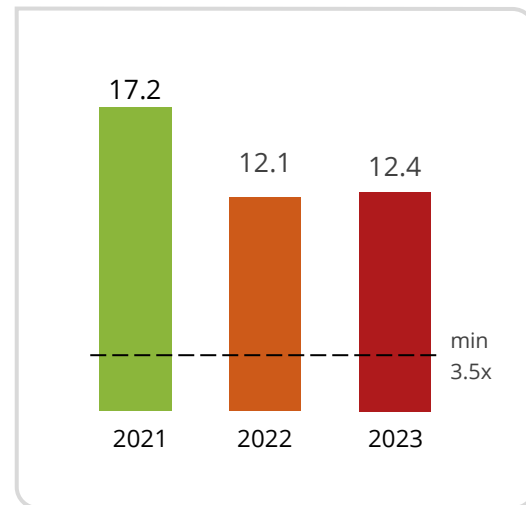
All ratios remain well within the financial framework hurdles



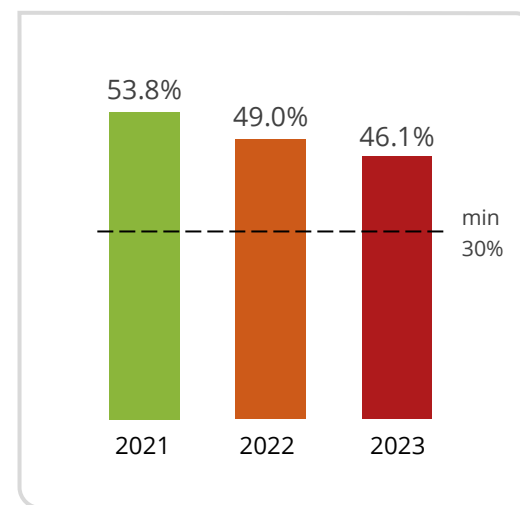
FFO / Net debt



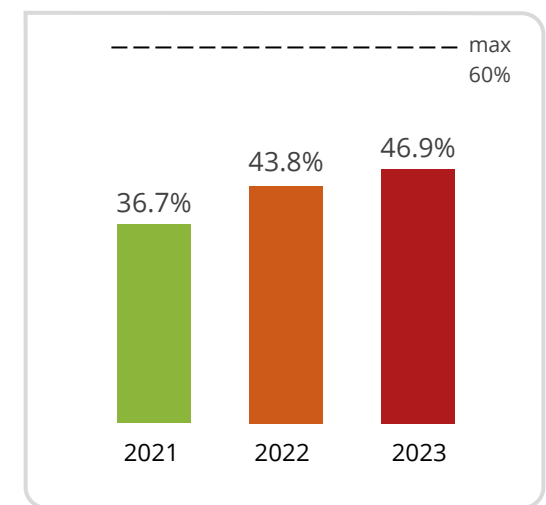
Interest cover



Solvency



Net debt / capitalisation



A worker in a high-visibility yellow safety vest and dark pants is kneeling in a trench, working on a yellow pipe. The worker is wearing gloves and is focused on the task. The trench is lined with wooden planks, and there are various tools and equipment visible, including a red valve and a metal rod. The background shows the earthy walls of the trench.

Financial Position

Good progress has been made to maintain a solid financial position in the longer term

Alliander's own measures

- Realisation of € 240 million in annual savings under cost efficiency program
- Innovative use of infrastructure
 - Redispatch
 - Hydrogen pilots
 - Integrated dynamic grid management
- Sale of Kenter on 31 January 2024 for € 990 million.

Alliander in dialogue with regulator ACM and Dutch State

- ACM has published revised regulatory method decisions that allow for more timely cost coverage resulting in an increase in allowed income in the current regulatory period of about € 750 million
- ACM has also implemented measures to allow for timely recovery of non-influenceable cost within regulatory period
- Dutch State can make future capital contributions as a new shareholder.

Alliander in dialogue with shareholders

- In Dec-21 we obtained a € 600 million convertible loan with an interest rate of 2.1% from our shareholders. The loan will be fully convertible into shares under certain conditions and has received 50% equity credit from S&P.

