

**Eneco strengthens its sustainable course and further expands internationally with a consortium led by Mitsubishi Corporation as new shareholder**  
***Shareholders' committee and Eneco reach agreement with a consortium of Mitsubishi Corporation and Chubu on an offer for Eneco for a value of EUR 4.1 billion.***

Highlights of the agreement:

- The shareholders' committee<sup>1</sup>, Eneco and a consortium led by Mitsubishi Corporation have reached an agreement on the proposed sale of all shares in Eneco for a total equity value of EUR 4.1 billion
- The consortium has made the best offer for the shareholders and all other stakeholders of Eneco, including its employees, with the best terms and conditions including price and deal certainty
- Mitsubishi Corporation (80%) and Chubu (20%) will fund the proposed transaction fully by using existing cash resources
- Mitsubishi Corporation and Chubu are shareholders with a long-term horizon and are in full support of strengthening Eneco's sustainable strategy
- The consortium will further expand the business of Eneco internationally:
  - Eneco will become the European centre for all energy-related activities of Mitsubishi Corporation, a global enterprise with great ambitions in the area of energy transition, and Chubu, the 3<sup>rd</sup> largest Japanese energy company with about 10.2 million retail customer contracts and focussed on non-fossil energy sources
  - Mitsubishi Corporation plans to transfer part of its offshore wind activities (more than 400 megawatt) to Eneco
- Eneco remains intact as an integrated and independent Dutch energy company:
  - the brands of Eneco, its corporate culture and corporate identity remain unchanged
  - the employment and employment conditions remain unchanged
  - the head office of Eneco remains in Rotterdam
- Eneco's credit profile (currently BBB+ under S&P) is expected to benefit from the financial strength of the new shareholders
- Ruud Sondag will resign as CEO upon completion of the proposed transaction and will remain as senior adviser. He will be succeeded by a Dutch CEO
- Eneco Chief Customer Officer Hans Peters and a representative of Mitsubishi Corporation (to be announced) will be added to the current board of management
- The agreement has been entered into by the shareholders' committee. The 44 Dutch municipal shareholders will be given the opportunity to take a final decision on the sale of their shares
- The agreement is supported unanimously by the board of management and supervisory board of Eneco, who consider it to be in the best interest of Eneco and all of its stakeholders
- The central works council has a positive view on Mitsubishi Corporation and Chubu as future shareholders and has rendered an unconditional positive advice on the transaction
- The Enterprise Chamber will be requested to terminate the inquiry proceedings

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<sup>1</sup> In this press release, the shareholders' committee means the committee of selling shareholders consisting of the municipalities of Rotterdam, The Hague, Dordrecht, Lansingerland, Capelle aan den IJssel, Molenlanden, Heemstede and Achtkarspelen.

**The shareholders' committee, Eneco Groep N.V. ("Eneco") and a consortium of Mitsubishi Corporation ("Mitsubishi Corporation") and Chubu Electric Power Co., Inc. ("Chubu"), ("Consortium"), are pleased to announce today that they have reached an agreement on the sale of all shares in Eneco for a total value of EUR 4.1 billion. The Consortium has made the best offer for the shareholders and all other stakeholders of Eneco, including its employees, with the best terms and conditions, including price, and deal certainty. In the upcoming period, the 44 municipal shareholders will be given the opportunity to take a final decision on the sale of their shares.**

**The shareholders' committee, the board of management and the supervisory board of Eneco completed a diligent privatisation process in the past months, with consideration for the interests of all stakeholders. This has led to today's announcement. The transaction is subject to approval of the relevant authorities, including the Dutch minister of Economic Affairs and Climate Policy.**

Takehiko Kakiuchi, CEO of Mitsubishi Corporation: *"We are impressed by Eneco's achievements and its market position and intend to further build on that position. Eneco and we have been successfully working together since 2012 in a long-term strategic partnership and as a result have a proven track record of successful collaboration on various renewable energy projects. We share the same long-term vision of "Everyone's sustainable energy", have a good cultural fit and we firmly believe that Eneco is well positioned to continue to play a leading role in the energy transition. Eneco fits in perfectly with our current energy activities and provides us with a platform to further grow in the European market in which we intend to have a leading position in the energy transition. We strongly believe that we are the best partner for all stakeholders of Eneco and look forward to jointly further develop a sustainable strategy."*

