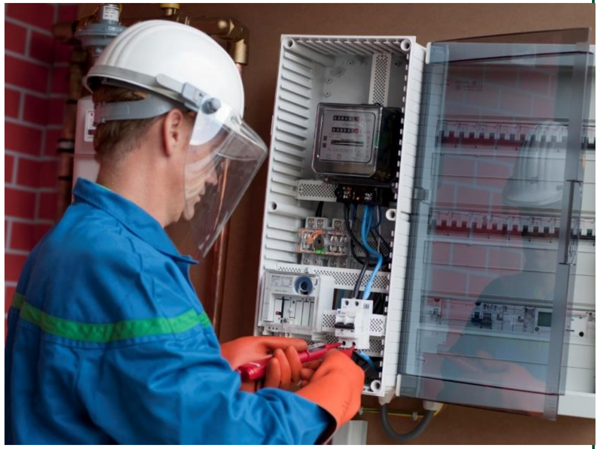
Eandis cvba

Investor Presentation

August 2015



Disclaimer

None of this presentation's content may be modified, reproduced or distributed to any other person in any form or by any means, directly or indirectly, without the prior written consent of Eandis cvba.

The term 'Eandis' refers either to Eandis cvba (parent company) or to the consolidated group (i.e. Eandis cvba + its subsidiaries De Stroomlijn cvba, Indexis cvba, Atrias cvba and Synductis cvba). The term 'Eandis Economic Group' refers to Eandis (consolidated group) + 7 Flemish Distribution System Operators or DSOs (IMEA, Gaselwest, Imewo, Iveka, Iverlek, Intergem and Sibelgas). The Eandis Economic Group does not constitute a legal entity. For accounting and consolidation purposes, however, the Eandis Economic Group can be considered as if it were a single entity.

Forward-looking statements in this presentation do not guarantee future performance. Actual results may differ materially from such forward-looking statements as a result of a number of uncertainties or risks, many of which are out of control of Eandis cvba, its subsidiaries and shareholders [*see Risk Factors in the EMTN Prospectus dated 25 November 2014*]. Forward-looking statements speak only as at the date of this document.

The information contained in this presentation is subject to amendment, revision and updating. It is in no way an investment advice or a recommendation to subscribe or purchase any securities.

Due to rounding, numbers presented in this document may not add up precisely to the totals provided and percentages may not exactly reflect the absolute figures.

This document does not constitute a Prospectus or Offering Memorandum.

Table of Contents

1. Executive Summary & Recent Developments

Executive Summary

- Eandis is a **Belgian distribution grid operator** established in March 2006
- Eandis is **owned by 7 Flemish Distribution System Operators (“DSOs”),** each of them an intermunicipal company, and is entrusted with a number of quasi-government **public service tasks**.
- These **DSOs are 100% publicly owned** (i.e. municipalities and provinces) since the exit of Electrabel NV on 29 December 2014
- Eandis is the **operating arm of the 100% regulated electricity and gas distribution networks owned by the 7 DSOs**, authorised in that role by decision of the Flemish energy regulator VREG (24 February 2015)
- Eandis serves around **2,6 million access points** for electricity and **1,7 million access points for gas**. Its distribution services cover **234 municipalities (**approx. 78 % of all Flemish municipalities). Its operating revenue and pre-tax profit (*Eandis Economic Group – IFRS*) were respectively **2,8 billion €** and **228,3 mio €** for 2014.
- The company is of **strategic importance to the Flemish Region** (S&P: AA/F: AA) and its general policy aim of realising Europe’s climate and energy objectives
- Moody’s identifies Eandis as a **government-related issuer** given the current ownership by Flemish municipalities and provinces in the DSOs and the high probability of systemic support to the DSOs from the Flemish Region. **Eandis’s current rating with Moody’s is A1 (negative outlook)**.

Executive Summary

Strategic Importance to the Flemish Region	■ DSOs cover about 78 % of the municipalities of the Flemish region ■ Electricity and natural gas are the two most important energy sources in Flanders/Belgium ■ Local authorities own 100% of the DSOs' share capital since the end of 2014
Very Favourable Regulatory Environment (Revenue Cap)	■ DSOs have a legally based regional monopoly for electricity and gas distribution to residential customers and SMEs ■ Multi-annual tariff mechanism with a 4 year regulatory period along the principles of a revenue cap model, including a fair profit margin as remuneration on invested capital ■ 2015 regulatory tariffs approved by the Flemish energy regulator VREG, based on a tariff methodology for the transitory tariff period 2015-2016
Efficient Operating Scheme	■ The association of 7 DSOs under the structure of Eandis allows for an efficient operating scheme and benefits of scale ■ Pooling of operational, financial and management activities; all staff at Eandis
Strong Cash Flow Visibility	■ Predictable revenue streams based on regulatory framework for the DSOs ■ Tariffs are fixed for long periods (up to 4 years as from 2017), although 2015-2016 is a 2-year transitory period
Legal Monopoly and Low Risk Electricity & Gas Distribution	■ Low business risk - DSOs are not involved in the competitive energy generation, trading or sales activities ■ 7 DSOs, being Eandis's sole shareholders, own 78% of the distribution network in Flanders ■ Legally, competitors may not participate in distribution activities in the designated operating areas
Conservative Capital Structure	■ Low leverage with equity at 40,2% of RAB (BE-GAAP, as per 31 December 2014), ■ The VREG tariff methodology 2015-2016 recommends DSO balance sheet structure with equity/RAB ratio at 45% ■ Regulator provides for a WACC-based fair profit margin
Very Favourable Economic Dynamics	■ The Flemish region is Belgium's most populated region (6,4 million on 1 Jan 2015 (1) – 57,5% of national population) ■ "Flanders is one of the wealthiest regions in Europe. It benefits from a well-diversified economy, skilled workforce and high quality infrastructure." "Guaranteed debt and public-private partnerships commitments are high but represent moderate risks, due to the nature of guaranteed entities (public authorities, social housing companies) and also because of the Flemish Community's prudent risk management policies." (*Fitch, 11 April 2014*) "[…] our view of the "predictable and well-balanced" institutional framework for communities and regions. We also factor in Flanders' very attractive and diversified economy, the community's "very positive" financial management and liquidity, its sound budgetary performance, and very moderate debt. (*S&P Research Update 7 March 2014)* ■ GDP per inhabitant 34.000 EUR (2013). "Flanders is a prosperous region: (…) it ranks 5th among the benchmark regions in 2010. (…) Flanders' performance is the result of a high labour productivity: scoring 3rd place can be called excellent. (…) The unemployment rate is among the lowest of the benchmark regions at 4,5% in 2012" *(Flanders Outlook 2014, Research Centre of the Government of Flanders, January 2014)*

(1) *Source: data Rijksregister*

Eandis Economic Group's Corporate Structure (as from 29 Dec 2014)

234 municipalities (and provinces) [1]

↓ 100%

7 Distribution System Operators

GASELWEST · IVEKA · INTERGEM · IMEWO · IMEA · IVERLEK · SIBELGAS

↓ 100%

Eandis cvba

↓

4 subsidiaries

de stroomlijn · index.is · ATRIAS · SYNDUCTIS

Eandis Group (consolidation) [2]

Eandis Economic Group

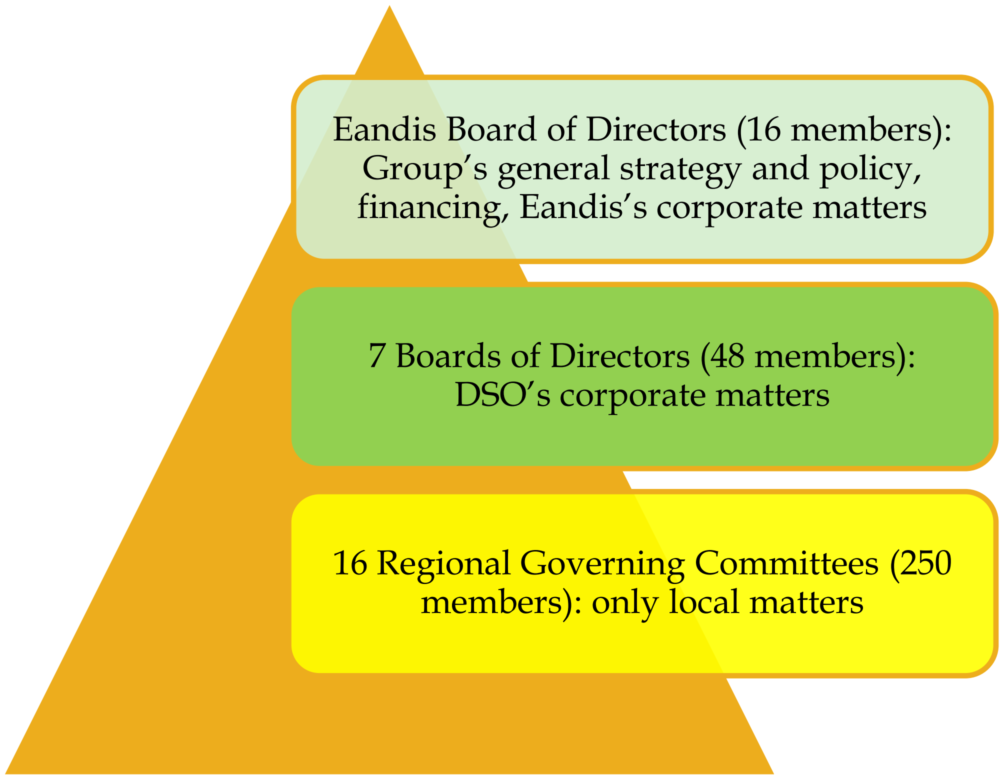
(1) *Only in IVEKA, a substantial part of share capital is held by the province. According to Flemish legislation, provinces allowed in DSOs capital until 31 December 2018 at the latest.*

(2) *Synductis is not consolidated*

Corporate Structure for the Eandis Economic Group

Transparent and flexible corporate structure

- flexible decision-making structure allows for maintaining close links with 234 municipalities
- structure allows for a smooth merger of 7 DSOs into 1 DSO
- structure reflects clear bottom-up division of powers within the Eandis Economic Group:



Eandis vs other Belgian distribution grid operators

Eandis versus its peers in Belgium (Infrax, Sibelga, ORES and Resa) (1)

Eandis, Sibelga and ORES exclusively operate electricity and gas networks (**regulated activities**); Infrax also operates cable television and sewage systems. Resa (TECTEO Group) is a multi-utility for energy distribution, telecom infrastructure and telecom content, financial investments, ICT services and renewable energies.

