VECTREN
Live Smart

2nd Quarter 2017 Financial Review

Aug 4, 2017

Management Representatives

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Chairman, President & CEO

Susan Hardwick
Exec. Vice President & CFO

Rick Schach
Exec. Vice President & COO

Ron Christian
Exec. Vice President &
Chief Legal and External Affairs Officer

Dave Parker
Director, Investor Relations

Forward-Looking Statements

All statements other than statements of historical fact are forward-looking statements made in good faith by the company and are intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. Such statements are based on management’s beliefs, as well as assumptions made by and information currently available to management and include such words as “believe”, “anticipate”, ”endeavor”, “estimate”, “expect”, “objective”, “projection”, “forecast”, “goal”, “likely”, and similar expressions intended to identify forward-looking statements.

Vectren cautions readers that the assumptions forming the basis for forward-looking statements include many factors that are beyond Vectren’s ability to control or estimate precisely and actual results could differ materially from those contained in this document. Forward-looking statements speak only as of the date on which our statement is made, and we assume no duty to update them. More detailed information about these factors is set forth in Vectren’s filings with the Securities and Exchange Commission, including Vectren’s 2016 annual report on Form 10-K filed on February 23, 2017.

Vectren also uses non-GAAP measures to describe its financial results. More information can be found in the Appendix related to the use of such measures.

Dave Parker – Director, Investor Relations

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Consolidated Q2 2017 Results

Consistent Earnings Growth Continues

In millions, except per share amounts	3 Months Ended Jun 30 2017	3 Months Ended Jun 30 2016	6 Months Ended Jun 30 2017	6 Months Ended Jun 30 2016
Utility Group	**$ 25.5**	**$ 26.3**	**$ 91.4**	**$ 87.4**
Nonutility Group				
Infrastructure Services (VISCO)	11.4	4.2	2.1	(8.4)
Energy Services (VESCO)	1.1	2.3	-	2.5
Other Businesses	(0.3)	-	(0.4)	(0.3)
Nonutility Group	**12.2**	**6.5**	**1.7**	**(6.2)**
Corporate and Other	(0.1)	(0.5)	(0.2)	(0.6)
Earnings	**$ 37.6**	**$ 32.3**	**$ 92.9**	**$ 80.6**
Utility Group	**$ 0.31**	**$ 0.32**	**$ 1.10**	**$ 1.06**
Nonutility Group	**0.15**	**0.08**	**0.02**	**(0.08)**
Corporate and Other	-	(0.01)	-	(0.01)
EPS (1)	**$ 0.45**	**$ 0.39**	**$ 1.12**	**$ 0.97**
Weighted Avg Shares Outstanding - Basic	82.9	82.8	82.9	82.8

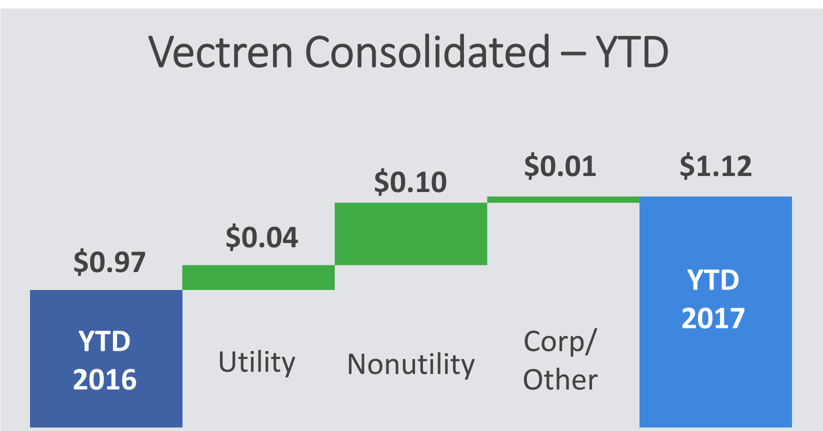
(1) EPS is calculated on a consolidated basis; segment EPS do not foot in Q2 2017

