

Gasunie Financial Results HY 2015

Fixed Income Analyst & Investor Conference Call



Presented by



- René Oudejans, CFO



- Ernst Vasbinder, Corporate Treasurer

Disclaimer

This report has been prepared in accordance with the IFRS 'Interim Financial Reporting' standard (IAS 34), as adopted by the European Union and applicable as at 30 June 2015.

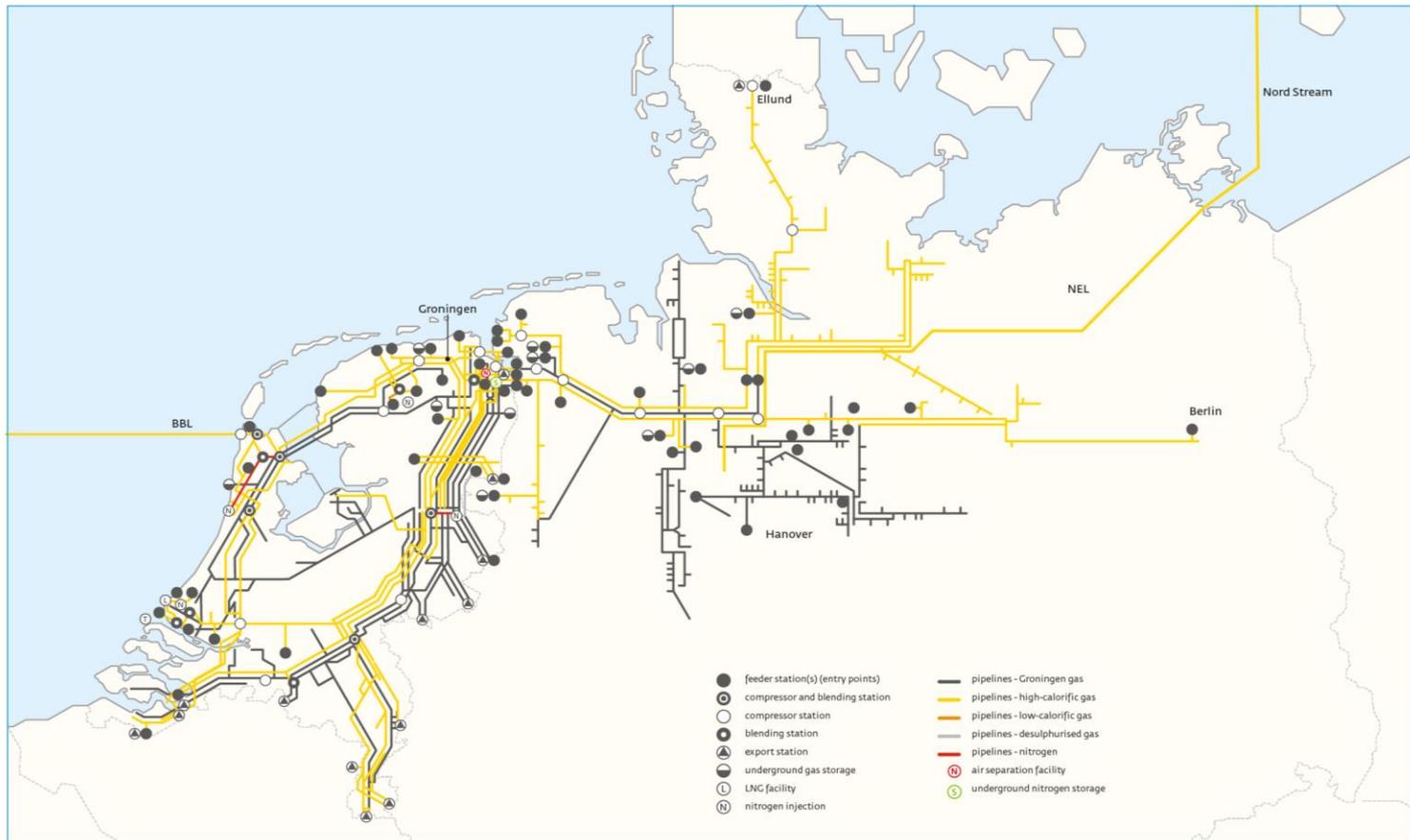
The figures in this report are derived from the 2015 un-audited semi-annual report of N.V. Nederlandse Gasunie.