Eandis is by far the largest E + G operator in Belgium, with an integrated operating area, enabling the company to **maximise benefits of scale** *[Eandis figures as per 31 Dec 2014, others as per 31 Dec 2013]*:

	Eandis	Infrax	Sibelga	ORES	Resa
municipalities served (E/G)	234	93	19	198	73
operating area	Flanders	Flanders	Brussels	Wallonia	Wallonia
employees	4.170	1.588	1.061	2.412	900
connections E	2.616.357	737.024	694.540	1.428.596	651.467 (2)
connections G	1.706.223	329.795	502.213	513.499	
Regulated Asset Base 2014 E+G (incl. Net Working Capital) – in m€	8.616,1 (3)	1.951	1.125,2	3.387,3	

(1) Source: companies' information (annual reports and websites)
(2) Aggregate for E and G
(3) Excl. NWC: 7.840,2 m€

Corporate Strategy

<u>for regulated core activities</u>: *operational excellence in delivering high quality services to our customers*

<u>for non-regulated activities</u>: *make active use of opportunities which support our strategic focus and enhance our strengths* **[e.g. district heating projects]**

Executive Summary

Moody’s Corporate Rating for Eandis

A1
(negative outlook)

<u>Credit strengths</u>:

- rating underpinned by strong linkage to the region
- 3 notches of rating uplift reflecting high probability of support from the Flemish region if necessary
- transparent and supportive regulatory framework
- new tariff methodology maintains established principles
- low business risk profile of regulated distribution operations

<u>Credit challenges</u>:

- outlook change follows raising additional debt to pay out Electrabel
- regulatory framework is yet to establish a track record
- weakening of credit metrics due to ongoing capex needs and tariff deficits

from: Moody’s Rating Action (2 December 2014)

MOODY’S
INVESTORS SERVICE

Rating Action: Moody's affirms Eandis's A1 ratings, negative outlook

Global Credit Research - 02 Dec 2014

London, 02 December 2014 -- Moody's Investors Service (Moody's) has today affirmed the A1 issuer and senior unsecured debt ratings of Eandis CVBA (Eandis). The (P)A1 senior unsecured programme rating of the company's EUR5.0 billion MTN programme has also been affirmed. Concurrently, Moody's changed the outlook on the ratings to negative from stable. The outlook change follows Eandis's announcement on 25 November 2014 that the exit of Electrabel SA (A3 stable) as a shareholder in the seven distribution system operators (DSOs) would result in Eandis raising additional debt of EUR400 million as the final portion of a total EUR965 million debt amount raised to pay out Electrabel.

RATINGS RATIONALE

Eandis's A1 rating reflects Moody's assessment of the credit quality of the seven DSOs that own the company and which the rating agency considers to be of broadly similar credit strength. The A1 rating also reflects a high probability that the Community of Flanders (Aa2 stable) will ultimately support the DSOs if necessary, given the strategic and economic importance of their services for the region. This currently results in a three-notch uplift from the BCA, which is in the high-Baa range.

The DSOs' credit quality is underpinned by the low business risk profile of their regulated electricity and gas distribution operations in the Flemish market, where the DSOs generate materially all of their cash flows. The regulatory framework is supportive and transparent albeit relatively new and untested in the context of peer European regulated assets. The ongoing transition of tariff setting responsibilities from the national to the regional

<u>Rating history</u>:

- 12 Oct 2011-13 Mar 2014 : A1 (negative)
- 13 Mar 2014-2 Dec 2014: A1 (stable)
- as from 2 Dec 2014: A1 (negative)

2015 YTD Highlights [1]

- 9 January: 61,6 mEUR **capital increase** at the DSOs
- 23 January: Eandis participates in the **Horizon 2020 Lighthouse project** (in the Antwerp district Luchtbal): urban renewal project with smart electricity grid and district heating grid
- 30 January: telecom operator **Proximus joins Synductis**, reinforcing the latter's synergy potential
- 3 February: VREG renews the **DSOs' license for electricity** (valid until 5 September 2026) – gas license to be renewed in 2015
- 24 February: VREG allows the DSOs to make use of Eandis's services as **operating company** for electricity (valid until 5 September 2026) – same procedure for gas in 2015
- 1 March: VREG allows modifications of **distribution grid fee electricity** to allow for changes in the transmission grid fee (Elia)
- 26 March: Eandis introduces a fleet of **22 gas and CNG vehicles** to be used by metering staff , testifying of Eandis's commitment towards CO_2 reduction and sustainable mobility
- April: **Sibelgas** raises capital with 27mEUR, using non-paid out reserves
- 3 June: Board of Directors approves **proposal to fully incorporate Indexis** into Eandis as from 1 January 2016
- 26 June: **2nd round of DSOs' capital increase** concluded with 29,1mEUR raised (total: 90,7 mEUR)

eandis

2015 YTD Highlights [2]

- June: water company **Pidpa** joins Synductis
- 1 July: VREG approves the DSOs' tariff proposals introducing the **corporate income tax** impact (1) into the grid tariffs as from 1 August 2015
- 1 July: Brussels Court of Appeal rules that the regional energy regulators (VREG a.o.) are competent for the establishment of the DSOs' 2010-2014 regulatory balances still to be recovered by the DSOs through the grid tariffs
- 30 July: VREG rejects the DSOs' tariff proposals with **recovery of regulatory balances** starting on 1 October 2015. VREG proposes such a recovery starting on 1 January 2016
- 19 August: dual **proposal regarding group structure** presented to the Economic Group's governing bodies:
  - merger of 7 DSOs into 1 DSO
  - merged DSO's share capital to be opened up for entry of external partner (once appropriate legal context will be in place)

(1) Belgian intermunicipal DSOs are no longer exempt from corporate income tax since 1 January 201.5 due to federal legislation of December 2014,

Changes to Economic Group's Structure (proposal) as from 2016

TO BE structure after implementation of DSO merger, entry of an external partner and integration of Indexis *(current structure on the left)*

234 municipalities (and provinces)

100%

7 Distribution System Operators

100%

Eandis cvba

4 subsidiaries

234 municipalities (+ provinces)

private partner

1 Distribution System Operator

"Eandis Assets"

100%

Eandis System Operator

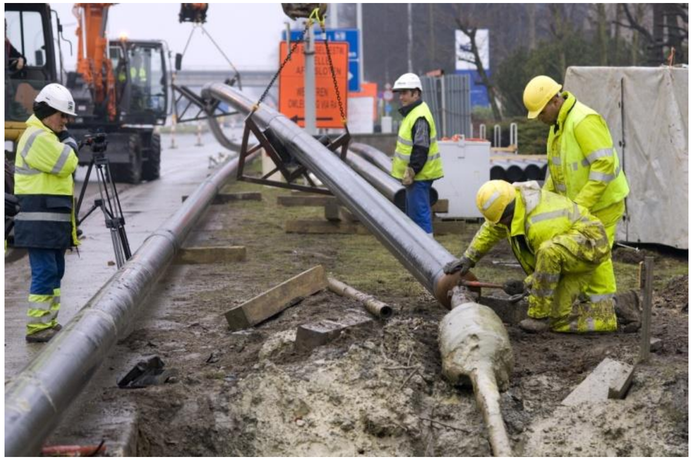
3 subsidiaries

Corporate Social Responsibility

- Strategic focus on **sustainability & corporate social responsibility** with the overall aim to realize the Flemish climate objectives:
  - Eandis as **preferred partner of local authorities** in drive towards energy efficiency - positive response to **Energy Services for Local Authorities** (>70% of municipalities started a concrete project)
  - **objective**: reduction of our own CO_2 emissions with 20% by 2020 (compared to 2008) - end 2014: >10% realised
  - **sustainable mobility**:
    - Eandis actively promotes **electric mobility** and the implementation of charging infrastructure
    - Eandis fleet of **22 CNG and natural gas vehicles** for Metering Dept. – will grow to 100 vehicles
- **Solar panels** on HQ (Melle) and office buildings in Sint-Niklaas - 5 more sites to follow – total generation capacity of 854.000 kWh
- Well-defined and documented Corporate Governance policy: **Corporate Governance Charter & Ethical Charter**
- **Integral risk management** and actively pursued **risk-based internal auditing**
- **CSR Report 2014** entitled "sustainability partner for cities and municipalities" *[GRI-4 – core option]* focuses on company's CSR strategy and results - see corporate website

Investment highlights
Key considerations

- Strategic importance to the Flemish Region ✓
- Legal monopolistic business and low risk electricity & gas distribution ✓
- Regulated business with strong and predictable cash flow generation ✓
- Strong balance sheet structure, conservative capital structure ✓
- Favourable & stable regulatory environment ✓
- Efficient operating scheme with benefits of scale ✓



The strength of Eandis's credit is confirmed by a favourable A1 rating from Moody's.

2. Financial Overview (Economic Group)

- Summary financials FY 2012-2014
- Summary financials HY 2013-2015
- Capex programme 2014 (actuals)
- Short term financing
- Debt and maturity profile
- Investment programme 2015-2018
- Financing needs and funding 2015-2018
- Financial policies and strategy

Financial Overview

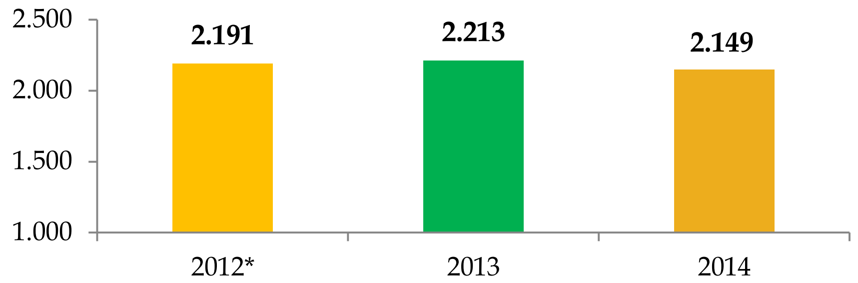
Summary Financials FY 2012-2014 (actuals) for the Economic Group

Financials (IFRS)

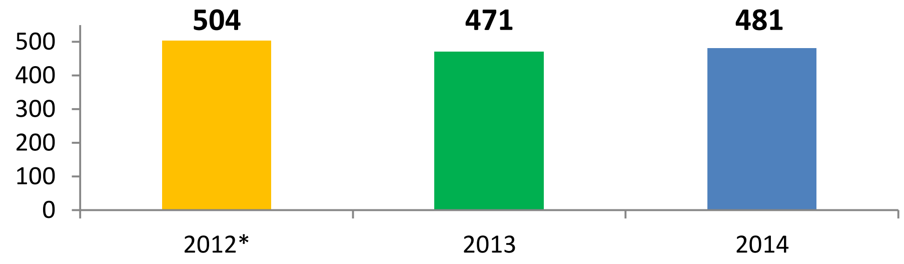
* 2012 restated due to IAS 19 (revised)