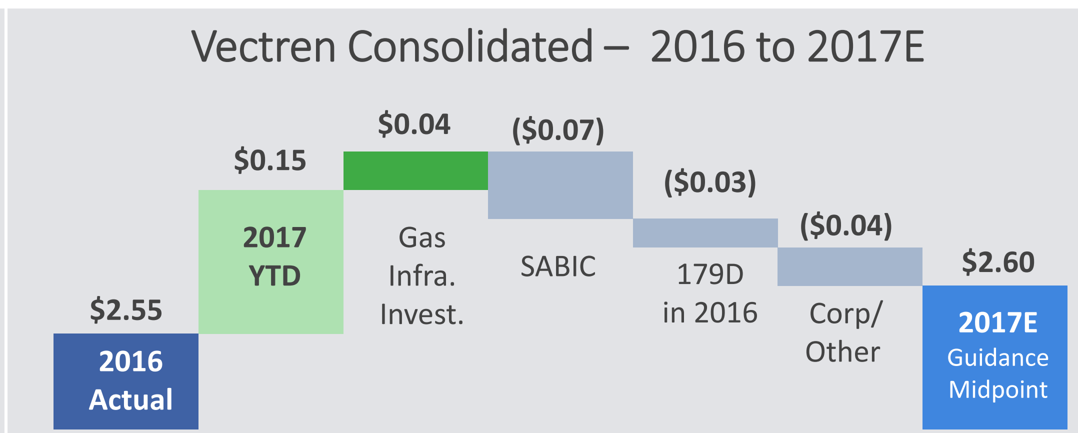
2017 Guidance Affirmed

Continues to Reflect Strong Utility Earnings Growth from Significant Infrastructure Investment

	2017 EPS Guidance	2016 Actual
Utility	$2.10 - $2.15	$2.10
Nonutility/Corp	$0.45 - $0.50	$0.45
Consolidated	**$2.55 - $2.65**	**$2.55**

- 2017 guidance incorporates unfavorable weather through July EPS impact of ~($0.04) compared to normal