Ruud Sondag, CEO of Eneco: *"With the consortium of Mitsubishi Corporation and Chubu we have found shareholders that support Eneco's strategy for a hundred per cent. Our partner for several years, Mitsubishi Corporation, will now become our largest shareholder. And, equally important: Eneco will remain intact as an integrated and independent Dutch energy company. We will receive ample opportunities for expansion both inside and outside Europe.*

*I am proud that the shareholders' committee, supervisory board and board of management have jointly and in unanimity reached this positive result. At least as important is that the central works council also has a positive view on Mitsubishi Corporation and Chubu as future shareholders and has rendered an unconditional positive advice. We are looking forward to continuing to work on the energy transition and a sustainable future, together with our customers, employees, partners, governments and new shareholders."*

Arjan van Gils, alderman responsible for finance in the municipality of Rotterdam and chairman of the shareholders' committee: *"Several market players have shown great interest for Eneco, which confirms the unique position Eneco holds in the energy transition. Our priority was to conduct a diligent sale process, with consideration for Eneco's sustainable strategy and other interests of all stakeholders of Eneco. We are therefore pleased that, in unanimity with the board of management and the supervisory board, we have found stable shareholders in Mitsubishi Corporation and Chubu for Eneco that share Eneco's sustainable goals and ambitions. The consortium has offered the best terms and conditions on all levels and meets all criteria that were set in the sale process in the best way. The consortium has the required financial strength to further build Eneco, both in light of the energy transition as well as commercially. In the upcoming period, we will further explain the proposed transaction to Eneco's 44 shareholders."*

### **Strategic rationale**

In the Consortium, Eneco has found new shareholders that fully endorse, strengthen and contribute to the further national and international development of Eneco's strategy. The Consortium has the best offer for the shareholders and all other stakeholders of Eneco, with the best terms and conditions, including price and deal certainty. Mitsubishi Corporation, a global player with strong ambitions in the area of the energy transition, is a partner with which Eneco has cooperated successfully in the past and which is committed to long-term shareholdership. Having the Consortium as new shareholders will mean that Eneco remains intact and independent and that the employment will remain unchanged. The Consortium will provide Eneco additional financial strength and guarantees the best terms and conditions, including price, for the current shareholders.

#### *Strengthening the sustainable strategy*

With the Consortium, Eneco is able to further expand on the execution of its sustainable strategy, aimed at growth of sustainable energy assets, energy supply and innovative services. Both by way of autonomous growth as well as acquisitions. Eneco will become the centre of all energy-related activities of Mitsubishi Corporation in Europe. Mitsubishi Corporation intends to transfer part of its offshore wind activities to Eneco, in total more than 400 megawatt. Through Mitsubishi Corporation, Eneco will get access to new offshore wind markets in the United States and Japan. Vice versa, Mitsubishi Corporation and Chubu will obtain insight and experience in improving sustainability of the energy supply in their home markets. Between mid-2019 and mid-2024, Eneco will have invested at least EUR 1 billion in renewable generation assets in the Netherlands, Germany, and Belgium.

#### *Eneco remains intact as an independently operating Dutch energy company*

Eneco will remain an independently operating energy company with the consortium as its shareholders, through a newly formed entity, under the direction of the current board of management, supplemented by Hans Peters, Chief Customer Officer (COO) with Eneco, and a Mitsubishi Corporation representative (to be announced).

Employment conditions will remain unchanged, employees retain their employment terms and can tap into new career opportunities, both in the Netherlands and internationally. The Consortium intends to organically grow the company also improving employment opportunities both for existing and prospective employees. Customers can continue to count on the products and services of the trusted brands, including Eneco, Oxxio, Lichtblick, Woonenergie, Quby and AgroEnergy. The head office will remain in Rotterdam. The operations in Belgium and Germany will be continued from their regional head offices.

#### *Strengthened financial position*

Eneco's credit profile (currently BBB+ under S&P) is expected to benefit from the financial strength of the new shareholders and from the acquisition structure without third party debt. This is a favourable precondition for the financing of further growth in renewable assets, and the continuation of Eneco's pivotal function in the north-west European energy trading market. Mitsubishi Corporation has committed an intercompany loan of EUR 1 billion to Eneco which it can draw upon at its discretion and at favourable terms to fund long-term investments.