(in mio €)	2012*	2013	2014
Income statement			
Revenue	2.191	2.213	2.149
Total Operating Income	2.907	2.956	2.781
Total Operating Expenses	-2.403	-2.484	-2.300
Result from Operations	**504**	**471**	**481**
Net Financial Income/Expense	-203	-143	-253
Profit before Tax	301	328	228
Profit for the period	297	320	417
Other Comprehensive Income	-108	113	-546
Total Comprehensive Income	**189**	**433**	**-129**
Balance Sheet			
Current Assets	1.201	1.314	2.306
Non-Current Assets	7.502	7.724	7.855
Total Assets	**8.702**	**9.039**	**10.161**
Total Equity (attributable to parent)	2.778	2.978	2.607
Non-Current Liabilities	4.631	5.041	6.464
Current Liabilities	1.292	1.019	1.089
Total Liabilities	5.923	6.059	7.552
Total Equity & Liabilities	**8.702**	**9.039**	**10.161**
Cash Flow Statement			
Net CF from Operating Activities	**457**	**467**	**-337**
Net CF from Operating Activities**			**573**
Net CF from Investing Activities	**-616**	**-584**	**-497**
Net Cash Flow used in/from Financing Activities	**159**	**116**	**837**
Net Increase/Decrease of Cash + Cash Equivalents	1	-2	4
Cash + Cash Equivalents on 31 Dec	7	5	9

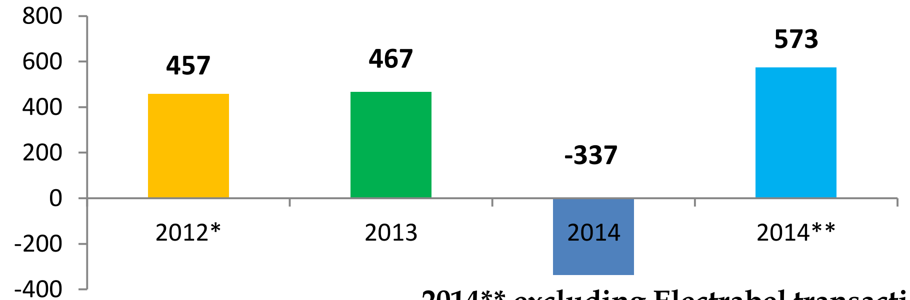
Revenue (in mio €)



Result from Operations (in mio €)



Net CF from Operating Activities (in mio €)



2014 excluding Electrabel transaction**

Financial Overview

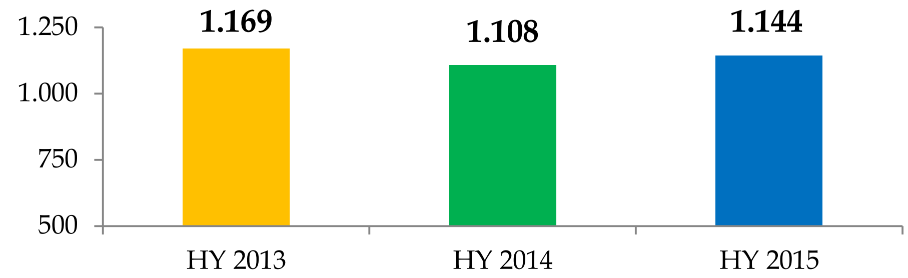
Summary Financials HY 2013-2015 (actuals) for the Economic Group

Financials (IFRS)

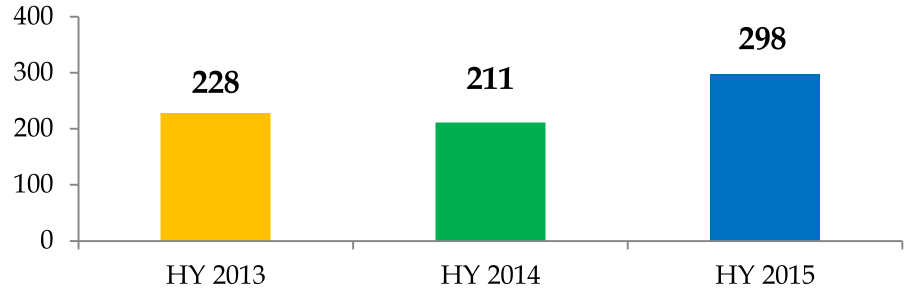
(in mio €)	HY 2013	HY 2014	HY 2015
Income statement			
Revenue	1.169	1.108	1.144
Total Operating Income	1.526	1.411	1.314
Total Operating Expenses	-1.298	-1.201	-1.016
Result from Operations	**228**	**211**	**298**
Net Finance Income/Expense	-59	-123	-74
Profit before Tax	170	87	224
Profit for the period	**169**	**85**	**143**
Other Comprehensive Income	**83**	**-21**	**48**
Total Comprehensive Income	**251**	**64**	**191**
Statement of financial position			
Current Assets	1.203	1.695	1.580
Non-Current Assets	7.619	7.793	7.863
Total Assets	**8.822**	**9.488**	**9.443**
Non-Current Liabilities	4.522	5.291	6.288
Current Liabilities	1.297	1.186	1.146
Liabilities	5.820	6.477	7.433
Total equity attributable to owners of the parent	3.002	3.010	2.009
Total Equity and Liabilities	**8.822**	**9.488**	**9.443**
Cash Flow Statement			
Net Cash Flow from Operating Activities	403	436	1.247
Net Cash Flow from Investing Activities	-303	-254	-201
Net Cash Flow used in/from Financing Activities	-101	245	-1.403
Net Increase/Decrease of Cash and Cash Equivalents	**-1**	**427**	**3**
Cash and Cash Equivalents on 30 June	6	433	11

HY 2015 Operational CF*: excluding the settlement in January 2015 of temporary receivable (910 mEUR) in Eandis on DSOs' municipal shareholders

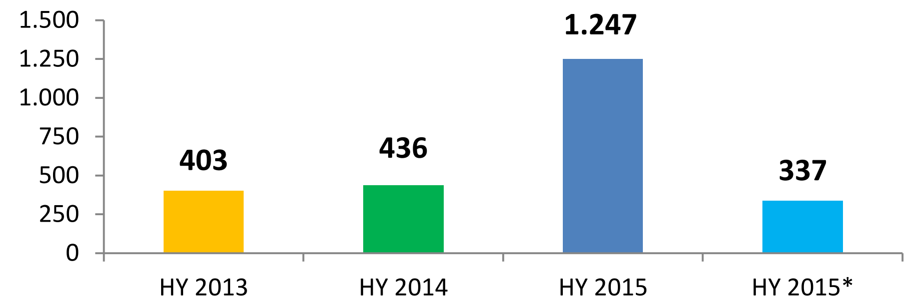
Revenue (in mio €)



Result from Operations (in mio €)



Net CF from Operating Activities (in mio €)



Cash Flow from Operating Activities 2014: detail

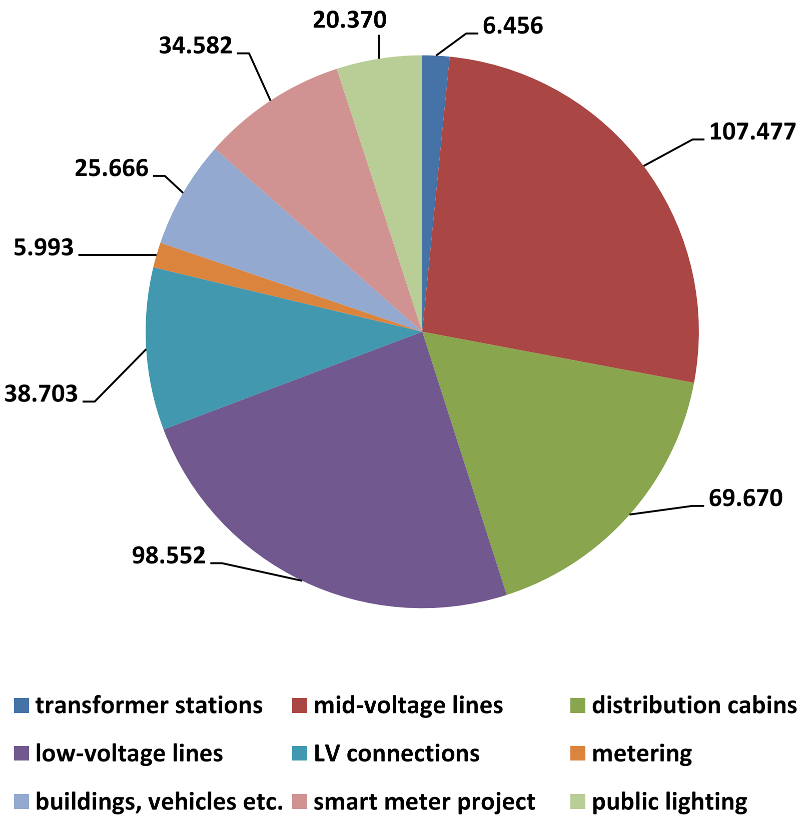
- **Net cash flow from operating activities 2014: -337 mEUR**
  - negative CF due to major change in working capital
  - 29 December 2014:
    - Electrabel exits from 7 DSOs and Electrabel's 21% share in equity is taken over by DSOs' municipal shareholders
    - this resulted in (i) a **temporary** receivable (910 mEUR) in Eandis on DSOs' municipal shareholders (as indicated in the FY 2014 accounts) and (ii) a negative impact on working capital and net operational cash flow (as per 31 Dec 2014: -337 mEUR)
  - Early 2015:
    - receivable has disappeared due to capital decrease at the DSOs to finance the share transaction
    - working capital increases with 910 mEUR
    - HY 2015 figures for Net CF from Operating Activities & Net CF from Financing Activities impacted by this operation as well
  - 2014 accounts – Net Operational Cash Flow
    - with Electrabel transaction: -337 mEUR
    - without Electrabel transaction: +573 mEUR

Δ: 910 mEUR

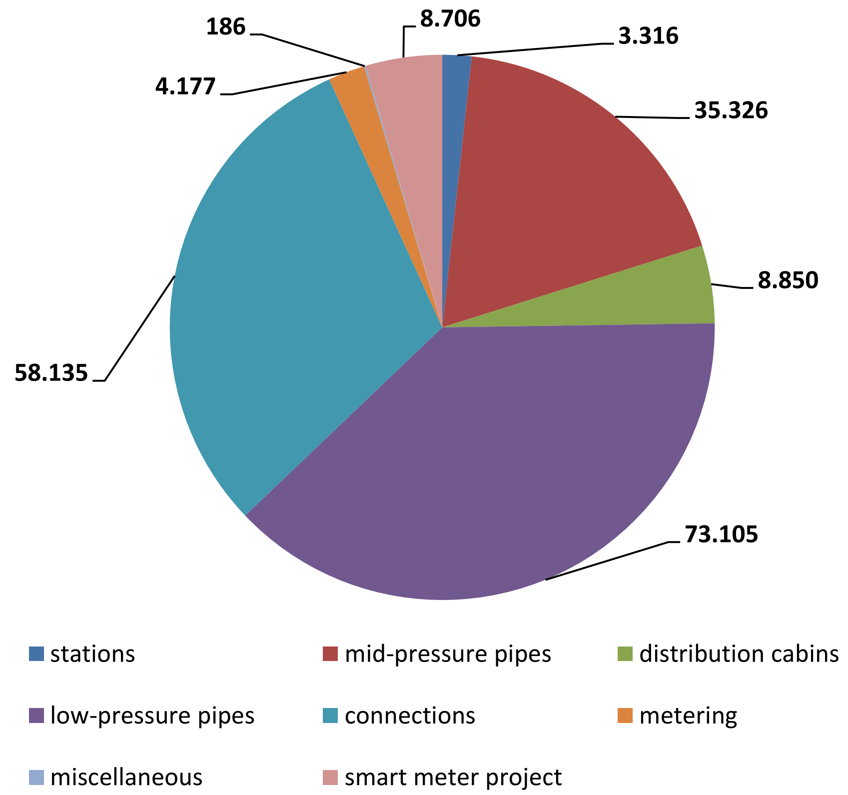
Financial Overview

Capex Programme 2014 (actuals – gross investments)