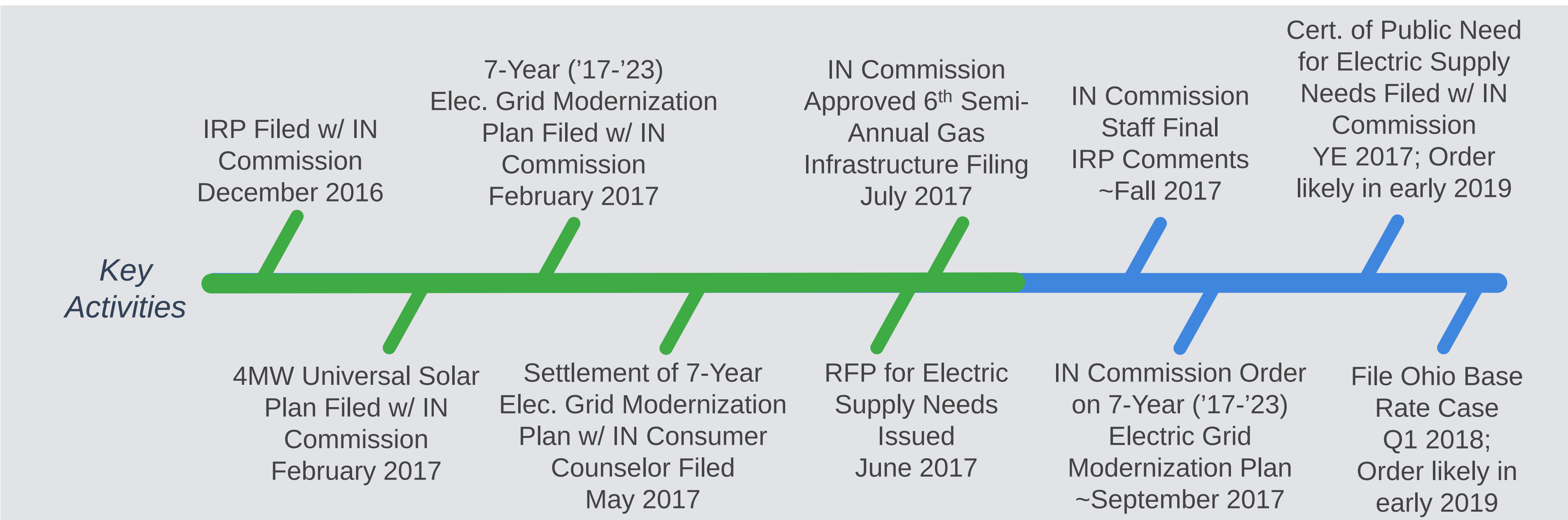




Q2 Utility Accomplishments

Achieving Key Regulatory Milestones

- ✓ Settlement of 7-year elec. grid modernization plan with key stakeholders filed in May
  - Indiana Commission final order expected by September
- ✓ RFP for electric supply needs, gas-fired generation and PPA, issued in June
  - Key criteria include location, reliability and creditworthiness
  - Bidding process expected to be complete by September
- ✓ Continuation of joint-ownership of 300MW generating unit with Alcoa through 2023; syncs well with preferred IRP filed last December

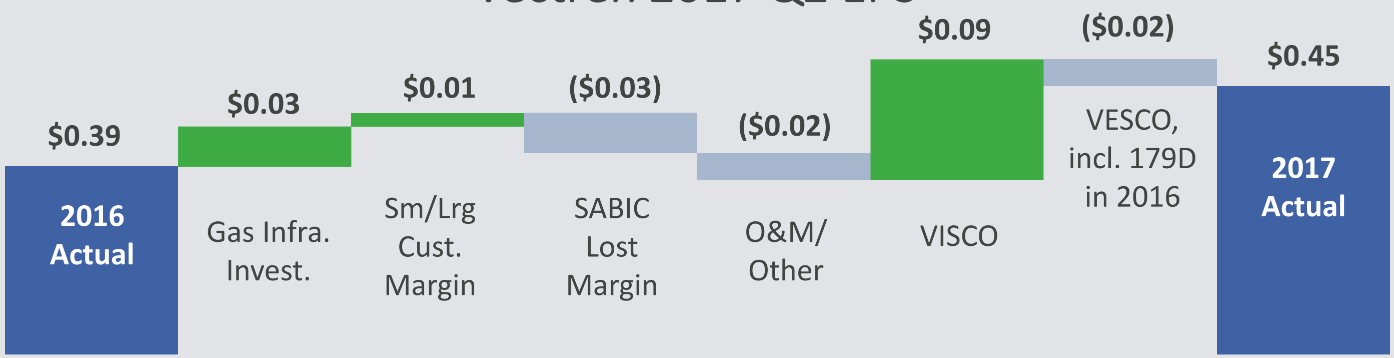


2017 Q2 Results and Highlights

Q2 EPS as Expected; Pipeline Project Activity Boosted VISCO Q2 2017 EPS

- Vectren Q2 consolidated EPS of $0.45
  - Utility EPS of $0.31, down slightly compared to 2016
    - Gas infrastructure investment continues to fuel Utility EPS growth (+$0.03), offset as expected by lost large customer margin (-$0.03)
  - Nonutility Q2 EPS improved by $0.07 from 2016
    - VISCO's performance benefitted from continued strong utility demand and ramp-up in activity at large Ohio, as well as other pipeline projects
- Successfully priced $200M of utility-related debt in July '17
  - $100M at 3.26%, due 2032 and $100M at 3.93%, due 2047; also extended credit facility to 2022