### **Course of the privatisation process**

In February 2017, Eneco was demerged into a network company (Stedin Holding N.V.) and a generation and supply company (Eneco Groep N.V.). This led Eneco's shareholders to explore a potential sale of

their shares in Eneco. Currently, more than 95% of the shareholders have expressed the intention to sell their shares in Eneco.

In February 2019, the start of a controlled auction was announced to the market through an advertisement. Interested parties could submit their statements of interest and were provided with the opportunity to qualify for further participation in the auction process.

In April 2019, a first selection of the interested parties was made. The parties that qualified were invited to submit a non-binding offer. On the basis of these non-binding offers, Eneco and its shareholders made a further selection and decided which parties were selected to the second phase of the auction process. In the second phase, the selected parties were provided with the opportunity to conduct due diligence.

Various parties submitted a binding offer early November 2019. These binding offers were assessed by the shareholders' committee and Eneco. From this assessment, it was concluded that the Consortium's offer contained the best terms and conditions for the shareholders and all other stakeholders of Eneco, including its employees and customers.

### **Offer for 100% of the shares**

The Consortium has made an all-cash binding offer for all shares in Eneco. The offer has a value of EUR 4.1 billion, excluding net debt (the equity value). In addition, the current shareholders will receive a regular dividend over financial year 2019 in Q2 2020 or in any case prior to completion of the proposed transaction.

The shares in Eneco are held by 44 Dutch municipalities. Shareholders that jointly represent more than 95% of the share capital have already decided that they intend to sell their shares in Eneco. The offer of the Consortium explicitly extends to all shares, including the shares of shareholders that have not yet expressed an intention to sell their shares. The proposed transaction will be definitive if shareholders together holding at least 75% of the issued and outstanding share capital of Eneco decide to sell their shares.

### **Conditions and decision-making process shareholders**

All shareholders will be informed in detail about the proposed transaction, the terms and conditions of the offer and the decision-making process.

On short notice, parties will formally present the offer to all shareholders by sending a detailed explanatory document. Each shareholder will then be asked to take a definitive decision about the sale of its shares in Eneco. For a period of 40 business days after the receipt of the explanatory document about the offer, the shareholders can take the definitive decision to sell their shares. If at the end of this acceptance period, shareholders together holding at least 75% of the issued and outstanding share capital have taken the definitive decision to sell their shares, the Consortium shall declare the offer unconditional. The acceptance period will be extended with 20 business days if this acceptance threshold of 75% has not been met within the first 40 business days.

Shareholders that have not taken the definitive decision to sell their shares during the acceptance period (including the potential 20 business days extension), can still sell decide to sell their shares during a post-acceptance period of 25 business days.

If the Consortium ultimately holds at least 95% of the shares, the Consortium can initiate statutory squeeze-out proceedings in order to obtain 100% of the shares.

### **Fairness opinions**

On 22 November 2019, both Duff & Phelps and Aperghis & Co have issued a fairness opinion to the committee of selling shareholders. Duff & Phelps has issued such fairness opinion in its capacity as independent valuator. Both have concluded that, from a financial point of view and as of that date, the price offered by the Consortium is fair towards the shareholders, under the terms and assumptions set forth in each separate fairness opinion.

### **Additional covenants**

Parties have agreed to certain additional covenants of which most will apply for a period of 5 years as of completion. These additional covenants are summarised below.

#### *Strengthening the sustainable strategy*

The Consortium wants to continue Eneco's sustainable strategy and focus on Eneco's growth and the cooperation between Eneco and the Consortium. The Consortium endorses, and will invest in, Eneco's integral, sustainable (growth) strategy. This includes, amongst others, continuing to invest in sustainable assets, innovative products and services, research and development and the expansion of the (energy) activities of Eneco. The Consortium views Eneco as a gateway to the European sustainable energy market and a growth platform for its European energy activities. For Eneco, the cooperation with the Consortium offers the possibility to expand its current (energy) activities both nationally and internationally.

#### *Governance*

After successful completion of the proposed transaction, Eneco's current board model will be maintained. Eneco COO Hans Peters and a representative of Mitsubishi Corporation (to be announced) will join the current board of management. Ruud Sondag has decided to continue as CEO of Eneco until the completion of the proposed transaction and to ensure a smooth transition towards the new ownership structure. He will remain active as senior advisor to Eneco after completion of the transaction. The supervisory board expresses its sincere appreciation for the crucial contribution of Ruud Sondag to the success of this privatisation. The search for a new Dutch CEO to succeed Ruud Sondag will be carried out by the supervisory board in close coordination with the new shareholders.

