

PRESS RELEASE

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2006 HALF-YEAR RESULTS: ESSENT ON TRACK

- **All activities show higher profit**
- **Cablecom activities no longer included in continuing operations**
- **Revenue from continuing operations climbs EUR 534 million (18%) to EUR 3.56 billion**
- **Operating profit from continuing operations in first half of 2006 up EUR 182 million (49%) on profit for same period of 2005**
- **Profit attributable to equity holders of Essent climbs 32% to EUR 402 million**

In the first six months of 2006, Essent achieved revenue of EUR 3.56 billion, an increase of 18% compared with the same period of 2005. Operating profit amounted to EUR 551 million (2005: EUR 369 million). The profit for the period attributable to equity holders climbed by 32% to EUR 402 million (2005: EUR 305 million). Essent remains firmly committed to operational excellence: customer satisfaction regarding services and the quality of the administrative processes both went up in the first half year. Safety, innovation and corporate social responsibility are spearheads of company policy. During the first six months, the proportion of generated sustainable energy increased by 4 percentage points to reach a total of 18%.

2006 results

On 2 June 2006, Essent announced its intention to investigate the possibilities of merging its cablecom activities with a larger unit or transferring them. This intention is in line with the strategy endorsed by the shareholders to focus on the energy operations. Consequently, the results of cablecom activities are no longer included in those from continuing operations. Instead, they are recognised separately under "Profit/(loss) from discontinued operations"¹.

The significant growth in the operating profit from continuing operations was realised thanks to various factors. A major factor was the programme initiated several years ago to increase the effectiveness of the business processes, with the aim of improving customer processes as well as efficiency. Other factors were price increases on the wholesale market for oil, and, as a result, for gas and electricity, as well as higher sales volumes to consumers.

Apart from the higher sales volumes and price increases on the wholesale as well as the retail market, the electricity revenue and the gas revenue both rose because of the higher values of contract positions, which in accordance with IFRS are measured at market value. These higher values represent an increase of EUR 112 million in wholesale activities on the comparable figure for 2005. With regard to price increases, Essent follows a restrained policy of only passing on the increases in the price of raw materials to private and small business customers. The growth in heat revenue is mainly the result of higher volumes, whereas the higher revenue from waste management activities is largely explained by the increased equity interest in the waste company Vagron as from 1 July 2005.

¹ In the consolidated balance sheet for the first six months of 2006, the assets and liabilities relating to the cablecom activities are classified as "Assets held for sale" and "Liabilities for assets held for sale" respectively. The comparative figures for the balance sheets for the first half-year 2005 and the full-year 2005 have not been restated to reflect this reclassification. The reclassification is reflected, though, in the comparative figures for the income statement for these periods. In conformity with IFRS guidelines for discontinued operations, the cash flow statement includes the cash flow from cablecom activities. As such, it is not consistent with the movement in cash reported in the consolidated balance sheet. The effect of discontinued operations was not taken into account in calculating the financial ratios.

Operating expenses went up by EUR 74 million to EUR 1.09 billion, EUR 47 million of the increase being due to the creation of a provision for shorter working hours of older employees and special-purpose leave. The cost of temporary staff also rose because of more project activities. Depreciation and amortisation together went up EUR 9 million to EUR 257 million. There were no significant impairment losses. As a percentage of revenue, operating expenses fell from 34% in 2005 to 31% the first half of this year. This reduction is also a result of the new programme mentioned above for improving effectiveness as well as efficiency.

The Group's share of the profit of joint ventures and associates was EUR 23 million in 2006, a decline of EUR 57 million compared with 2005. This was almost entirely the result of a non-recurring effect in 2005 from the net gain on the sale of the interest in Van Gansewinkel Groep B.V.

Net finance expense fell by 25% to EUR 24 million. Interest expense decreased in the first half of 2006 thanks to the reduction in interest-bearing debt.

Profit before tax for the first six months of 2006 amounted to EUR 550 million, representing a rise of 32% on the same period of the previous year. The income tax on this profit was EUR 131 million, equivalent to an effective tax rate of 24%. This low rate is mainly the result of exemptions for investments in associates and tax-exempt income. The higher effective rate compared with the previous year's (22%) is due to the lower investment exemptions during the first half of 2006.

The profit for the period from discontinued operations was EUR 12 million, relating entirely to the cablecom activities. Since the reclassification of these activities, there has been no depreciation of property, plant and equipment and no amortisation of non-current intangible assets. This had a positive effect of EUR 10 million on the operating profit of the cablecom activities for the first half of 2006.

After deduction of minority interests, the profit attributable for the first six months of 2006 to equity holders of Essent amounts to EUR 402 million, an increase of 32% on the first half of 2005. Earnings per share attributable to equity holders of Essent are EUR 2.68 (2005: EUR 2.04).

The cash flow before financing activities was EUR 142 million. A dividend of EUR 263 million was distributed in the first half of 2006. Capital employed amounted to EUR 7.11 billion at 30 June 2006, mainly the result of the increase in net working capital due to seasonal effects.