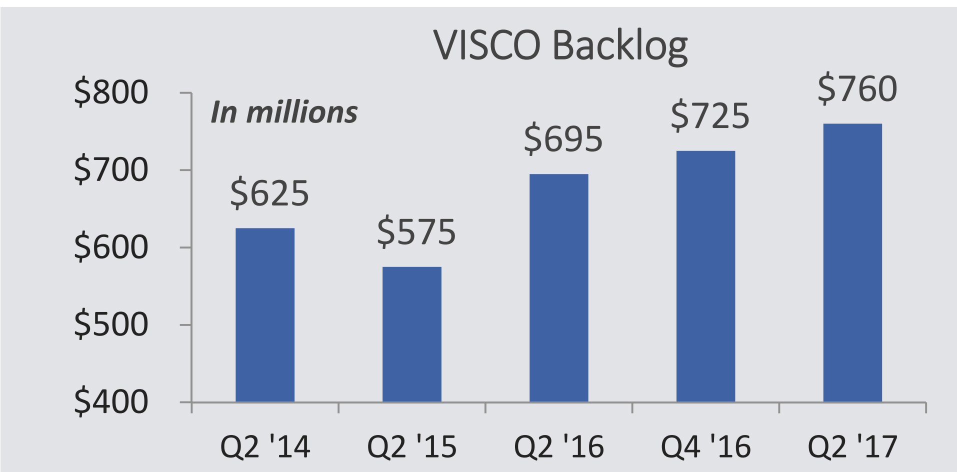
Vectren 2017 Q2 EPS

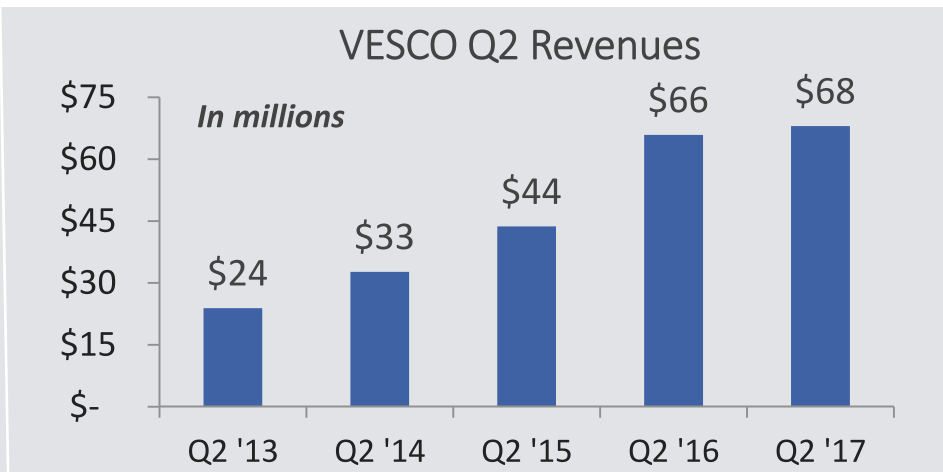


2017 Q2 Nonutility Results

VISCO's Results Reflect Steady Improvement

- VISCO EPS – 2017 Q2 up $0.09 vs. 2016; TTM of $0.43, up $0.29 vs. TTM 2016 Q2
  - Improved Q2 results were driven by continued strong demand from gas utilities for distribution construction work and a ramp-up in activity related to the large transmission project in Ohio
    - Q2 backlog of $760M at 6/30/17 driven by Distribution growth and the large Ohio project
- VESCO – 2017 Q2 revenues of $68M another record quarter
  - Continued strong margins in the quarter; year-over-year net income comparisons in 2017 will reflect 2016 expiration of 179D tax credits
  - Sales funnel of $425M at 6/30/17 was at near record level, with many projects close to signing
    - 2H17 signings expected to be strong, similar to 2H16, which will drive higher backlog