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This presentation may contain projections or other forward-looking statements regarding future events or the future financial performance of N.V. Nederlandse Gasunie and its subsidiaries. We would like to bring to your attention that these projections and other forward-looking statements are management predictions and that actual events or results may differ materially.

The north-west European gas roundabout

Diversification, flexibility and security of supply becomes increasingly important due to decline of indigenous production in NW Europe.



Mission, vision, strategy

Mission

Gasunie is a leading European gas infrastructure company.

We serve the public interest, offer integrated transport and infrastructure services to our customers and adhere to the highest safety and business standards.

We focus on short and long term value creation for our shareholder(s), other stakeholders and the environment.

Optimise value of existing assets.



Strategic pillars

Strengthen leading position as cross-border gas infrastructure company in Europe.



Enable transition towards more sustainable energy usage.



Vision

We believe in a sustainable future with a balanced energy mix and a lasting role for gas from various sources, both fossil and renewable.

We believe that we serve our customers best with innovative gas infrastructure solutions.

Business model Gasunie

Business Unit
Gasunie Transport
Services (GTS)

Business Unit
Gasunie
Deutschland
(GUD)

Business Unit
Participations &
Business
Development
(P&BD)

Regulated: **GTS** and **GUD**. The core activity of GTS and GUD is the transport of gas in the Netherlands and North Germany respectively. Both companies are Transmission System Operators (TSOs). Their revenues and returns are regulated by national regulatory authorities. The tariffs are calculated by dividing the permitted revenues by the estimated capacity bookings.

Non-Regulated: **P&BD** develops and manages our other infrastructure services. These include gas storage, transport through international pipelines (including offshore pipelines), a terminal for the import of liquefied natural gas (LNG), and our share in the gas exchange ICE Endex. These activities support the liquidity and functioning of the gas market in areas in which Gasunie is active. Revenues and returns are not regulated. The services are offered in competition with other providers.

For more information about the business model, see Gasunie's annual report 2014 (page 16)

Business developments HY 2015

- Gasunie
 - Safety:
 - The Reportable Frequency Index decreased to 3.5 in HY 2015 (5.3 in HY 2014).
 - Pipeline damages: In HY 2015 3 pipeline incidents were reported (2 in HY 2014).

- GTS
 - Gasunie has decided to demerger its subsidiary Gasunie Transport Services into two separate transmission system operators with effect from 1 January 2016. This should allow GTS to service the market more effectively as the role and focus of the two transmission systems will increasingly diverge. In addition, the demerger allows for better comparison with European peers.
 - TTF:
 - Traded volume gas May 2015 YTD: 7,003 TWh (5,322 TWh May 2014 YTD).
 - Net volume May 2015 YTD: 200 TWh (210 TWh May 2014 YTD).
 - Number of active traders as of 31 May 2015: 130 (127 as of year end 2014).

- GUD
 - Large investment projects in northern Germany, such as the Elbe culvert project and the last phase of the Exit-Ellund (ExEll) project, are on schedule.
 - Gaspool:
 - The traded volume gas in HY 2015: 755 TWh (629 TWh in HY 2014).
 - Net volume in HY 2015: 228 TWh (202 TWh in HY 2014).
 - Number of active traders in HY 2015: 400 (398 in FY 2014).

- P&BD
 - GATE terminal: Excavation works started for the new LNG Break Bulk Rotterdam (LBRR) harbor basin, RFO expected mid 2016. As of 1 April 2015, Gasunie and Royal Vopak each hold 50% of the share capital in Gate terminal as a result of a joint venture's sale of its shareholding.
 - EnergyStock: The auction on 10 March resulted in a successful sales of 900,000 MWh. 22 parties have shown their interest in the auction of which five were new names.