Outlook

Any statement on the 2006 financial results has to assume that the parliamentary bill to unbundle the integrated Dutch energy companies will not pass into legislation. Subject to this condition, and barring unforeseen circumstances, Essent expects the profit from continuing operations for the whole of 2006 to show a further increase on the figure for 2005.

Arnhem, 3 August 2006

The Executive Board

CONSOLIDATED INCOME STATEMENT
in millions of euros

	first half 2006 ¹	first half 2005 ^{1,2}	full year 2005
CONTINUING OPERATIONS			
Revenue from the supply of goods and services	3,526.6	3,104.9	5,974.7
Fair value changes due to application of IAS 32 and IAS 39	30.1	(82.0)	(68.2)
Revenue	3,556.7	3,022.9	5,906.5
Cost of energy, raw materials and consumables	1,969.6	1,693.3	3,308.9
GROSS PROFIT	1,587.1	1,329.6	2,597.6
Other operating income	50.9	52.6	100.4
GROSS PROFIT PLUS OTHER OPERATING INCOME	1,638.0	1,382.2	2,698.0
Employee benefits expenses	438.8	374.2	568.9
Depreciation, amortisation and impairments	256.6	247.3	530.1
Cost of work contracted out, materials and other external costs	305.7	302.3	648.0
Other operating expenses	85.6	88.9	241.0
TOTAL OPERATING EXPENSES	1,086.7	1,012.7	1,988.0
OPERATING PROFIT	551.3	369.5	710.0
Share of profit/(loss) of joint ventures and associates	22.9	80.3	108.2
Finance income and expense	(24.3)	(32.6)	(47.6)
PROFIT BEFORE TAX	549.9	417.2	770.6
Income tax expenses	(131.4)	(91.3)	(198.7)
PROFIT FROM CONTINUING OPERATIONS	418.5	325.9	571.9
DISCONTINUED OPERATIONS			
Profit/(loss) from discontinued operations	12.2	3.1	(2.2)
PROFIT FOR THE PERIOD	430.7	329.0	569.7
Profit attributable to minority interests	(29.0)	(23.8)	(43.9)
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF ESSENT N.V.	401.7	305.2	525.8
EARNINGS PER SHARE³			
Earnings per share attributable to equity holders of Essent N.V. (in euros)	2.68	2.04	3.51

¹ Unaudited figures.

² Figures restated for presentation purposes and IFRS changes.

³ Basic and diluted earnings per share.

CONSOLIDATED BALANCE SHEET
(before profit appropriation)

in millions of euros

	30 June 2006 ¹	31 December 2005	30 June 2005 ^{1,2}
Property, plant and equipment	4,500.2	5,272.3	5,260.3
Intangible assets	200.3	206.1	203.8
Financial assets	1,718.5	1,665.2	1,532.4
NON-CURRENT ASSETS	6,419.0	7,143.6	6,996.5
Inventories	249.4	181.2	150.9
Receivables	4,276.6 ³	3,086.0	3,346.2
Current non-interest-bearing liabilities	(3,836.3) ⁴	(3,903.3)	(3,613.0)
NET WORKING CAPITAL	689.7	(636.1)	(115.9)
CAPITAL EMPLOYED	7,108.7	6,507.5	6,880.6
Equity attributable to equity holders of Essent N.V.	3,384.2	3,163.1	2,683.2
Minority interests	238.8	233.0	214.5
EQUITY	3,623.0	3,396.1	2,897.7
Provisions	1,565.1	1,520.4	1,635.1
Non-current interest-bearing and other liabilities	2,055.3	1,961.6	2,126.3
Current interest-bearing liabilities	187.9	89.5	388.9
Net cash and cash equivalents	(322.6)	(460.1)	(167.4)
FINANCING	7,108.7	6,507.5	6,880.6

¹ Unaudited figures.

² Figures restated for presentation purposes and IFRS changes.

³ Includes Cablecom assets of EUR 802.5 held for sale.

⁴ Includes liabilities of EUR 90.7 for Cablecom assets held for sale.

CONSOLIDATED CASH FLOW STATEMENT¹

<i>in millions of euros</i>	first half 2006 ²	first half 2005 ^{2,3}	full year 2005
Profit for the period	430.7	329.0	569.7
Depreciation, amortisation and impairment	301.8	316.1	655.3
Changes in provisions, operating working capital, derivative financial instruments and other items	(364.7)	(253.0)	157.1
CASH FLOW FROM OPERATING ACTIVITIES	367.8	392.1	1,382.1
Additions to property, plant, equipment and intangible assets	(270.3)	(260.7)	(564.1)
Proceeds from sale of interests in joint ventures and associates	--	92.0	92.0
Other changes	44.3	(22.0)	50.8
CASH FLOW FROM INVESTING ACTIVITIES	(226.0)	(190.7)	(421.3)
CASH FLOW BEFORE FINANCING ACTIVITIES	141.8	201.4	960.8
Repayment of interest-bearing liabilities	(50.4)	(152.6)	(620.3)
Dividend paid	(262.9)	(170.5)	(170.5)
Dividend paid to minority interests, increase and decrease in minority interests and increase in interest-bearing liabilities	39.9	15.6	4.9
CASH FLOW FROM FINANCING ACTIVITIES	(273.4)	(307.5)	(785.9)
CASH FLOW FROM CONTINUING OPERATIONS	(131.6)	(106.1)	174.9
Effect of consolidation changes on cash positions	--	--	11.7
Balance of cash and cash equivalents at beginning of period ⁴	460.1	273.5	273.5
BALANCE OF CASH AND CASH EQUIVALENTS AT END OF PERIOD⁴	328.5⁵	167.4	460.1

