



Eneco, at the heart of society

Annual Report 2012 Eneco Holding N.V.



Message from the CEO

Customers connect with Eneco

Our energy world is changing. This was again apparent in 2012. Citizens and businesses are becoming more and more aware that things should and can change. They increasingly opt for a sustainable energy supply and also want their costs to be predictable and affordable. Families and businesses are becoming producers, generating clean energy locally on a small scale and sharing it with their neighbours. It is our story, our vision, which is now becoming a reality.

Eneco, my company

Eneco opts for sustainable energy and puts customers and their needs first in its further refined strategy. Sustainable, decentralised and together, that is our vision and our responsibility. We are building a business model aimed at saving energy and generating energy in a sustainable manner, together with customers. And because the needs of our customers change, our role is also changing. Step by step, we are becoming each other's partners, a process in which we help customers to take responsibility for their own energy supply. By involving them in the development of new services and products, we can be sure that these have added value for them. Examples include the product *HollandseWind*[®], in which customers benefit from wind energy, and ESCOs, a new form of energy performance contracts. The pipeline that Stedin is installing in the Botlek industrial region for the transport of residual steam, which is subsequently used as a source of energy, is another good example. The Smart Grids Innovation Award, which was awarded to Joulz for the innovative concept of a holiday park that is self-sufficient with respect to its energy supply, also shows how we generate ideas in collaboration with our customers. Our mission is: 'sustainable energy for everyone'. That is what unites us. We wish to be a reliable partner for anyone with whom we work so that they can say: Eneco is my partner for sustainability - Eneco is my company.

Satisfactory financial result

The net result was € 233 million, a 14% increase compared with 2011. Revenues rose by 5% to € 5.3 billion. In view of the market conditions in 2012, we are satisfied with the achieved result.

A changing world

The environment in which we work is dynamic and volatile. The section Developments describes the most important trends that affect our management strategy. Some of these stand out. The global economic crisis, which continued in 2012 and which will also be felt in 2013, also affected the energy market, in particular the business-to-business segment. The low economic activity slows down the transition to a sustainable energy supply, for example as a result of the low CO₂ prices. Due to the high gas prices, the operations of our new gas-fired energy plant are less efficient than anticipated at the beginning of this project. Other activities that are affected by the economic situation are those in the area of maintenance, installation and renewal of energy infrastructure. This is clearly noticeable for our infrastructure company Joulz that was forced to take drastic measures. Eneco will continue to monitor the costs over the next few years and implement a major cost savings program.

However, external circumstances will not distract us from our sustainability course: we will continue to invest in enhancing the sustainability of the energy we supply and our business operations. In the Netherlands, we are working on Eneco Luchterduinen, a new wind farm in the North Sea; the biomass plant Golden Raand in Delfzijl is nearing completion. In Great Britain, we are developing an onshore wind farm for Scottish Water that will make the company partly self-sufficient in its energy supply. The development of the Norther offshore wind farm in Belgium is making good progress. And in France, we collaborate with Fonroche Energy and the Swiss company Susi Partners for the acquisition of solar installations. The transition from central energy generation to sustainable and local energy generation near and by customers continues. This will change our business model. We are developing new business models and propositions in which providing advice to customers plays a bigger role. This results in added value, both for our customers and for Eneco.

The target of the Dutch Government that, in 2020, sixteen percent of the energy that is consumed shall be generated in a sustainable manner – more than Europe requires from the Netherlands – was good news. This ambitious goal indicates that the government attaches genuine importance to the promotion of sustainability. Meeting this target requires strong development of sustainable energy sources such as wind power, solar power and biomass as well as the development of smart grids that transport local sustainable energy from producer to consumer. This means that close collaboration with energy companies is necessary, as well as creating stimulating conditions, such as a favourable business climate, tax benefits for the generation of green energy and higher CO₂ prices. Due to their specific nature, the contribution of the transport sector and built environment to the new government objectives will be limited. This means that electricity production will play a large role. At present, 10% of the electricity is produced in a sustainable manner. By 2020, this should be at least 40%. With our experience and expertise, Eneco is in an excellent position to make a fundamental contribution to the achievement of this objective.