Accommodative regulation minimises impact rising non-influenceable costs

Timely recovery in tariffs by advances or with small delay limits impact on key financial ratio FFO/net debt

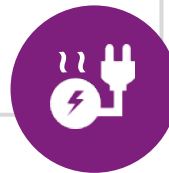
Inflation

- Inflation at high level
- Full inflation indexation of permitted income
- 3% indexation over 2023 included in 2024 tariffs.



Advance for grid losses

- Higher purchase costs of grid losses are compensated by advances and lead to higher revenues.



Advance for transport cost

- Transport cost charged by TenneT is expected to increase further. Due to substantial investment in the HV grid, especially to connect offshore wind parks
- Higher transport costs are compensated by advances and lead to higher revenues.



WACC recalculation

- Current high interest rates require a recalculation of the regulated WACC
- Recalculation compensates for current lower allowed returns and leads to higher yields
- Increase in risk-free interest rate for 2023 (+2% point) means approximately EUR 120 million extra income for 2025.



Framework agreement w/ Dutch State effective Dec-23



Dutch State acts as financial backstop for network companies



- Alliander, Enexis and Stedin signed a framework agreement with the Dutch State in December 2022. The framework became effective in December 2023, when Stedin received a € 500 million capital contribution from the Dutch State (11,9% of total shares)
- This framework agreement contains procedures and conditions under which the State can make future capital contributions as a new shareholder
- The agreement strengthens the strategic link between the Dutch State and the network companies
- Effectively, capital support can be requested from the State if the S&P corporate rating is at risk of falling below A- (A minus).
- This ensures a solid financial position enabling grid operators to continue to finance their sizeable investments
- Agreement on the framework has led S&P to assign GRE status

Alliander is keeping to its own more stringent financial policy framework at a solid A rating profile...

No change compared to last year

Financial framework

- Solid A rating profile
- FFO/Net debt: Minimum 15%
- FFO/interest cover: Minimum 3.5x
- Net debt/capitalisation: Maximum 60%
- Comply with regulatory criteria for the network operators.

Dividend policy

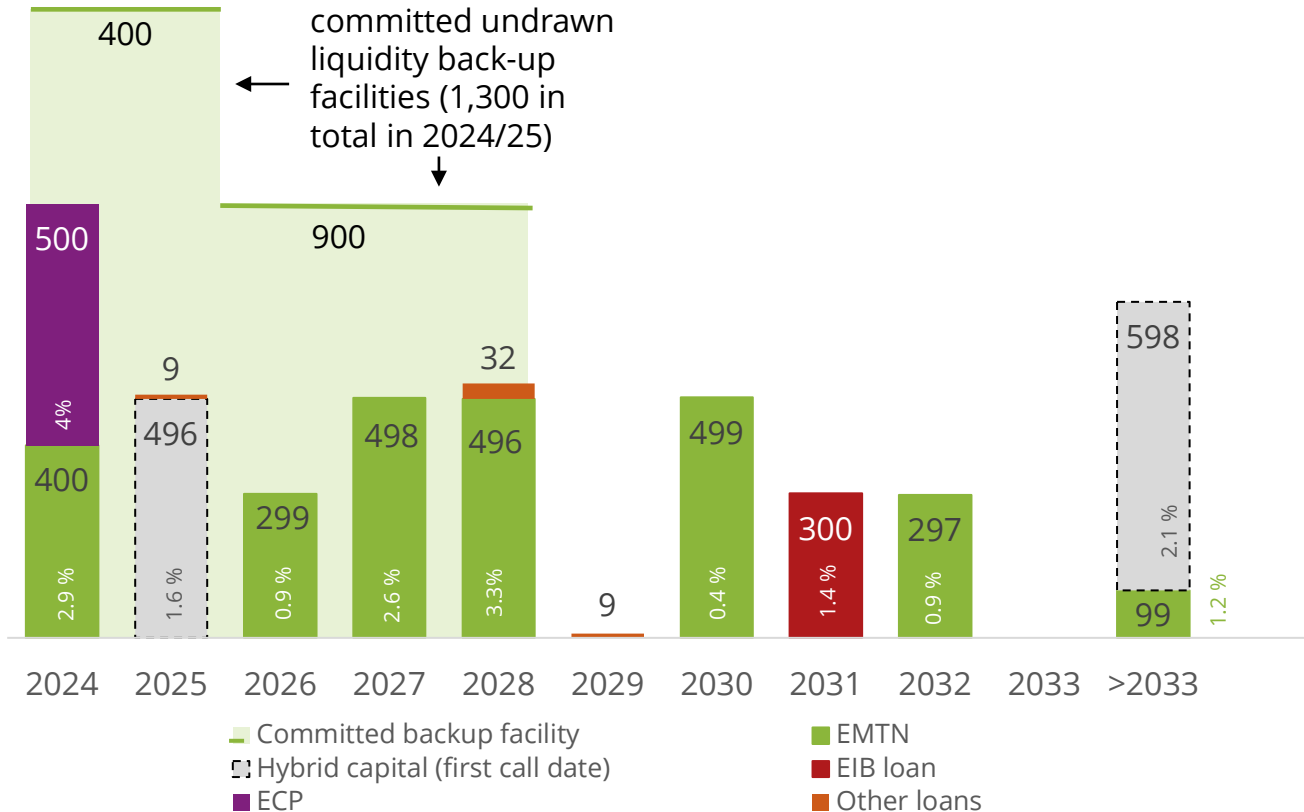
- Stable dividend pay-out ratio
- Pay-out: maximum 45% of the profit after tax,
adjusted for fair value movements, periodic payments relating to loans that are recognised in equity and exceptional items that did not lead to a cash flow, unless investments or financial criteria demand a higher profit retention percentage and/or unless the solvency ratio falls below 30% after payment of dividend.