Electricity: 407,5 mio € (2013: 470,6 mio €)



Gas: 191,8 mio € (2013: 226,7 mio €)



CAPEX /Total Net Fixed Assets: 7,8% (2013: 9,2%)

2014 investments in district heating: 1,2 mio €

Short term financing capacity

Liquidity Facilities (as per 30 June 2015)

CP Programmes ("Thesauriebewijzen")

- Total size programmes: 522 m€
- Outstanding as per date indicated: 101,8 m€

Cash & Cash Equivalents

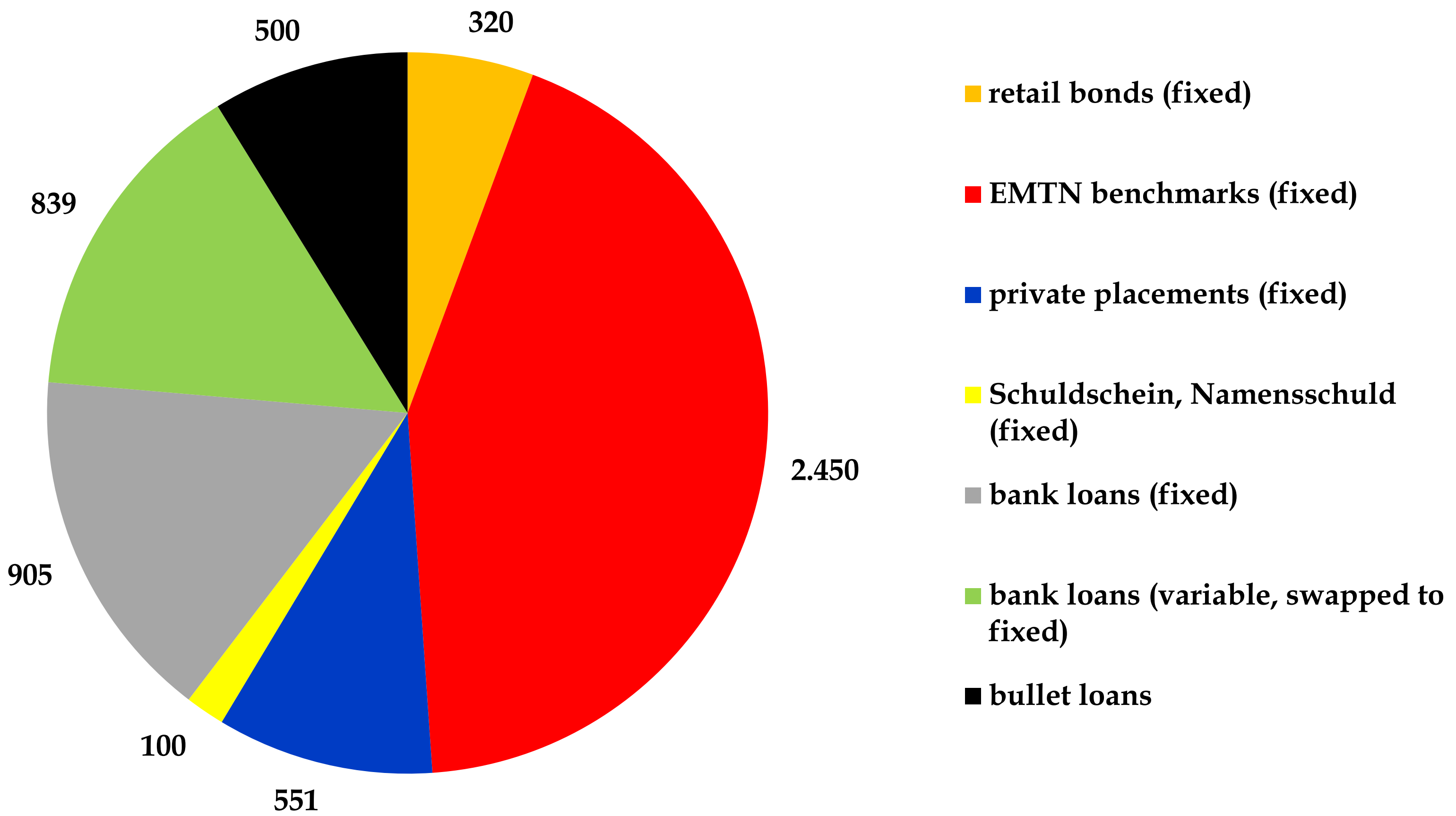
- Bank account: positive balance (4,3 m€)
- Overnight cash facility: 200 m€
  - 57,9 m€ drawn
- Committed

ST Revolving Credit Facilities

- Total size facilities: 300 m€ (as of 1 Jan 2015)
- Outstanding as per date indicated: 0 €
- Committed

Debt Profile (Economic Group)

LT Debt Profile by Instrument (5.664 m€ outstanding as per 30 June 2015)