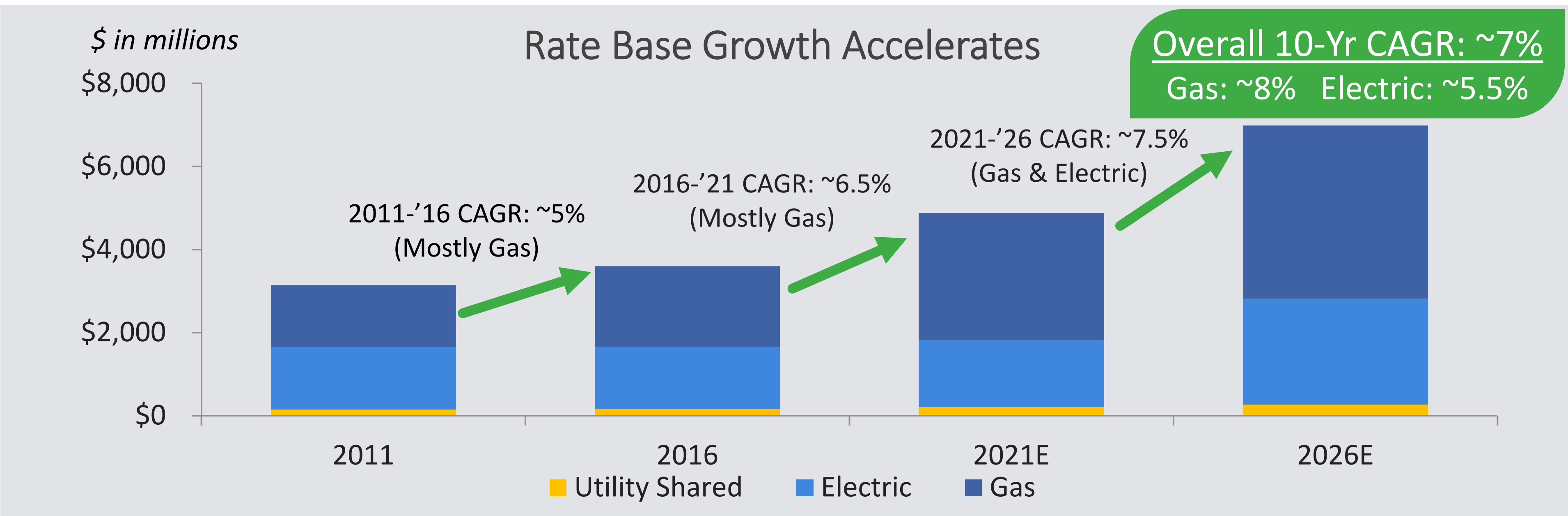


Vectren's Long-Term Outlook Remains Strong

EPS and Dividend Growth Targets Reflect Long-Term Utility Capital Investment Plan of $6.5 Billion

Long-Term Targets	
Consolidated EPS growth	**6-8%**
Dividend growth	**6-8%**
Consolidated payout ratio	**60-65%**
Utility EPS growth	**5-7%**

Note: Long-term EPS growth of approx. $0.06-0.10/yr. for Nonutility

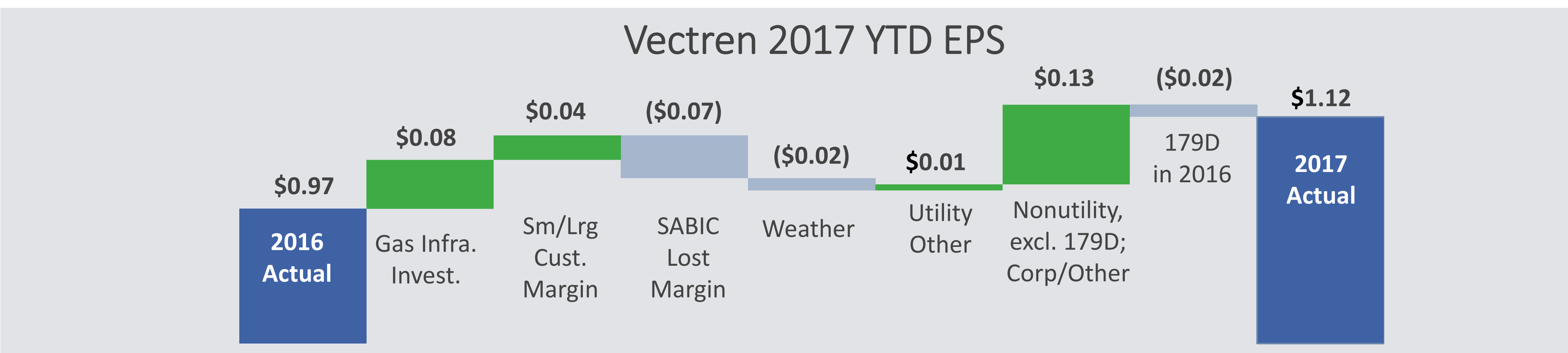


Appendix

2017 YTD EPS Drivers

YTD EPS as Expected; Gas Infrastructure Continues to Drive Utility EPS; Pipeline Project Activity Boosted Nonutility

