**Press release on 2018 annual figures**

Groningen, 1 March 2019

**Gas infrastructure helps accelerate energy transition**

**Gasunie presents its 2018 results**

* Volume of gas transported decreased slightly to 1,136 TWh (2017: 1,213 TWh)
* Volume of Groningen-quality gas produced by mixing with nitrogen increased 12% to record volume of 28.9 billion m3 (2017: 25.8 billion m3)
* Work started on the construction of Zuidbroek nitrogen installation, to start operation at the beginning of 2022. Will enable reduction of 7 billion m3 of gas from the Groningen field
* Gasunie’s first hydrogen pipeline taken into use in Zeeland
* Climate Agreement:
	+ Energy infrastructure for storage and transport plays key role
	+ Integration of systems for electricity, gas, heating and hydrogen needed
	+ Important role for hydrogen and green gas
	+ Gas transport network easily suitable for transporting hydrogen
* Other results:
	+ Reliability of gas transport almost 100%
	+ Reported net profit rose to € 325 million (2017: € 257 million); normalised net profit fell to € 311 million (2017: € 368 million)
	+ € 228 million dividend for shareholder, the Dutch State

**Gasunie helps offset Groningen gas reduction**

Following the earthquake near Zeerijp on 8 January 2018, the Ministry of Economic Affairs and Climate decided to scale back gas extraction from the Groningen field, initially to 12 billion m3 per year and subsequently to zero. The most important criteria are the safety of the people residing in the gas extraction area and the security of supply. Gasunie is making a maximum contribution towards measures to realise the phase-out as quickly as possible, by building a new nitrogen installation and procuring extra nitrogen, for instance. These measures are on schedule, so Groningen production can be phased out even faster than was expected in March 2018. Initial construction work started in the fourth quarter of 2018.

Once the installation has been commissioned at the start of 2022, production from the Groningen gas field can be reduced by approximately 7 billion m3, meaning that the Ministry’s objective of capping Groningen production at 12 billion m3 can be achieved as early as 2022. Thanks to smart solutions, the conversion of industrial users to high-calorific gas can remain limited to the nine biggest industrial users.

**More gas from other sources and a significant increase in the use of quality conversion**

In 2018, 6.3% less natural gas was transported through Gasunie’s network, from 124 billion m3 (1,213 TWh) in 2017 to 116 billion m3 (1,136 TWh). This decrease was mainly due to less transport of high-calorific gas abroad during the last two months of 2018. Reliability was virtually 100%, with just one brief disruption. The use of nitrogen installations increased significantly. Mixing with nitrogen can make the natural gas coming from other sources a suitable replacement for Groningen gas in domestic households and businesses. Over the past year, over 12% more high-calorific gas was converted into Groningen-quality gas: in total 28.9 billion m3 (2017: 25.8 billion m3). The volume of gas that can be brought in from abroad thanks to the gas roundabout contributed to this significantly. The supply of high-calorific gas from abroad increased by 19% to 39.3 billion m3, while the LNG supply almost tripled to 2.5 billion m3. Gasunie is working with partners to expand the gas roundabout in Germany to include an LNG terminal. A new terminal can contribute strategically to the diversification of the energy supply in Germany, and therefore also in the Netherlands and other western European countries. Natural gas is a 50% less polluting alternative to coal (especially brown coal), which, like nuclear energy, is being phased out in Germany. This makes natural gas an indispendable link in the energy transition for many years to come.

**Increase in revenues and net profit**

Gasunie reported solid results in 2018. Revenues increased slightly from € 1,241 million to € 1,247 million, while the reported net profit increased by € 68 million to € 325 million. This increase in the result is largely due to a change in the corporate income tax rate for 2020 and 2021 (€ 75 million).

Excluding impairments in 2017, the voluntary severance scheme and buyout of a number of employee benefits in 2018 and the change in the tax rate, the result after taxation decreased by € 57 million. This lower result is largely due to higher energy costs (mainly nitrogen) for gas transport (€ 22 million) and the provision for bad debts (€ 16 million).

Gasunie proposes to pay out a dividend of € 228 million (i.e. 70% of the net result) to its shareholder, the Dutch State, for 2018.