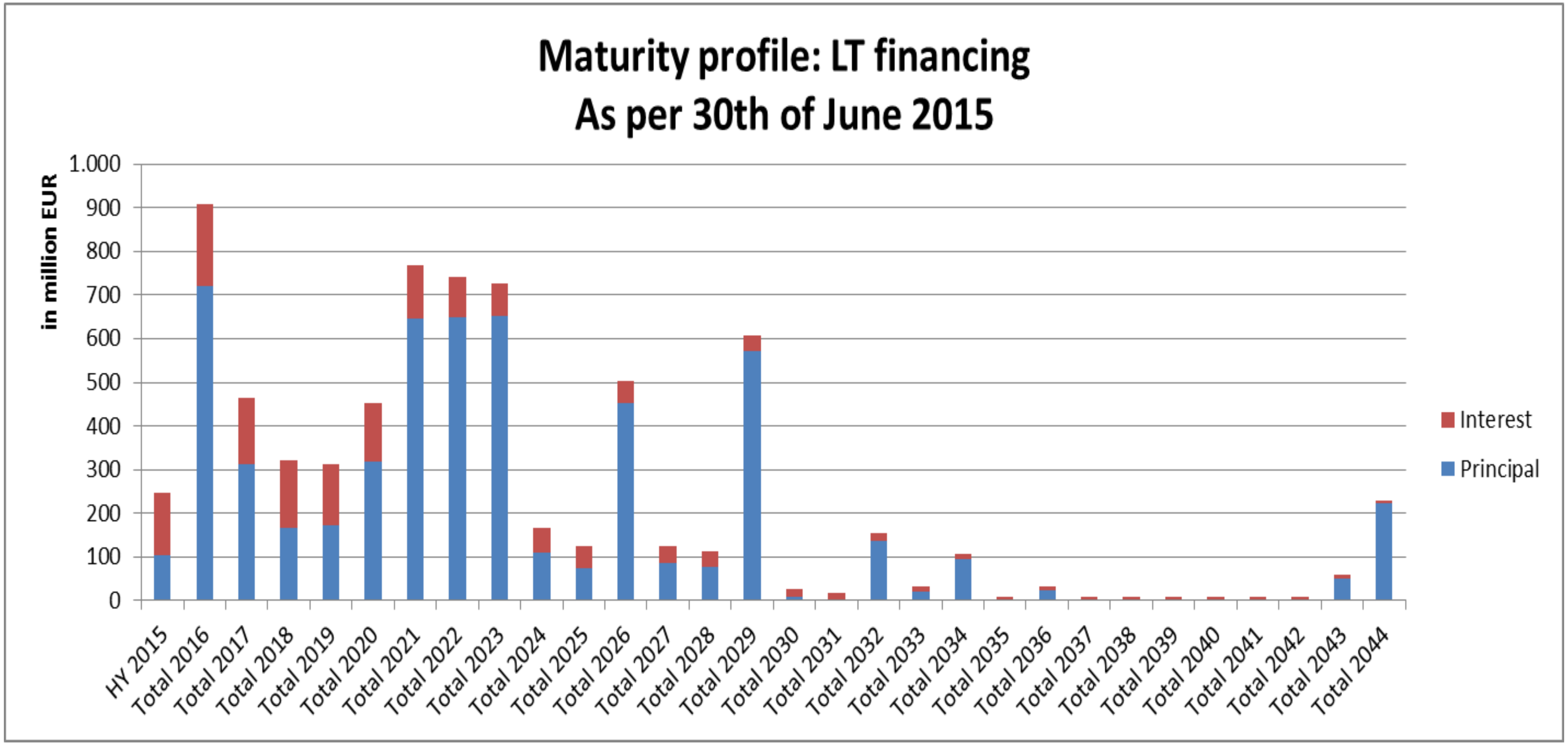


Financial Overview

Eandis's outstanding bonds (as per 30 June 2015): 3.020,5 m€

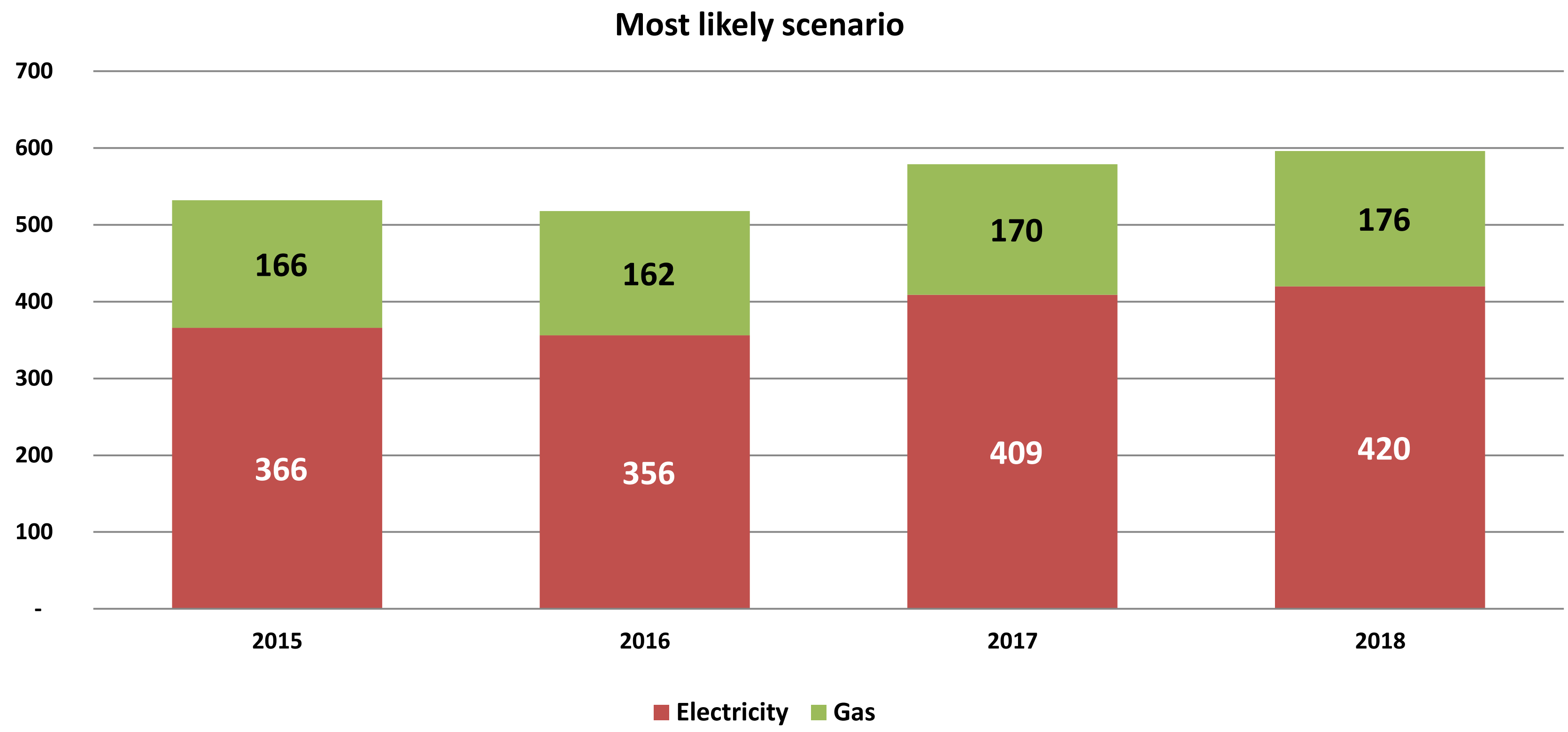
Issue Date	Amount (m€)	Type	Maturity	Coupon
23.06.2010	150	Retail	23.06.2017 (7 y)	4,000%
30.12.2010	170	Retail	30.12.2020 (10 y)	4,250%
08.11.2011	500	EMTN benchmark	08.11.2021 (10 y)	4,500%
10.07.2012 a.o.	135,5	EMTN Private Placement	10.07.2032 (20 y)	3,950%
21.09.2012	50	Schuldschein	21.09.2027 (15 y)	3,500%
30.11.2012	500	EMTN benchmark	30.11.2022 (10 y)	2,750%
28.03.2013	54,5	EMTN Private Placement	28.03.2028 (15 y)	3,500%
28.03.2013	20,5	EMTN Private Placement	28.03.2033 (20 y)	3,750%
24.06.2013	50	Namensschuldverschreibung	24.06.2043 (30 y)	3,500%
09.10.2013	500	EMTN benchmark	09.10.2023 (10 y)	2,875%
05.03.2014	52	Private Placement	05.03.2044 (30 y)	3,550%
05.03.2014	23	Private Placement	05.03.2036 (22 y)	3,550%
07.05.2014	550	EMTN benchmark	07.05.2029 (15y)	2,875%
27.10.2014	170	Private Placement	27.10.2044 (30y)	3,000%
27.10.2014	95	Private Placement	27.10.2034 (20y)	2,600%
04.12.2014	400	EMTN sub-benchmark	04.12.2026 (12 y)	1,750%

Maturity Profile (Economic Group)



Note: including bank loans

Financial overview
Investment programme 2015-2018 (net figures – m€)



Most probable investment programme includes impact of FIT on grid investments and a 100 per cent roll-out of smart metering by 2030. All capex programmes validated by VREG.

Financial overview
Action Plan FIT: clear focus on company-wide productivity

- **Action Plan FIT** launched in June 2013

- FIT aims at 3 components:

  1. Clear cut **efficiency and productivity objectives** (2013-2015) for grid investments, staff and other costs: grid investment budgets will be reduced to 'autofinancing'
  2. Implementation of **cost efficiency measures** (after a bottom-up analysis within the framework of Operational Excellence)
  3. Implementation of a **change action plan** to reinforce overall **cost awareness**

- FIT's **financial objectives and preliminary results**: see table below

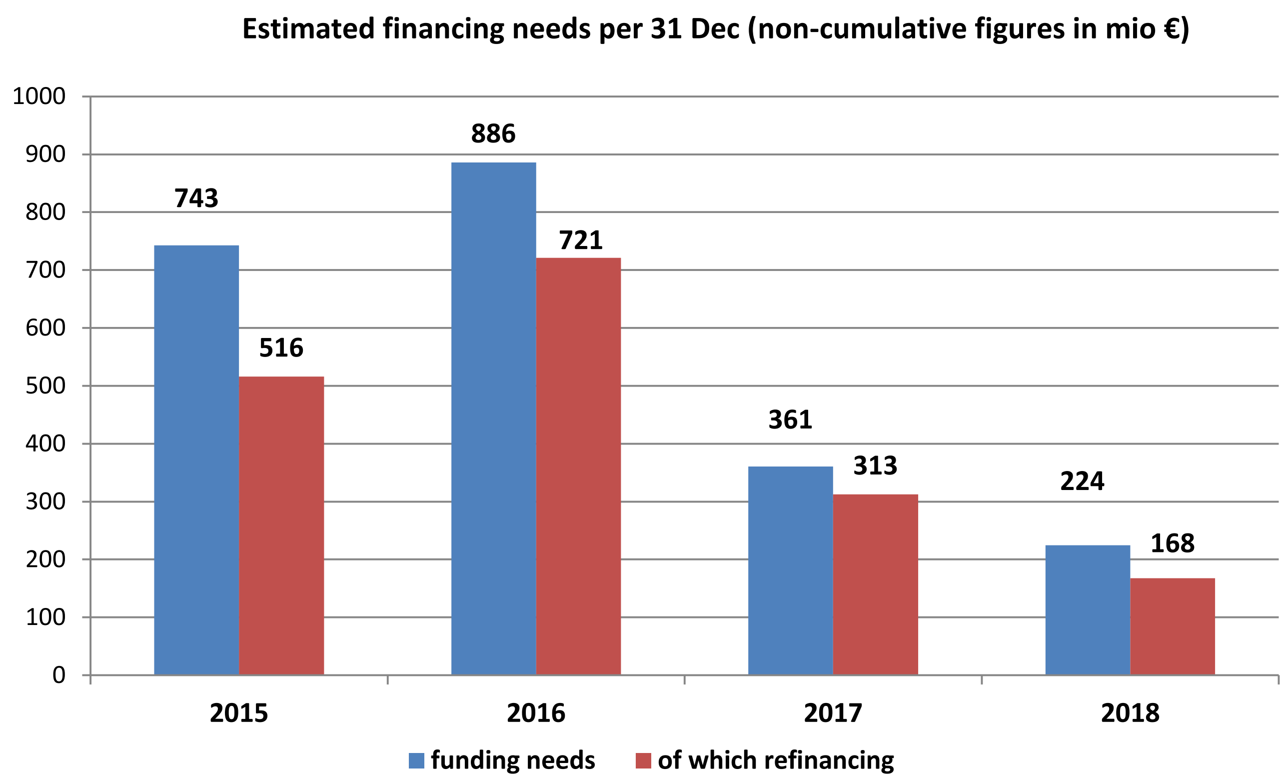
- **"FIT-Breakthrough"** as follow-up programme, starting in 2016

mio €	Actuals 2013	Budget 2014	Actuals 2014	Budget 2016 Autofinancing	Actuals 2014 vs Actuals 2013	Actuals 2014 vs Budget 2016
grid investments	444,4	427,8	390,4	377,2	-12,2%	+3,5%
grid operations	304,9	259,3	249,9	274,6	-18,0%	-9,0%
support dpts – staff	161,2	158,2	154,3	156,2	-4,3%	-1,2%
support dpts - other	354,4	354,7	297,2	348,6	-16,1%	-14,7%
TOTAL	**1.264,9**	**1.200,0**	**1.091,8**	**1.156,6**	**-13,7%**	**-5,6%**

Financial overview
Funding Programme 2015-2018 (in mio €)

Funding programme 2015-2018:

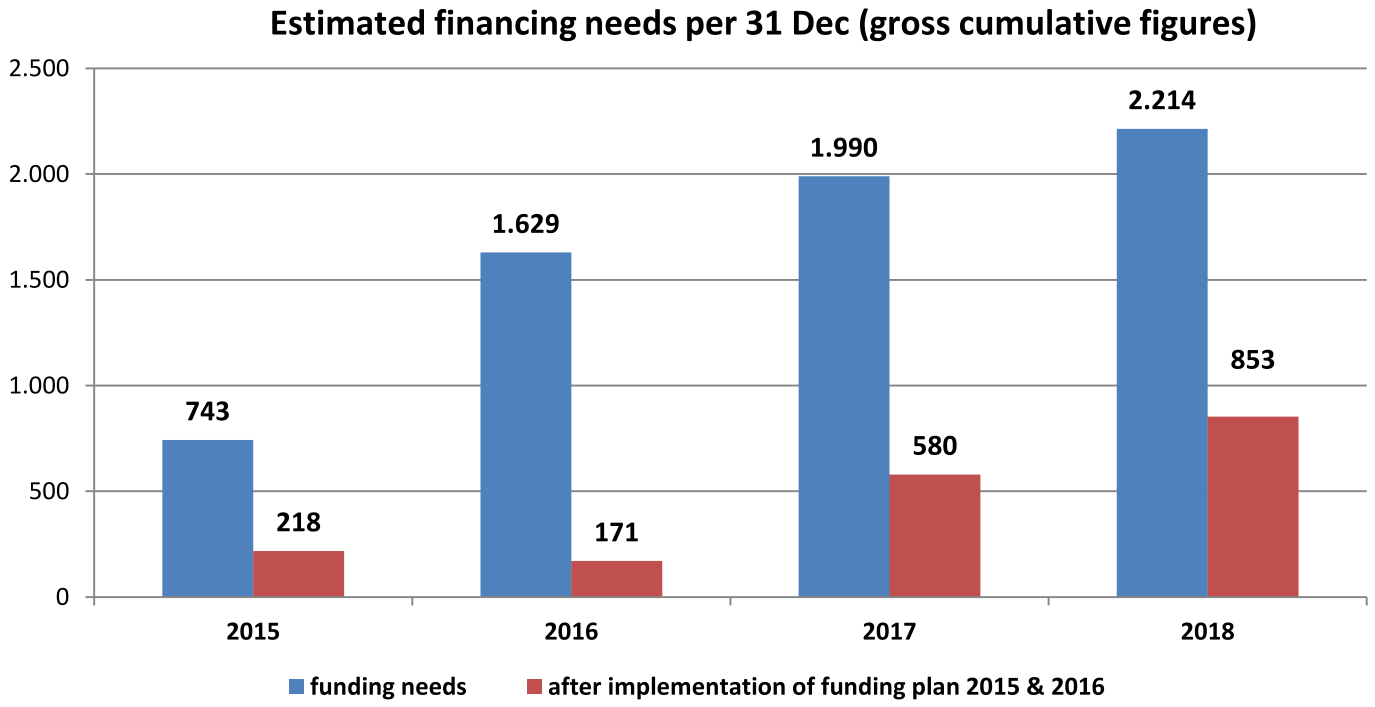
- investment programme 2015-2018 requires annual net financing of 500-650 m€
- incl. repayments and interest payments under currently outstanding loans and external financing
- incl. proceeds realized from sale of green power & CHP certificates (2015)
- taxes taken into charges



Financial overview
Funding Programme 2015-2018 (in mio €)

Funding programme 2015:
Depending on market conditions and opportunities / approved by Board of Directors (June 2013) through a mix of bank loans, EMTN bonds, retail bonds and/or MTN private placements, capital increase, hybrid bonds, new equity partner in the DSOs.