Eneco will maintain its full large company regime, with its own supervisory board consisting of seven members. It is envisaged that at completion of the transaction, the current chairwoman of the supervisory board, Charlotte Insinger, will step down and she will be succeeded by Mel Kroon (former CEO of TenneT Holding). Two independent supervisory board members, nominated by the central works council, will monitor the execution of the additional covenants. Michael Enthoven will remain in function as one of the independent supervisory board members.

#### *Financing*

The Consortium will finance the proposed transaction from its own cash resources and has indicated that it will continue to finance Eneco prudently, in order to safeguard the company's financial stability and continuity and to ensure that it will have sufficient funds to execute its sustainable investment plans in renewable assets, its heat strategy and its ambitions for international expansion.

#### *Position of employees*

The Consortium has made commitments to safeguard the interests of the employees of Eneco. Parties share the conviction that the employees are of crucial importance to the future success of the company. The Consortium will respect all existing employment terms, including the employment agreements,

pension obligations, collective labour agreements, the existing social plan and arrangements with labour unions. The Consortium intends to grow the company organically also improving employment opportunities both for existing and prospective employees. There will be no redundancies as a result of the proposed transaction.

The corporate identity and culture of Eneco will be maintained and the headquarters will remain in Rotterdam. Also the products and services of known brands Eneco, Oxxio, Lichtblick, Quby, WoonEnergie and AgroEnergy, and Eneco's current brand and marketing strategy will be maintained.

#### *Long-term shareholdership*

The Consortium considers Eneco a strategic platform for all the energy-related activities of Mitsubishi Corporation in Europe and is committed to Eneco for the long term.

#### *Growth of the heat activities*

Eneco will continue its heat strategy and will continue to invest in growth and partnerships with other parties in the market. In respect of Eneco's heat activities, it has been agreed that these cannot be sold to a third party without the prior consent of the relevant municipalities and the independent members of the supervisory board.

#### **Required approvals**

The proposed transaction requires the following regulatory approvals to be obtained:

- Approval from the competition authorities (European Commission and the German competition authorities).
- Approval from the Dutch minister of Economic Affairs and Climate Policy pursuant to the Dutch Electricity Act.
- Approval from the Belgian federal minister for Energy concerning licences for submarine cables for Belgian windfarms.

Parties will commence requesting the required approvals as soon as possible. It is anticipated that the proposed transaction will close before the summer of 2020, after having obtained the relevant approvals.

#### **Inquiry proceedings Enterprise Chamber**

Eneco and the central works council have agreed to request the Enterprise Chamber in Amsterdam to terminate the inquiry proceedings that were initiated last year, related to the process until that moment. Given the outcome announced today, Eneco and the central works council believe the proceedings are not relevant anymore.

#### **Advisors**

Barclays is acting as sole financial advisor to the Consortium and Clifford Chance is acting as legal advisor to the Consortium.

Citi is acting as lead financial advisor to Eneco and the selling shareholders. ABN AMRO is acting as financial advisor to Eneco, Stibbe is acting as legal advisor to Eneco and Confidant Partners is acting as communication advisor to Eneco.

Aperghis & Co is acting as financial advisor to the selling shareholders, De Brauw Blackstone Westbroek is acting as legal advisor to the selling shareholders and CFF Communications is acting as communication advisor to the selling shareholders.

NautaDutilh is acting as legal advisor to the supervisory board and ING is acting as financial advisor to the supervisory board.

### **About Eneco Group**

Eneco Group is a group of companies active internationally in the field of renewable energy and innovation. Together with our customers, partners and more than 3,000 employees, we work on our mission: sustainable energy for all. We invest in wind farms, biomass plants, heat and solar parks to increase the supply of renewable energy. And we develop innovative products and services so that our customers can control how to generate, store, use or share energy.