**Acceleration in the energy transition**

The Dutch government started drawing up a Climate Agreement in 2018 in order to contribute to achieving the global climate goals. One of the expectations is that approximately 60% of the energy supply will consist of energy in gaseous form by 2050, since molecules are and will continue to be needed for use in various industrial processes, mobility, central electricity generation and for heating in the built-up environment. Transport and storage are crucial factors in this context, for both the reliability and the affordability of our energy supply. Gaseous energy has the great advantage that it can be stored and transported efficiently and at low cost. Proper use of the existing gas infrastructure prevents unnecessary extra investments in new infrastructure. Parts of the national gas transportation grid can be made easily suitable for the future transport of hydrogen. Gasunie expects to invest several billions of euros in the next ten years.

Together with TenneT, Gasunie has compiled the 2050 Infrastructure Outlook to show what the energy system of the future should look like. Since energy is by definition a cross-border issue, this Outlook has been compiled for both the Netherlands and Germany. Close collaboration between gas and electricity infrastructures is needed in order to guarantee the reliability of the energy system. What is more, we can only compensate for increasing fluctuations in the production of solar and wind energy if we integrate the gas and electricity systems to a greater extent.

*Hydrogen*

Hydrogen will play an important role in the new energy supply. 2018 saw Gasunie reach the first milestones in enabling the large-scale transport and storage of hydrogen, while at the end of the year, the first former natural gas pipeline was put into use as a hydrogen pipeline in Zeeland. Gasunie and its subsidiary Energystock started work on the Netherlands’ first 1 MW-capacity electrolyser, near Zuidwending in Groningen, in 2018. This facility is starting to use sustainably produced hydrogen as a fuel for mobility and raw material for industry on a small scale. Gasunie is also currently working on concrete plans to scale up the electrolysis capacity, together with Engie and Nouryon in the northern Netherlands and TenneT and Thyssengas in Germany.

*Green gas*

The Climate Tables consider green gas a serious alternative to natural gas. One billion m3 can be available in 2023 and 3 billion m3 in 2030. One billion m3 could heat approximately 2 million domestic households, in combination with a hybrid heat pump.

In 2018, Gasunie started work on the construction of the first ‘green gas booster’, together with Enexis. This kind of booster raises the pressure of the gas, allowing green gas from the regional network to be fed into GTS’s national network. Together with SCW, Gasunie is building a demo installation in Alkmaar where wet biomass like manure and sewage sludge can be gasified into green gas and hydrogen. Gasunie is realising the installations and related pipelines. Three such installations are expected to be able to produce no less than 500 million m3 of green gas in 2023.

**Gasunie in transition**

Gasunie is preparing itself for a new role in the CO2-neutral energy supply of the future, while at the same time continuously working on improving efficiency. As a result, Gasunie’s organisation is also changing and the volume of work will decline on balance over time. This is why Gasunie offered employees who had been with the company for ten years or more a voluntary severance scheme at the end of 2018. This severance scheme gave the organisation the latitude to reduce its workforce in a controlled way and on a voluntary basis. Some 240 employees have decided to use this voluntary severance scheme and will leave Gasunie during the first quarter of 2019. The Executive Board would like to wish the employees who have left us the best of luck with their careers outside Gasunie and has every confidence in the colleagues who will help to future-proof our organisation.

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**Editorial note**

This press release contains predictions and statements concerning events in the future or the future financial performance of N.V. Nederlandse Gasunie and its subsidiaries. Please note that these statements are only predictions and can differ significantly from actual developments.

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Our annual report will be published online on 1 March 2019.

**About Gasunie**

Gasunie is a European energy-infrastructure company. Gasunie’s network is one of the largest high-pressure pipeline networks in Europe, comprising over 15,000 kilometres of pipeline in the Netherlands and northern Germany. Gasunie provides natural and green gas transport services through its subsidiaries, Gasunie Transport Services B.V. (GTS) in the Netherlands and Gasunie Deutschland in Germany.

With its cross-border gas infrastructure and services, Gasunie facilitates TTF, which has become the leading European gas trading point.

Gasunie also provides other gas infrastructure services, including gas storage and LNG.

Gasunie wants to help accelerate the transition to a CO2-neutral energy supply and believes that gas-related innovations, for instance in the form of renewable gases such as hydrogen and green gas, can make an important contribution. Both existing and new gas infrastructure play a key role here. Gasunie also plays an active part in the development of other energy infrastructure to support the energy transition, such as district heating grids.