- Vectren YTD 2017 consolidated EPS of $1.12
  - Utility EPS of $1.10 up $0.04 compared to 2016
    - Gas infrastructure investment continues to fuel Utility EPS growth (+$0.08), mostly offset (-$0.07) as expected by lost large customer margin
  - Nonutility Q2 EPS improved by $0.10 from 2016
    - VISCO's performance benefitted from continued strong utility demand and ramp-up in activity at large Ohio pipeline project, along with other projects



Appendix

Favorable Utility Environments

Constructive Regulatory and Legislative Environments in Indiana & Ohio Support Required Capital Investment

		Gas			Electric
		IN-South	IN-North	Ohio	IN-South
Infrastructure	Infrastructure Investment Recovery (1)	✓	✓	✓	✓
	Recovery of Federal Mandates Under SB 251	✓	✓		✓
	Environmental CapEx Recovery Under SB 29				✓
	Non-DRR CapEx Deferral Under House Bill 95			✓	
Margin	Decoupling or Lost Margin Recovery	✓	✓		✓
	Straight Fixed Variable Rate Design			✓	
	Normal Temperature Adjustment	✓	✓		
	Gas Cost and Fuel Cost Recovery	✓	✓	✓	✓
Costs	Unaccounted for Gas	✓	✓	✓	
	Bad Debt Expense	✓	✓	✓	
	DSM/Energy Efficiency/MISO Transmission Costs	✓	✓		✓

DRR: Distribution Replacement Rider
DSM: Demand Side Management
(1) Under SB 560 in Indiana; Under DRR in Ohio

Appendix

Utility

Metrics

$ in millions	2017E Guidance Midpoint (unchanged)	3 Months Ended Jun 30 2017	3 Months Ended Jun 30 2016	6 Months Ended Jun 30 2017	6 Months Ended Jun 30 2016	Trailing 12 Months Ended Jun 30 2017	Trailing 12 Months Ended Jun 30 2016
Gross Margin	$ 957	$ 205.1	$ 200.6	$ 475.9	$ 468.2	$ 935.3	$ 891.8
O&M - Non-Pass thru	$ 280	$ 74.2	$ 70.6	$ 144.1	$ 142.0	$ 280.0	$ 277.8
O&M - Pass thru	$ 62	$ 10.2	$ 10.7	$ 25.9	$ 29.4	$ 52.2	$ 51.5
Depreciation & Amoritizaton	$ 233	$ 57.9	$ 54.0	$ 115.3	$ 107.6	$ 226.8	$ 212.2
Other Taxes	$ 64	$ 13.1	$ 13.1	$ 27.5	$ 30.2	$ 55.6	$ 56.1
Other Income	$ 30	$ 7.8	$ 7.0	$ 14.9	$ 13.3	$ 27.8	$ 23.1
Interest	$ 74	$ 17.6	$ 17.5	$ 35.2	$ 35.0	$ 69.9	$ 68.4
Income Taxes	$ 98	$ 14.4	$ 15.4	$ 51.4	$ 49.9	$ 101.0	$ 87.9
Net Income	$ 176	$ 25.5	$ 26.3	$ 91.4	$ 87.4	$ 177.6	$ 161.0
Earnings Per Share (1)	**$ 2.12**	**$ 0.31**	**$ 0.32**	**$ 1.10**	**$ 1.06**	**$ 2.14**	**$ 1.95**

Footnote:

1) For more information on 2017E, see slide 5

Appendix

Infrastructure Services (VISCO)