Key financial figures

P&L In € mln	HY 2015	HY 2014	Delta
Revenues	876	876	0%
EBITDA	626	662	-5%
EBIT	481	519	-7%
Financial income and expenses	-46	-41	-12%
Taxes	-109	-121	10%
Net Profit	326	357	-9%

Key ratio's	HY 2015	31-12-14	Delta
FFO/Interest coverage *	6.6	6.8	-3%
Net debt/fixed assets	52%	52%	0%

In € mln	30-06-15	31-12-14	Delta
Fixed assets	10,068	10,032	0%
Current assets	169	267	-37%
Total assets	10,237	10,299	-1%
Shareholder's equity	5,501	5,505	0%
Long-term liabilities	3,060	3,768	-19%
Current liabilities	1,676	1,026	63%
Equity & liabilities	10,237	10,299	-1%

* FFO/Interest coverage HY 2015 is based on period 30 June 2014 till 30 June 2015

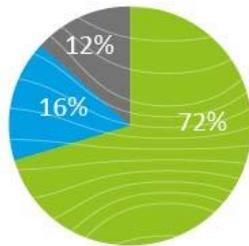
Main developments

- Revenues are unchanged from HY 2014. The sold capacity is comparable to the HY 2014 level. Lower revenues due to the efficiency discounts imposed by the regulators are offset by an increase in the allowed revenues as a result of new assets taken into operation.
- The shift from long-term to short-term (capacity) contracts in the gas market is expected to continue.
- EBIT is lower (-7%) than HY 2014. This is mainly due to higher operational expenditures of Gasunie Transport Services caused by an increase in the replacement program, higher costs for quality conversion and the recognition of a provision (€ 22 million) for the decommissioning and removal of pipelines in the Groningen gas field area to mitigate risks from earthquakes.
- Lower long term liabilities (-19%) and higher current liabilities (+63%) than FY 2014, as a result of debt maturing within one year which needs to be reclassified as short term debt.

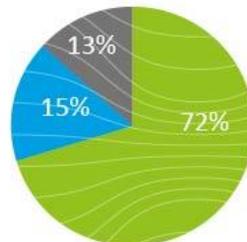
Breakdown per business segment

Regulated activities contribute more than 80% of revenues* and EBIT

Revenues

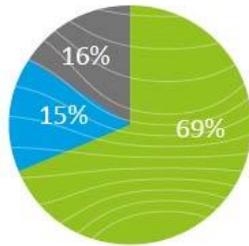


HY 2015

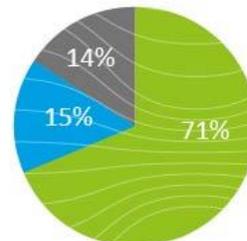


HY 2014

EBIT



HY 2015



HY 2014

Main developments

- Gasunie Transport Services:
 - Revenues HY 2015: € 653 mln (HY 2014: € 656 mln).
 - EBIT HY 2015: € 330 (HY 2014: € 370 mln). See slide 8.
- Gasunie Deutschland:
 - Revenues HY 2015: € 142 (HY 2014: € 139 mln).
 - EBIT HY 2015: € 75 (HY 2014: € 76 mln).
- Participations & Business Development:
 - Revenues HY 2015: € 113 mln (HY 2014: € 113 mln).
 - EBIT HY 2015: € 76 mln (HY 2014: € 73 mln).

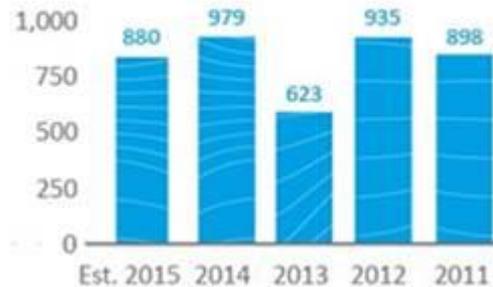
Regulated Gasunie Transport Services | Gasunie Deutschland
Non-regulated Participations & Business Development

*Before inter-segment eliminations.

Cash flow from operating and investing activities

Cash flow from operating activities

In € mln

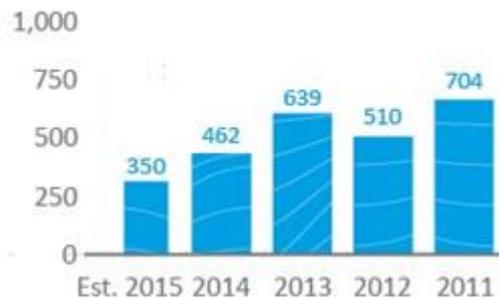


Main developments

- Estimated cash flow from operating activities is lower than 2014, This is mainly due to:
 - Higher operational expenditures caused by an increase in the replacement program and higher costs for quality conversion.
 - Movement in net working capital.