...supported by a strong funding profile...

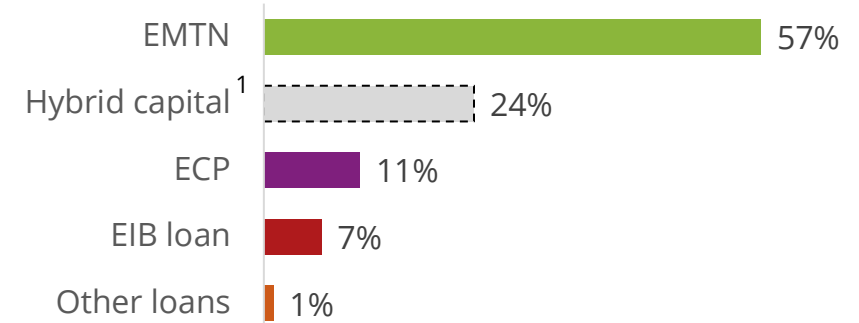
Balanced debt repayment profile backed by ample liquidity facilities



Debt maturity profile (in € million)



Debt breakdown



¹ For this purpose, hybrid capital is included as 100% debt

Debt metrics

	2023	2022
Average time to maturity (years)	4.4	5.4
Average interest rate	2.2%	1.7%
Fixed rate debt (% of gross debt)	88%	92%
Undrawn committed liquidity facilities (EUR million)	1,300	900
Gross debt (EUR million)	4,168	3,549
Available cash (EUR million)	244	205
Total net debt ¹ (EUR million)	3,873	3,293

¹ Hybrid capital is included as 50% debt

...allowing Alliander to maintain strong credit ratings

S&P ratings affirmed at A+ level



Rating type	S&P	Moody's
Stand-alone credit profile	A	A2
GRE uplift	+1 notch (as of 14-Feb-23)	+2 notches
Corporate rating	A+	Aa3
Outlook	Stable (as of 2-Feb-24)	Stable
Short term rating	A-1	A-1
Hybrid rating	BBB+ ¹	A3

Note: ¹ Hybrid rating automatically follows SACP - 2 notches

A high-angle photograph of a worker in a trench. The worker is wearing a bright yellow high-visibility safety vest over dark clothing and is kneeling on the ground. They are focused on a piece of equipment, possibly a valve or a pump, which is connected to a yellow pipe. Several orange cables are bundled together and run across the trench. The trench walls are made of earth, and some wooden planks are visible for shoring. The overall scene is one of industrial maintenance or construction work.