Metrics

$ in millions	3 Months Ended Jun 30 2017	3 Months Ended Jun 30 2016	6 Months Ended Jun 30 2017	6 Months Ended Jun 30 2016	Trailing 12 Months Ended Jun 30 2017	Trailing 12 Months Ended Jun 30 2016
Gross Revenue	$ 277.5	$ 189.2	$ 424.8	$ 301.7	$ 936.4	$ 736.7
Gross Margin %	13.5%	13.0%	10.5%	8.5%	14.0%	13.0%
EBITDA [1]	$ 31.7	$ 19.7	$ 31.4	$ 14.8	$ 110.2	$ 78.0
Depreciation & Amortization	$ 9.9	$ 9.4	$ 19.8	$ 19.0	$ 39.0	$ 42.6
Earnings From Operations [1]	$ 22.3	$ 10.5	$ 13.1	$ (2.9)	$ 72.3	$ 38.4
Interest	$ 3.3	$ 3.0	$ 6.3	$ 6.6	$ 12.2	$ 14.4
Net Income [1]	$ 11.4	$ 4.2	$ 2.1	$ (8.4)	$ 35.4	$ 11.7
Earnings Per Share [1]	**$ 0.14**	**$ 0.05**	**$ 0.02**	**$ (0.10)**	**$ 0.43**	**$ 0.14**
Ending Backlog	$ 760	$ 695				

Footnotes:
1) After allocations

Infrastructure Services (VISCO)

Metrics – 7 year look [3]

$ in millions	2017E Guidance Midpoint *(unchanged)*	2016	2015	2014	2013	2012	2011 [3]	2010
Gross Revenue	$ 945	$ 813.3	$ 843.3	$ 779.0	$ 783.5	$ 663.6	$ 421.3	$ 235.6
Gross Margin %	14.0%	14.0%	14.5%	17.5%	18.0%	18.0%	14.0%	9.0%
EBITDA [1]	$ 115	$ 93.6	$ 109.2	$ 118.6	$ 122.0	$ 98.2	$ 47.9	$ 17.8
Depreciation & Amortization [2]	$ 40	$ 38.2	$ 44.5	$ 36.2	$ 28.8	$ 20.7	$ 14.9	$ 8.8
Earnings From Operations [1]	$ 75	$ 56.2	$ 67.1	$ 82.6	$ 92.8	$ 77.8	$ 36.6	$ 9.7
Interest	$ 12	$ 12.5	$ 15.3	$ 10.2	$ 9.9	$ 7.4	$ 7.2	$ 3.2
Net Income [1]	$ 35	$ 25.0	$ 29.7	$ 43.1	$ 49.0	$ 40.5	$ 14.9	$ 3.1
Earnings Per Share [1]	**$ 0.42**	**$ 0.30**	**$ 0.36**	**$ 0.52**	**$ 0.60**	**$ 0.49**	**$ 0.18**	**$ 0.04**
Ending Backlog		$ 725	$ 665	$ 625	$ 535	$ 380	N/A	N/A

Footnotes:
1) After allocations
2) Lower D&A beginning in 2016 due to adjustments of depreciable lives; lower D&A is being reflected in bidding
3) Acquired Minnesota Limited, Inc. March 31, 2011; 7-year metrics provided to show impact of MLI acquisition

Infrastructure Services (VISCO)

Estimated Backlog

- **General Description of Types of Customer Contracts for Infrastructure Services**
  - Infrastructure Services operates primarily under two types of contracts – blanket contracts and bid contracts. Blanket contracts are ones which a customer is not committed to specific volumes of services, but where we have been or expect to be chosen to perform work needed by a customer in a given time frame (typically awarded on a yearly basis). Bid contracts are ones which a customer will commit to a specific service to be performed for a specific price, whether in total for a project or on a per unit basis (e.g., per dig or per foot).
- **General Description of Backlog for Infrastructure Services**
  - For blanket work, backlog represents an estimate of the amount of gross revenue that we expect to realize from work to be performed in the next 12 months on existing contracts or contracts we reasonably expect to be renewed or awarded based upon recent history or discussions with customers.
  - For bid work, backlog represents the value remaining on contracts awarded or that we reasonably expect to be awarded, but are not yet completed.
  - While there is a reasonable basis to estimate backlog, there can be no assurance as to our customers' eventual demand for our services each year or, therefore, the accuracy of our estimate of backlog.
- **Backlog for Infrastructure Services estimated as follows:**
  - For blanket work, estimated backlog as of 6/30/17 and 6/30/16 is $420 million. The estimate of the amount of gross revenue that we expect to realize from work to be performed in the next 12 months is multiplied by 80% to factor in such unknowns as weather and potential budgetary restrictions of customers.
  - For bid work, estimated backlog as of 6/30/17 is $340 million compared to $275 million at 6/30/16.
  - **Total estimated backlog as of 6/30/17: $760 million compared to $725 million at 12/31/16 and $695 million at 6/30/16**