Cash flow from investing activities

In € mln



- The estimated investments in 2015 are expected to decrease to approx. € 350 mln (2014: € 462 mln) due to decreasing amounts required for expansion projects.
- Investments 2015 have increasing focus on the long-term replacement program.

Financing: Debt profile allows for good access to financial markets

Gasunie has good access to the financial markets and has committed credit lines in place to ensure a sufficient liquidity position. In July 2015 the € 750 mln revolving stand-by credit facility (RCF) has been extended by one year leading to a new maturity date of 24 July 2020.

Debt Programs

EMTN program of € 7,500 mln

ECP program of € 750 mln

Committed credit facilities at 30 June 2015

Stand-by revolving credit facility of € 750 mln

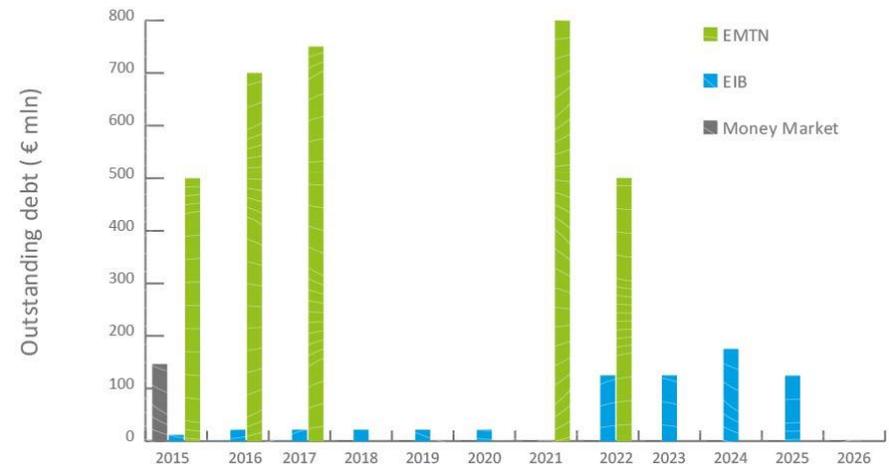
Composition of Gasunie's total interest bearing debt at 30 June 2015

Debt (€ mln)

Money market debt	186
Loans of the European Investment Bank (EIB)	668
Euro Medium Term Notes	3,250
Total	4,104

- Upcoming bond redemptions (next 24 months): 30 October 2015 (€ 500 mln), 20 June 2016 (€ 700 mln), 31 March 2017 (€ 750 mln).
- Gasunie intends to refinance the maturing 30 October 2015 €500 mln bond by a capital market transaction in Q3 or Q4.

Maturity profile of outstanding debt



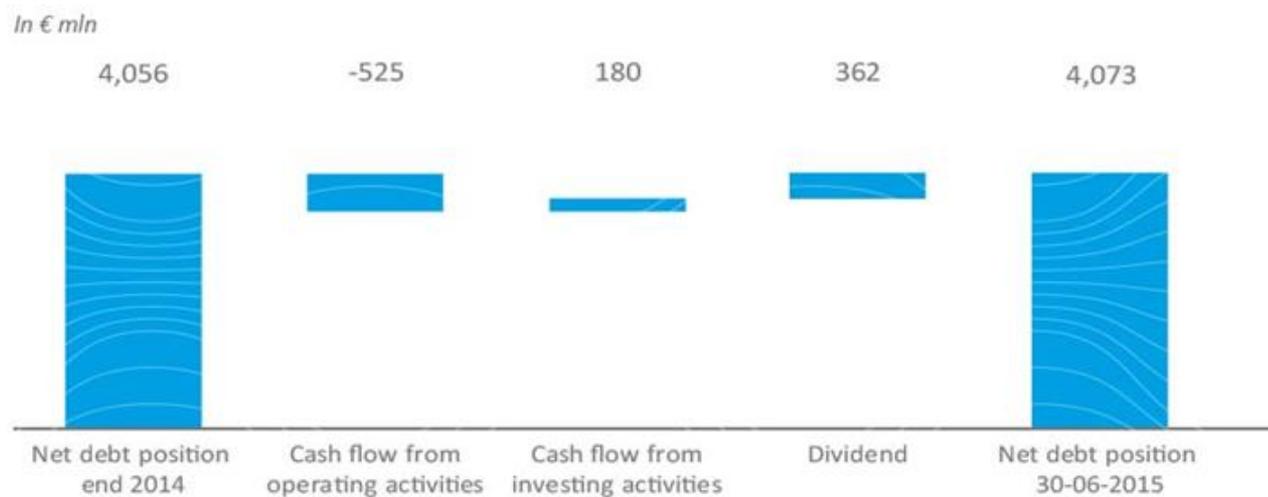
Financing: Total net debt remained stable during HY 2015