¹ The cash flows from continuing and discontinued operations are shown combined in the cash flow statement.

² Unaudited figures.

³ Figures restated for presentation purposes and IFRS changes.

⁴ Cash and cash equivalents less current liabilities to banks.

⁵ Includes cash and cash equivalents of EUR 5.9 million relating to Cablecom.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY¹
in millions of euros

	Number of ordinary shares	Share capital	Share premium	IAS 39 Reserve ²	Other Reserve ³	Equity attributable to equity holders of Essent N.V.	Minority interests	Equity
At 1 January 2005	149.732.196	149,7	1.512,6	22,3	829,0	2.513,6	203,1	2.716,7
Cancelled shares	-50.000	--	--	--	--	--	--	--
Release during the year and fair-value adjustments	--	--	--	52,3	--	52,3	-1,5	50,8
Premium paid on financial instruments	--	--	--	-17,4	--	-17,4	--	-17,4
Profit for the period	--	--	--	--	305,2	305,2	23,8	329,0
Dividend paid during the year	--	--	--	--	-170,5	-170,5	-10,9	-181,4
At 30 June 2005	149.682.196	149,7	1.512,6	57,2	963,7	2.683,2	214,5	2.897,7
Release during the year and fair-value adjustments	--	--	--	321,0	--	321,0	-1,6	319,4
Premium paid on financial instruments	--	--	--	-61,7	--	-61,7	--	-61,7
Profit for the period	--	--	--	--	220,6	220,6	20,1	240,7
At 31 December 2005	149.682.196	149,7	1.512,6	316,5	1.184,3	3.163,1	233,0	3.396,1
Release during the year and fair-value adjustments	--	--	--	134,4	-0,9	133,5	-0,7	132,8
Premium paid on financial instruments	--	--	--	-34,5	--	-34,5	--	-34,5
Other changes	--	--	--	--	-16,7 ⁴	-16,7	16,4 ⁴	-0,3
Profit for the period	--	--	--	--	401,7	401,7	29,0	430,7
Dividend paid during the year	--	--	--	--	-262,9	-262,9	-38,9	-301,8
At 30 June 2006	149.682.196	149,7	1.512,6	416,4	1.305,5	3.384,2	238,8	3.623,0

¹ Unaudited figures.

² The IAS 39 reserve is a revaluation reserve and accordingly is not freely distributable. The amounts shown are net of corporate income tax of EUR 175.1 million (30 June 2005: EUR 26.3 million). The IAS 39 reserve includes a reserve of EUR 413.6 million created in connection with the application of cash-flow hedge accounting (30 June 2005: EUR 50.2 million) and EUR 2.8 million for unrealised fair-value adjustments to available-for-sale assets (30 June 2005: EUR 7.0 million).

³ The Other reserve is freely distributable.

⁴ This amount mainly relates to the difference between the cost and carrying amount of the additional 30%-interest acquired in N.V. Afvalverbranding Zuid Nederland (AZN).

PRINCIPAL OF FINANCIAL RATIOS AND GLOSSARY OF ABBREVIATIONS¹

<i>Financial ratios</i>	first half 2006 ²	first half 2005 ²	full year 2005
Leverage (total debt basis)	36%	54%	43%
Solvency	32%	25%	29%
Net interest-bearing liabilities/EBITDA	0,9 ³	1,3 ³	0,9
Interest cover	20,5 x	16,2 x	21,5 x
Non-current interest-bearing liabilities as % of total interest-bearing debt	82%	58%	69%

¹ The effect of discontinued operations was not taken into account for calculating the ratios. Guarantees are recognised in net working capital.

² Unaudited figures.

³ Calculation based on net interest-bearing liabilities at 30 June of the year in question and EBITDA of the preceding 12 months.

Calculation of financial ratios

Leverage (total debt basis)

Total interest-bearing debt divided by total interest-bearing debt plus equity, expressed as a percentage.

Solvency

Equity divided by total assets, expressed as a percentage.

Net interest-bearing liabilities

Total interest-bearing liabilities less cash and cash equivalents.

EBITDA

Operating result plus depreciation, amortisation and impairment, plus the Group's share of the results of joint ventures and associates.

Interest cover

EBITDA divided by net interest expense.