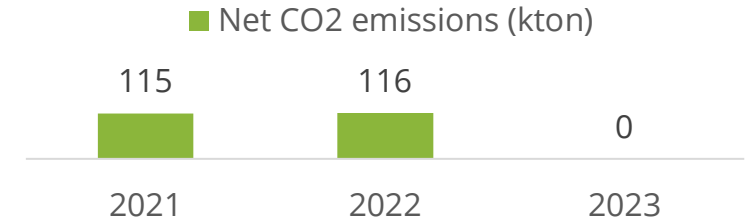
Corporate Social Responsibility

CSR – Alliander’s ambitions, targets and results



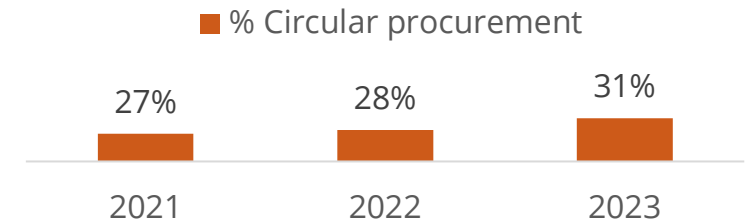
Climate-neutral operations

- Alliander has the highest certificate level (5) for the CO₂ performance ladder, proof of the anchoring of the CO₂ reduction target in business operations
- Target: climate-neutral business operations in 2023 and 2024



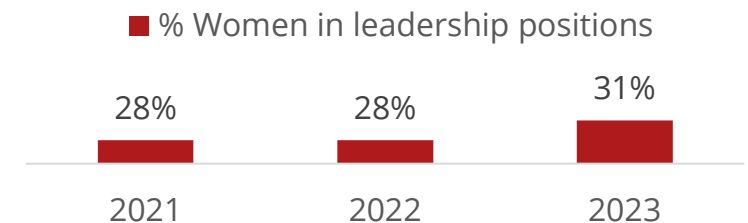
Circular procurement

- Alliander recycles 90% of the remaining waste as high-quality materials
- Target : 31% circular procurement by 2023, 37% by 2024



Diverse and inclusive employment

- Alliander offers long-term work to people with poor job prospects
- Target: to meet the requirements of the Labour Participation Quota Act by 2024
- Target: 32% of our leadership positions to be held by women by 2023 and 33% by 2024



Commitment to SDGs and strong ESG ratings



Relevant SDGs



ESG ratings

MSCI ESG RATINGS **AA**

CCC B BB BBB A **AA** AAA

(report date: 22 September 2023)

ESG INDUSTRY TOP RATED (report date: 31 May 2023)

Corporate ESG Performance **Prime**

RATED BY **ISS ESG**

ESG Risk Rating **12.9** **+0.2** **Low Risk**

Last Full Update May 29, 2023 Momentum

Absolute Rating

D- D D+ C- C C+ B- B **B+** A- A A+

(report date: 17 May 2023)

A worker in a high-visibility yellow safety vest and dark pants is kneeling in a deep trench. They are working on a yellow gas pipe with orange safety markings. A red valve is visible on the pipe. The worker is wearing gloves and appears to be adjusting or inspecting the equipment. The trench walls are made of earth, and there are wooden planks lining the sides. A metal tool with a long handle is also visible in the trench.

Outlook

Outlook 2024



- Expected gross investment of €1.8 billion
- Kenter sale proceeds around €1 billion
- Continuing negative free cash flows

Financial calendar and other information



Financial calendar

- 4 March Annual results 2023
- 4 April 2023 Annual Report (English translation)
- May Green Finance Report 2023
- August Half-year results for 2024

Information www.alliander.com/en/investors/

- Annual Report
- Green Finance Framework
- Green bond reports

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