30-06-2015 in € mln		31-12-2014 in € mln	
Total debt	4,104	Total debt	4,103
Cash position	31	Cash position	47
Total net debt	4,073	Total net debt	4,056

Weighted average interest rate of outstanding long term loans on 30-06-2015: approx. 3.6% p.a.

Weighted average maturity of long term loans: 4.0 years.

The movement of the total net debt during HY 2015 can be explained as follows:



Financing: Solid ratings

Moody's unchanged; S&P outlook revised from stable to positive

MOODY'S INVESTORS SERVICE

A2/Stable
P-1

Rationale

- Low business risk profile because around 90% of the Group's reported revenue are derived from regulated gas transmission network operations under well defined and relatively stable regulatory regimes in the Netherlands and Germany.
- Rating is constrained by challenging Dutch tariff setting.
- Liquidity profile remains solid.
- Two-notch uplift, stemming from strong support from its 100% owner, the State of the Netherlands (Aaa).
- The stable outlook reflects the view that Gasunie will be able to maintain credit metrics over the medium term in line with the minimum guidance for its current rating outlined by Moody's, despite cash flow pressures stemming from a lower allowed return for the Dutch network operations.



A+/Positive
A-1

Rationale

- Business Risk: Excellent. Focus on very low risk regulated gas transmission activities in the Netherlands and Germany. Low level of earnings' volatility.
- Financial risk: Intermediate. Underpinned by strengthening credit metrics and the expectation of positive and growing discretionary cash flows, on the back of structurally declining capital expenditures.
- High likelihood of extraordinary support from the State of the Netherlands leads to a 2-notch uplift of the "a-" stand-alone credit profile.
- Liquidity position: Adequate.
- The positive outlook reflects the positive outlook of Gasunie's 100% owner, the State of the Netherlands (AA+).

Source: Moody's Investors Service Credit Opinion of 5 June 2015 and Standard & Poor's Rating Services Research Update of 28 May 2015.

Key take-aways and outlook

- Financial performance HY 2015:
 - Revenues from new assets are compensating for the efficiency discounts required by the regulators;
 - Net profit decreased to € 326 mln in HY 2015 from € 357 mln in HY 2014 mainly due to higher operating expenses;
 - Shift from expansion projects to more replacement investments has led to lower CAPEX in HY 2015.
- Financing and funding:
 - Net debt is expected to decrease further;
 - Good access to financial markets;
 - Ratings are solid (A+/A2), outlook on Standard & Poor's rating changed to "positive".
- Outlook:
 - Modest decrease of net profit expected in 2015 due to yearly efficiency discounts only partly offset by revenues from new assets.
 - Estimated total revenues FY 2015: approx. € 1.6 bln (FY 2014: € 1.65 bln);
 - Estimated net profit FY 2015: approx. € 550 mln (FY 2014: € 603 mln).
 - Shift from expansion projects to replacement investments. For the following three years the annual CAPEX outlook is approx. € 300 mln.
 - In Q1 2016, a final investment decision is foreseen by Gasunie Transport Services for a new nitrogen facility in the Netherlands. In case of approval the above CAPEX outlook will increase.
 - Focus will be on:
 - Optimisation of new regulatory frameworks for Gasunie Transport Services and Gasunie Deutschland;
 - Sale of non-regulated transport capacity released from expiring contracts;
 - Operational excellence;
 - Development of new sustainability projects as part of the current strategy.
 - Redemption of approx. € 2 bln long-term debt in 2015-2017 of which € 500 mln in October 2015; for refinancing, all relevant products and markets will be taken into account.

Questions & Answers

Thank You!

For further information:

Ernst Vasbinder: +31 50 521 2742, E.F.W.Vasbinder@gasunie.nl

René van der Haar: +31 50 521 2697, R.E.van.der.Haar@gasunie.nl

Sierd Wilkens: +31 50 521 1037, S.W.Wilkens@gasunie.nl