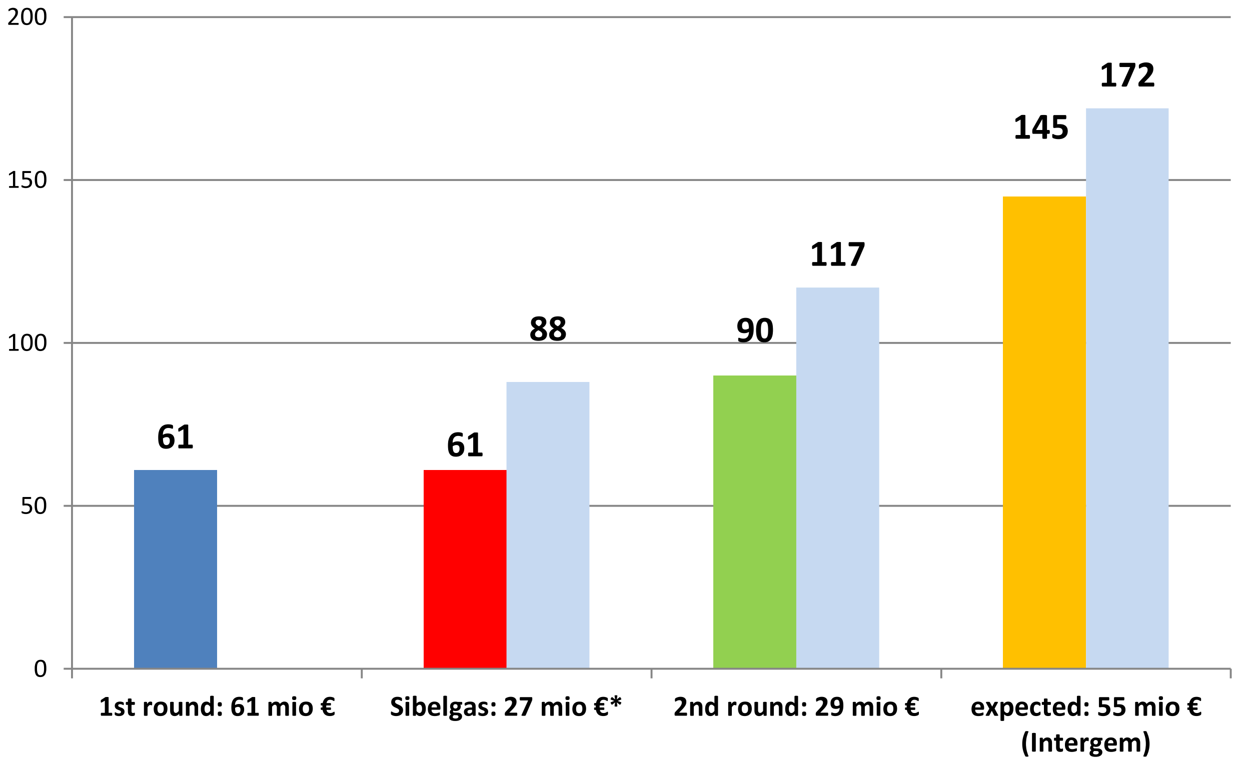
Funding programme 2016-2017:
Details to be decided later



Financial overview
Funding Programme 2015: detailed (in mio €)

Funding programme 2015:
Depending on market conditions and opportunities / approved by Board of Directors (June 2015) through a mix of bank loans, EMTN bonds, retail bonds and/or MTN private placements, capital increases, private partner.

Capital Increases 2015 (cumulative)



Funding 2015 for 743 m€ through:

- capital increases: 145 m€
  - January: 61 mio€
  - June: 29 mio€
  - HY2 (Intergem): 55 mio€
- bank loans: +/- 380 m€
- ST financing: +/- 218 m€

** Sibelgas: capital increase in April 2015 for 27 mio € with reserves available for pay-out (December 2014), but not paid out and used for a capital increase,*

Financial Overview

Financial Policies and Strategy

Operational Basis	■ Eandis operates on a cost price basis ■ The DSOs operate in a fully regulated framework ■ Each DSO has its own cost structure for E and G separately, therefore 7 x 2 tariff proposals are introduced ■ All energy suppliers are required in order to receive network access to either (1) provide a letter of credit, (2) obtain a rating, or (3) provide a deposit equal to 3 months upfront network fees
DSOs' Capital Structure	■ The regulator uses a defined regulated capital structure with preponderance for debt to equity ■ Current balance sheet structure at approximately 42,4% equity versus 57,6% debt (BE-GAAP)
DSOs' Financial Policies	■ Dividend payout ratio is fixed at 90%, in accordance with previsions ■ Financial transactions need prior approval by the Board of Directors ■ Funds (bank loans, bonds) borrowed by Eandis solely on behalf of each DSO (= pass through principle) ■ Each DSO guarantees the debt up to a percentage equal to the percentage of its participation in the capital of Eandis
Funding Currency	■ External funding in EUR only (no exchange rate risks)
Risk Management Policies	■ Interest rate swaps are used for hedging purposes only ■ Each transaction must be formally approved

3. Company & Business Overview

- Ownership structure
- Intermunicipalities and DSOs
- Eandis's Network
- Corporate Social Responsibility

Company Overview
Ownership Structure

- Eandis is 100% owned by **7 Flemish DSOs** (Gaselwest, IMEA, Intergem, Iverlek, Imewo, Iveka and Sibelgas)
- These DSOs are **100% publicly owned:**
  - i.e. municipalities and provinces
  - Sibelgas: important stake held by IBE/IBG
- Flemish government aims at (1) the possibility of the **entry of a private partner** (not energy related) in DSOs' capital – parliamentary approval for amendment to current decree needed and (2) **exit of the provinces**
- The current expiry date of the mandate for each DSO is:

IVEKA	31 December 2016
INTERGEM	14 September 2018
IVERLEK	9 November 2019
IMEA	9 November 2019
IMEWO	9 November 2019
GASELWEST	21 March 2023
SIBELGAS	25 April 2026

- Expiry date for all Flemish DSOs (incl. Infrax's DSOs) to be set at **9 November 2019** (upcoming Flemish Decree)
- At the end of the mandate expiry of each DSO, the municipalities can decide to **extend the DSO mandate for another 18 years**. If a municipality should decide not to take part in a prolongation, it is obliged to take over from the DSO/Eandis their relevant assets & liabilities (incl. financial debt), personnel, public service obligations etc.

Company Overview

Ownership Structure as per **30 December 2014**

Municipalities (+ provinces)

↓ **100%**

7 Distribution System Operators

GASELWEST, IVEKA, INTERGEM, IMEWO, IMEA, IVERLEK, SIBELGAS

↓ **100%**

Eandis cvba

↓

4 subsidiaries

de stroomlijn, SYNDUCTIS, index.is, ATRIAS

Business Overview

Eandis' network

The Market Served by Eandis Covers 78% of the Flemish Municipalities

Electricity Market

Total network length (km)	96.408
low voltage	62.014
mid voltage	34.394
Access points	2.616.357
Budget meters in operation	33.734
Public lighting points	842.758
Volume transported (TWh)	25,6

(*) All figures as per 31 December 2014 - Source : Eandis Annual Report 2014

Business Overview

Eandis’ network

The Market Served by Eandis Covers 78% of the Flemish Municipalities

Gas Market

Total network length (km)	42.238
low pressure	34.391
mid pressure	7.847
Access points	1.706.223
Budget meters in operation	24.180
Volume transported (TWh)	46,1

(*) All figures as per 31 December 2014 - Source : Eandis Annual Report 2014

4. Belgian Energy Market & Regulatory Framework

- Regulatory framework: Purpose & Organisation
- Regulatory framework for Electricity and Gas Distribution
- Tariffs setting – Key characteristics
- Tariffs and Fair Beneficiary Margin
- Tariffs and Treatment of Differences between costs and revenues

Regulatory Framework
Purpose and Organisation of the Regulatory Framework in Belgium

Purpose

- **Organise the energy market** in order to
  - Increase generation capacity through import and new generation units
  - Improve competition on the generation side
  - Provide the framework for neutral, technically well integrated and cost efficient networks for gas and electricity transmission and distribution
  - Benchmark cost of energy
  - Reduce costs
  - Permanently monitor the market and if necessary adjust regulations to improve its organisation
  - Have a well functioning retail market
- Take action with a view to **satisfy the climate objectives**
  - Harmonise the energy policies with environmental policies
  - Promote efficient use of energy
  - Promote use of renewable energy and use of CHP (Combined Heat and Power) units

Areas of Competencies

- In order to organise the energy market, one federal (<u>CREG</u>) and several regional regulators (Flanders: **<u>VREG</u>**) were set up in Belgium
- **<u>The federal regulator's areas of competence (CREG)</u>**
  - Electricity generation (except from renewable sources and combined heat and power systems)
  - Electricity transmission on > 70 kV grids
  - Gas storage and gas transport
  - Tarification for transmission
- **<u>The three regional regulators' areas of competence</u>**
  - Local distribution of electricity (voltage ≤ 70kV)
  - Local distribution of natural gas
  - Energy production from renewable sources and combined heat and power systems
  - Rational use of energy (RUE)
  - (Social) public service obligations
  - Organization of supply market and supply licenses
  - Tarification for distribution (as from 1 July 2014)

Regulatory Framework

Distribution Grid Tarification – Transfer of competency

- formal date of transfer: **1 July 2014** - VREG replaced the CREG as competent tariff-setting regulator for the Flemish Region - appointment by Flemish Decree of 14 March 2014
- no complete set of legislative measures currently in place to accommodate the transfer of competences - until Flemish Region takes additional legislative action to repeal/replace the federal legislative framework on distribution tariffs, current (federal) tarification system principles remain applicable
- 30 September 2014: VREG publishes **tariff methodology for transitory tariff period 2015/2016**,
  - while contesting the procedure leading to the tariff methodology, Eandis/DSOs have nevertheless implemented the 2015 tariffs based on this tariff methodology
  - principles of non-discrimination, stability, transparency, business continuity, efficiency and avoidance of tariff shocks
  - based on a **revenue cap model** ('exogenous' costs excluded), with incentives for non-exogenous costs
  - **RABxWACC-based fair remuneration** for DSO's shareholders
  - still needed for a complete Flemish tarification system : tariff guidelines & tariff structure