[www.eneco.nl](http://www.eneco.nl)

### **About the Consortium**

The Consortium of Mitsubishi Corporation (MC) and Chubu will fund and own respectively 80% and 20% of the shares in Eneco. MC and Chubu are likeminded and are experienced in working together in transmission distribution assets and onshore wind projects. MC and Chubu have a complementary skill set, shared goals and ambitions, and a good cultural fit with Eneco. They are fully able to support Eneco's strategy on the full breath of its activities of renewable development, energy supply and innovative services. The Consortium believes that Eneco will benefit from its stable ownership with shared goals and ambitions.

### **About Mitsubishi Corporation**

Mitsubishi Corporation is a global integrated business enterprise with 75,000 employees, that develops and operates businesses together with its offices and subsidiaries in approximately 90 countries and regions worldwide, as well as a global network of around 1,400 group companies. MC is comprised of 10 Business Groups: Natural Gas, Industrial Materials, Petroleum & Chemicals, Mineral Resources, Industrial Infrastructure, Automotive & Mobility, Food Industry, Consumer Industry, Power Solution, and Urban Development. The Power Solutions Group has more than 70 years of experience in the power sector.

MC is listed on the Tokyo stock exchange and has market capitalisation of ¥ 4.5 trillion (c. EUR 38 billion). It has a very strong balance sheet with an A flat rating from S&P and A2 by Moody's. As of the end of June 2019, MC had an abundant amount of cash and cash equivalents of ¥ 1,208 billion (€ 10.1 billion, Rate: ¥ 120/€).

The core mission of MC is to generate economic, societal and environmental value by addressing key sustainability issues. As a result, all its energy generation activities in Europe are renewable.

MC is a business partner for Eneco as of 2012. Together the companies successfully developed 3 offshore wind projects (Luchterduinen offshore wind farm in the Netherlands, Norther offshore wind farm in Belgium and Borssele 3 and 4 offshore wind projects in the Netherlands), through MC's fully-owned subsidiary Diamond Generating Europe (DGE). Besides, Eneco and MC jointly developed one of Europe's largest battery storage project (Battery Energy Storage System, in Germany).

MC has a strong belief in the energy transition, including digitalisation and changing customer positioning in energy systems. MC is convinced that the successful and future proof energy businesses are active in services that are fully focused on customers and are innovative, supported by renewable generation assets. Furthermore, MC is convinced that the North West European energy markets are

leading the global energy transition trends. Hence, MC emphasizes its investment strategy by investing into downstream energy business and especially in Europe.

As a first step, MC recently acquired a 20% stake in UK energy retail and technology company OVO and through this proposed acquisition of Eneco, MC highlight its ambition as being an active leader in the energy transition.

### **About Chubu**

Chubu is the third largest energy utility company in Japan with 16,500 employees, and serves about 10.2 million energy supply contracts in Japan. It has started to invest in new services, often enabled by technological advancements in hardware and digital capabilities, such as those related to decentralized generation & storage, electrical vehicles and energy savings. Chubu's strategy is to invest in the medium term, respectively, € 0.8 billion in renewables, € 0.8 billion in innovative solutions and € 0.8 billion to grow internationally.

Chubu, listed at the Tokyo Stock Exchange, controls around 2GW of installed net capacity across wind, solar and hydro. Like Eneco it started to investigate business cases for geothermal energy. The overall renewable portfolio is planned to grow by an additional 2GW by 2030. Chubu mainly sources its electricity needed to support the Japanese society through its 50% but non-controlling investment in Jera, through their owned & operational renewable portfolio and one nuclear facility. Part of the nuclear facility is currently being dismantled and part is being reinforced to meet the elevated standards of the Japanese regulator following the Fukushima incident. During this reinforcement, the plant is not running. Japan, an island nation with limited access to natural resources, cannot yet fully rely on renewables in the current state of technology and nuclear remains one of the alternatives for fossil free electricity generation in Japan for now as per the government's instruction.

Furthermore, Chubu, jointly with TenneT, has invested in offshore power transmission infrastructure in Germany (Borwin 1 and 2 and Dolwin 2 and Helwin 2).

Also, Chubu is a partner of Mitsubishi Corporation in onshore and offshore wind developments in Japan as well as a UK offshore transmission line.

Chubu also has a strong financial profile with a long-term credit rating by Moody's of A3 with a stable outlook. As of the end of June 2019, Chubu had a cash balance of ¥ 131 billion (€ 1.1 billion, Rate: ¥ 120/€).

### **For more information, please contact:**

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