At the same time, there is a noticeable positive development that more and more people want to generate green energy themselves. The market and technological developments offer increasingly better opportunities to make this possible. Examples include the decrease in the production cost of solar panels, combined with an increase in output. We see it as our task to stimulate and support these developments. We also notice that citizens are becoming more outspoken about their expectations of companies and their business operations. Social media play an important role in this respect. They give individuals a voice and connect them with each other and with companies. People expect transparency and honesty from companies, including Eneco.

Our vision 'Decentralised, sustainable, together' calls for a company that is active in the entire energy supply chain, because this change will have a revolutionary effect on the different

elements of the chain as well as on the system as a whole. Dividing up the supply chain into separate parts would prevent us from achieving our social objectives.

Collaboration

We can only realise our ambitions by working together with other parties. That is why we are always looking for ways in which organisations and companies can help each other. For this reason, we started a collaboration with WWF a few years ago and enter into a dialogue with political parties and government bodies about our standpoints. We also have a responsibility towards our customers, the municipalities that are our shareholders and our partners. In connection with our substantial investments, we also seek collaboration in the form of partnerships, both nationally and internationally. This way, we spread the risks and we are able to invest in additional sustainable projects.

At the beginning of 2013, we took a big step by entering into a long-term partnership with the Japanese company Mitsubishi Corporation (MC). MC will have a 50% interest in the new offshore wind farm Eneco Luchterduinen that we are developing. The construction of this wind farm, that will be located off the Dutch coast, will start in 2014. It is the intention that MC will get a 50% interest in the existing Prinses Amalia Wind Farm and there are possibilities for further cooperation in new projects, such as the British wind farm Navitus Bay, in which we already collaborate with EDF, and the Norther Wind Farm in Belgium. We will also start working together with housing corporations on the development of propositions that will be designed especially for this sector.

We also need support from NGOs, organisations that are committed to sustainability and nature protection. Our partnership with WWF resulted in concrete and challenging objectives in areas such as CO₂ emissions reduction and higher sustainable production and supply to our customers.

Excellent service and safety

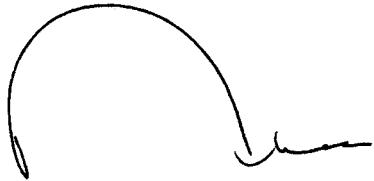
The basic condition for realising our ambitions is that our customers continue to appreciate the service that we provide. Customer satisfaction has increased across the board. However, there is always room for improvement. The major power failures in Rotterdam and Nieuwegein cast a shadow over the otherwise good performance of our grid administrator Stedin. A detailed description of the preventive measures that have been taken to reduce the possible inconvenience to customers to a minimum in the event of an interruption are included elsewhere in this annual report. Safety comes first in everything we do. Safety of our employees as well as the employees of contractors on our building sites and, naturally, the safety of our customers and people living in the vicinity of our installations. We are proud to have further improved our safety performance in 2012.

Our organisation

In December, we welcomed Marc van der Linden as a new member of the Board of Management. Marc has been working at Eneco since 1997 and is familiar with every aspect of the company. We thank Jurriaan Ruys for his substantial contribution to the development of Eneco during his term as an interim member of the Board.

Our new business model and our changing role, in which services, advice and collaboration come first, require our employees to develop new competences. We have great appreciation for their committed and enthusiastic dedication during the past year. It is our responsibility to ensure that they are well prepared and to create a supportive work environment. The new sustainable offices, which we started to use in 2012 and in which our employees work according to the 'new style of working' principle, stimulate collaboration and knowledge sharing.

Eneco has all the resources to take the lead on the path towards a future-proof energy supply.

A handwritten signature in black ink, consisting of a large, sweeping arch followed by a smaller, more detailed flourish.

Jeroen de Haas
Chairman of the Board of Management Eneco Holding N.V.