Regulatory Framework
Towards a Flemish Distribution Grid Tarification

The coalition agreement for the Flemish government (2014-2019) stipulates the following elements with regard to the future distribution grid tariffs in the Flemish region:

- distribution tariffs to be reformed into **purely grid-related tariffs per customer segment**, reflecting capacity required by the end user
- tariff should **reflect costs** for both off-take and injection
- **balances from previous tariff periods** (partly caused by tariff freeze 2013-2014) to be settled in tariff methodology
- tariff should take into account the **costs for constructing and using the grid**
- **objectifiable differences** will be integrated into the tariffs, e.g. grid density (rural vs urban areas)
- a **possible uniform contribution** for social/ecological public service obligations will be investigated

→ still to be confirmed in formally approved tariff guidelines

Regulatory Framework
Distribution Grid Tarification 2015-2016

- VREG approved the 2015 tariffs E & G (2016 to be approved in 2015) within the context of a transitory tariff period of 2 years; regular 4-year tariff periods to start in 2017-2020

- Basic tarification principles:

  - **revenue regulated** ('revenue cap' or 'allowed income') for non-exogenous costs:

    $\mathbf{AI_n = AI_{n-1} * [1 + CPI - x + q]}$ in which

    - AI = allowed income
    - x = efficiency factor *(not yet implemented)*

    CPI = consumer price index
    q = quality factor *(not yet implemented)*

  - **RAB x WACC for 2015** with gearing [= debt/(debt+equity)] set at 55%
    - **cost of equity at 5,7%**, with risk-free rate = 2-year average yield on 10y Belgian OLO & German Bund, equity risk premium at 5,1% (E & G) and β at 0,73 (E & G)
    - **cost of debt at 4,1%**
    - → **RAB-based WACC at 4,8% (post-tax);** WACC at 6,1% (pre-tax)

  - VREG allows for the **recovery of regulatory balances 2008-2009** over 2015-2016; recovery of 2010-2014 regulatory balances still unclear (possibly over a 3-year period starting on 1 January 2016)

  - **differences in exogenous costs and volume differences** are settled in the annual tariffs

Eandis cvba
Brusselsesteenweg 199, B-9090 Melle

Your contact: Investor Relations (Koen Schelkens)
mail to: investors@eandis.be / tel: +32/9/263 45 04
http://www.eandis.be/eandis/investor-relations-en.htm

Annexes

Company Overview
Organizational Structure: Management Committee (as from 1 Jan 2015)

Walter
VAN DEN BOSSCHE, CEO

Chairman Management Committee

Guy COSYNS
Customer Operations

Wim DEN ROOVER
Network Operations

Jean Pierre HOLLEVOET
Network Management

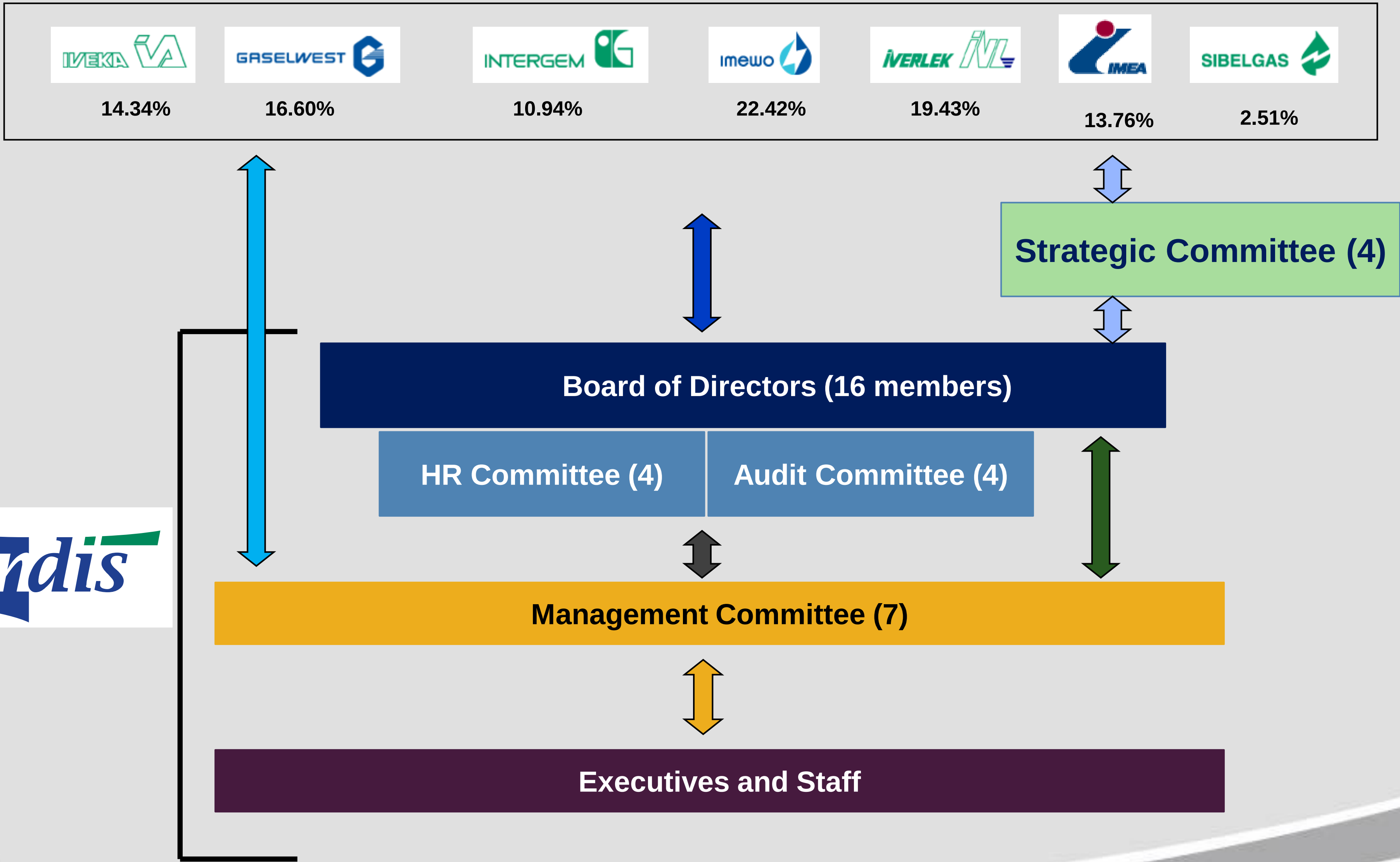
David TERMONT, CFO
Finance, Administration & ICT

Donald VANBEVEREN
Regulation & Strategy

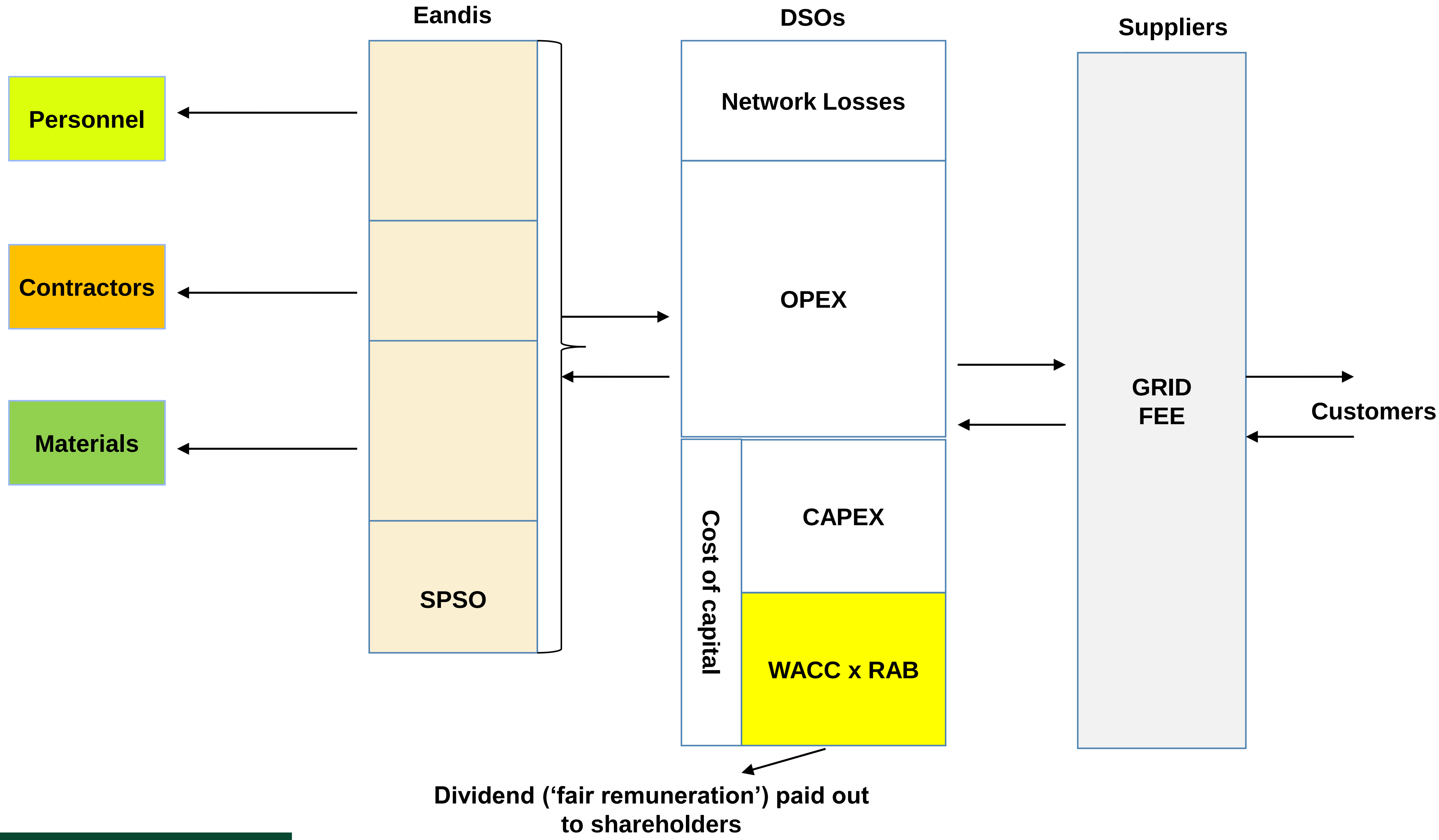
Werner VERLINDEN
HR &
Organisational Management

Company Overview

Corporate Structure: Eandis and 7 DSOs



Regulatory Framework
Cash Cycle



Company Overview
Intermunicipalities and DSOs

Intermunicipalities - Overview

- **In Belgium, municipalities are in charge** of the provision of several public services covering, among others, waste management, water management, environment, **energy distribution**.
- The municipalities may **organise** these tasks in two ways
  - Through a "municipal company" (also called "regie") in which each municipality organises the service with its own personnel and financial resources
  - Through an association of several municipalities, (also called **"intermunicipality")** in which several municipalities are associated to provide a common service
- Legal status of **companies of public law**
- In Flanders, intermunicipalities are governed by the **Flemish Decree of 6 July 2001**. All items not explicitly covered by this decree are covered by the corporate rules for a "cooperative company" ("cvba")

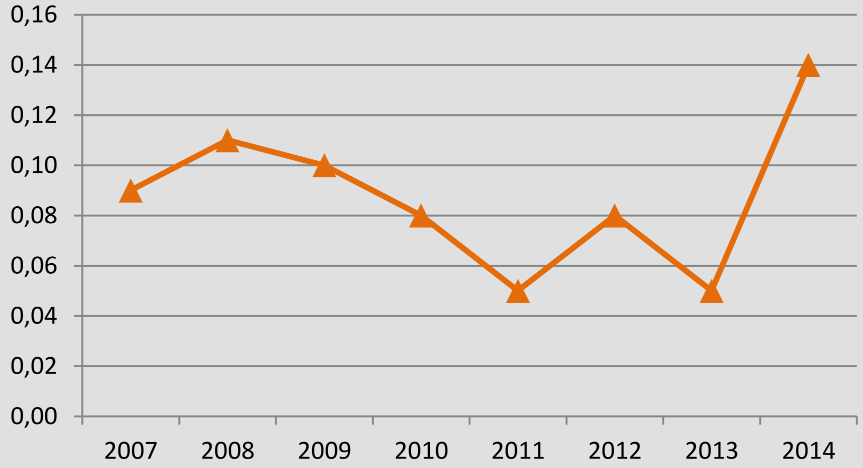
DSOs - Overview

- Most municipalities have chosen to organise their mission of electricity and gas distribution system operator ("DSO") through **intermunicipal associations**
- The actions of the intermunicipal DSOs - being public law companies - do not have a commercial character, thus the **Belgian Act of 8 August 1997 on bankruptcy does not apply**
- In view of their mission entrusted by public shareholders, the **intermunicipal DSOs perform a public service** in an environment driven by principles of equality, continuity, regularity of service in relation to its suppliers and customers, rather than by principles of pure economic profit
- Each intermunicipal DSO holds **a legal monopolistic position** for the area covered by its network
- Each intermunicipal DSO owns **its proper grid** infrastructure
- Each intermunicipal DSO is appointed by the regional regulator VREG for a **renewable term of 12 years**: ownership of network (or rights of use) is prerequisite for obtaining such a licence – licence for E was renewed in HY2 2014, for G to be renewed in 2015

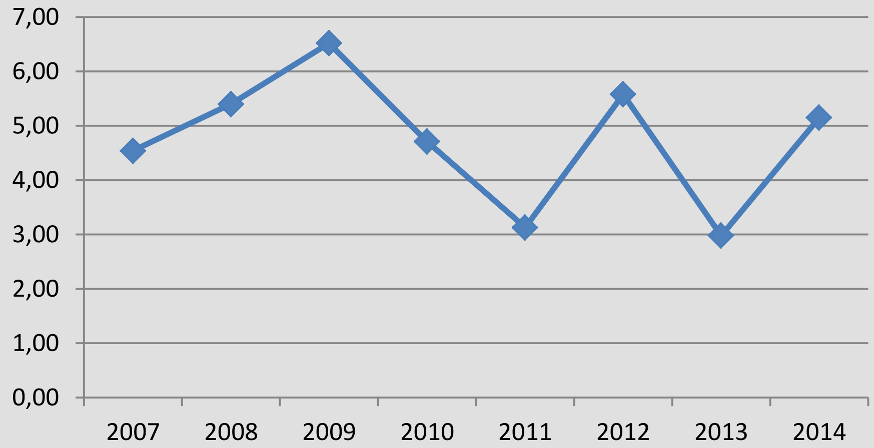
Eandis: safety & reliability

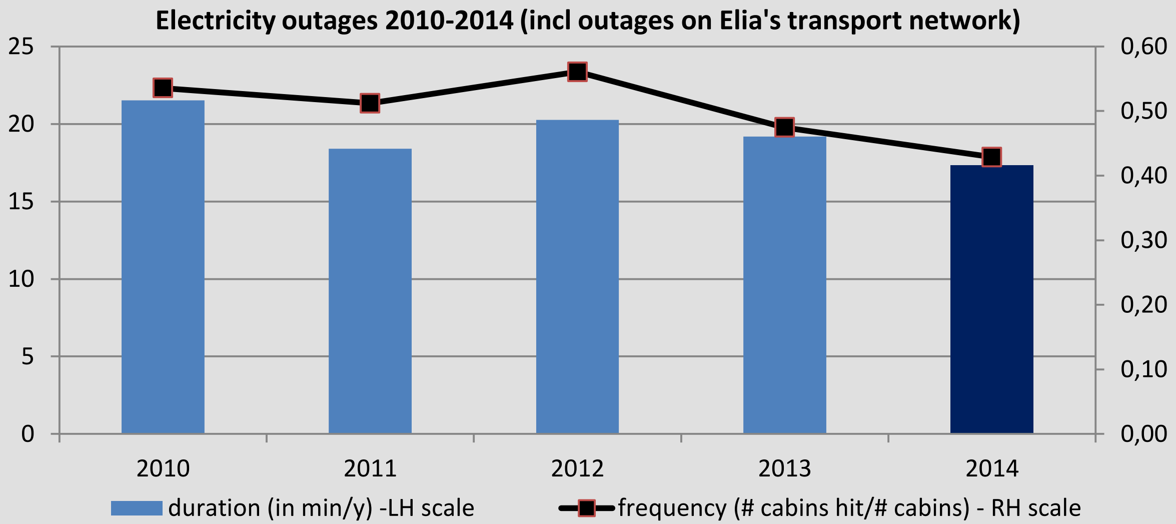
Industrial accidents (2007-2014) / electricity outages (2010-2014)

Gravity Index (Eg)



Frequency Index (Fg)





Source: Eandis figures

Eg= # days lost due to industrial accidents x 1000/# hours worked / Fg= # industrial accidents resulting in days lost x 1000/# hours worked

eandis

Eandis's subsidiary: De Stroomlijn cvba

- Activity: call centre for distribution network related issues
- Shareholders: Eandis (64,03%), multi-service company Farys[1] (32,98%) and Synductis (2,99%)
- Board: 7 members (of which 4 for Eandis, incl. Chairman David Termont)
- Staff: 249 [2] on 3 sites (Mechelen, Ghent and Ypres)
- Works at **cost price** (no margin/profit) for its shareholders
- Consolidated according to the integral method
- Financials 2014 (BE-GAAP)
  - Balance sheet total: € 4.093.778
  - Share capital: € 257.700
  - Debt: € 3.836.078 of which € 3.785.028 < 1 year / no LT debt)
  - Turnover: € 12.323.300

(1) Farys is the new name for T.M.V.W.
(2) As per end 2014

Eandis's subsidiary: Indexis cvba

- Activity: metering related (IT-)services supporting the processes in the free energy market, esp. metering data transmission between market parties (suppliers and distributors)
- Shareholders: Eandis (70%) and its Walloon counterpart ORES (30%)
- Board: 6 members (of which 3 for Eandis, incl. Chairman Guy Cosyns)
- Staff 49 *(on 31 December 2014)*
- Works at **cost price** (no margin/profit) for its shareholders
- Consolidated according to the integral method
- **Operations and staff will be completely integrated into Eandis (1 January 2016) – Indexis will then cease to exist**
- Financials 2014 (BE-GAAP)
  - Balance sheet total: € 10.394.603
  - Share capital: € 3.216.131
  - Debt: € 7.107.163 (of which € 7.104.948 < 1 year / no LT debt)
  - Turnover: € 19.312.418

Eandis’s subsidiary: Atrias cvba

- Shareholders: all Belgian distribution grid operators
  Eandis: 25% of share capital
- Board: 12 members (of which 3 for Eandis, incl. Chairman Walter Van den Bossche)
- Staff: 15 *(on 31 December 2014)*
- Established: 9 May 2011
- Operates on a federal scale (the whole of Belgium) for reasons of economies of scale
- Atrias has developed MIG-6 (Message Implementation Guide, smart-ready) and is charged with the development of a clearing house application by the start of 2018
- Works at **cost price** (no margin/profit) for its shareholders
- Consolidated in Eandis according to the equity method
- Financials 2014 (BE-GAAP)
  - Balance sheet total: € 12.598.464
  - Share capital: € 18.600
  - Debt: € 12.579.864 (of which € 12.570.211 < 1 year / no LT debt)
  - Turnover: € 5.754.047

Eandis's subsidiary: Synductis cvba

- Date of establishment: 21 December 2012
- Shareholders: Eandis (33,33%), Farys (44,95%), Proximus (16,67%), IWVA (2,26%) and IWVB (2,79%) – water company Pidpa joined in June 2015 - open for other utilities
- Board: 5 members (of which 2 for Eandis, incl. Chairman Geert Versnick)
- Staff: none, all operations by staff delegated by shareholders
- Synductis detects synergies between utilities carrying out infrastructure works in the public domain (energy, water, telecom, sewage a.o.), thus reducing hindrance for the general public and realising cost efficiencies for the utilities
- Works at **cost price** (no margin/profit) for its shareholders
- No consolidation for fiscal year 2014
- Financials 2014 (BE-GAAP)
  - Balance sheet total: € 1.209.942
  - Share capital: € 18.600
  - Debt: € 1.191.342 (all debt < 1 year / no LT debt)
  - Turnover: € 1.833.923

Regulatory Framework

Public Services Obligations: socio-economic, technical, ecological

- **RUE** (Rational Use of Energy, 'REG' in Dutch)
  - DSOs are required to **reduce primary energy use**
  - DSOs draw up compulsory annual **RUE Action Plans**, to be ratified by the VREG
- **certificate mechanism**
  - DSOs are compelled to buy **green power certificates and CHP certificates** at a predetermined price from the generators - DSOs can sell these certificates at (lower) market prices in an auction procedure
- **SPSO** (Social Public Service Obligations, 'SODV' in Dutch)
  - Goal : to ensure **minimum and continuous supply of electricity and gas** to any household in Flanders
    - social supplier for customers dropped by commercial suppliers
    - cut-offs from grid connection only allowed in well-defined circumstances (fraud, disused premises etc.)
    - free electricity of 100 kWh per residence + 100 kWh per family member (abolished as from 1 January 2016)
    - special conditions for protected customers e.g. free installation of a budget meter
- **global service obligations**
  - **right of connection** to the gas and electricity network (Flemish Government Decision, 19 November 2010)
  - DSOs' annual **investment plans** to be ratified by VREG
  - **supplier of last resort** in case a supplier defaults (no legal document as yet, intermediary system currently in place)

DSOs are crucial in implementing the Flemish Government's public service / social welfare policies.
In addition, supplier of last resort indicates the confidence of the Flemish Government in the DSOs' networks.

eandis