Energy Services (VESCO)

Metrics

$ in millions	3 Months Ended Jun 30 2017	3 Months Ended Jun 30 2016	6 Months Ended Jun 30 2017	6 Months Ended Jun 30 2016	Trailing 12 Months Ended Jun 30 2017	Trailing 12 Months Ended Jun 30 2016
Revenue	$ 67.8	$ 65.9	$ 120.7	$ 115.3	$ 265.4	$ 248.3
Gross Margin as % of Revenue	23%	23%	23%	23%	24%	23%
EBITDA [(1)]	$ 2.5	$ 3.6	$ 1.4	$ 3.7	$ 10.9	$ 11.5
Interest	$ 0.1	$ 0.5	$ 0.4	$ 1.0	$ 1.3	$ 1.6
179D Tax Deductions [(2)]	$ -	$ 0.7	$ -	$ 1.4	$ 4.1	$ 7.5
Net Income [(1)]	$ 1.1	$ 2.3	$ -	$ 2.5	$ 10.0	$ 13.3
Earnings Per Share [(1)]	**$ 0.01**	**$ 0.03**	**$ -**	**$ 0.03**	**$ 0.12**	**$ 0.16**
EPS excluding 179D [(1)]	**$ 0.01**	**$ 0.02**	**$ -**	**$ 0.01**	**$ 0.07**	**$ 0.07**
Ending Backlog [(3)]	$ 181	$ 187				
New Contracts [(3)]	$ 47	$ 38	$ 54	$ 61	$ 232	$ 231

Footnotes:

1) After allocations

2) Net income impact to VESCO, net of related expenses

3) Represents signed construction contracts; does not include multi-year O&M agreements

Appendix

Energy Services (VESCO)

Metrics – 5 year look

$ in millions	2017E Guidance Midpoint *(unchanged)*	2016	2015	2014	2013	2012
Revenue	$ 300	$ 260.0	$ 199.9	$ 129.8	$ 91.3	$ 117.7
Gross Margin as % of Revenue	21%	24%	22%	24%	27%	27%
EBITDA [(1)]	$ 13	$ 13.3	$ 3.5	$ (5.9)	$ (8.7)	$ (1.1)
Interest	$ 2	$ 1.9	$ 1.2	$ 1.2	$ 0.5	$ 0.3
179D Tax Deductions [(2)]	$ -	$ 5.5	$ 6.1	$ 3.7	$ 6.4	$ 6.2
Net Income / (Loss) [(1)]	$ 7	$ 12.5	$ 7.3	$ (3.2)	$ 1.0	$ 5.7
Earnings Per Share [(1)]	**$ 0.09**	**$ 0.15**	**$ 0.09**	**$ (0.04)**	**$ 0.01**	**$ 0.07**
Ending Backlog [(3)]	$ 250	$ 234	$ 226	$ 144	$ 72	$ 77
New Contracts [(3)]	$ 290	$ 239	$ 258	$ 189	$ 86	$ 104

Footnotes:

1) After allocations

2) Net income impact to VESCO, net of related expenses; 179D tax law expired in 2016

3) Represents signed construction contracts; does not include multi-year O&M agreements

Use of Non-GAAP Performance Measures and Per Share Measures

Contribution to Vectren's Basic EPS

Per share earnings contributions of the Utility Group, Nonutility Group, and Corporate and Other are presented and are non-GAAP measures. Such per share amounts are based on the earnings contribution of each group included in the Company's consolidated results divided by the Company's basic average shares outstanding during the period. The earnings per share of the groups do not represent a direct legal interest in the assets and liabilities allocated to the groups; instead they represent a direct equity interest in the Company's assets and liabilities as a whole. These non-GAAP measures are used by management to evaluate the performance of individual businesses. In addition, other items giving rise to period over period variances, such as weather, may be presented on an after tax and per share basis. These amounts are calculated at a statutory tax rate divided by the Company's basic average shares outstanding during the period. Accordingly, management believes these measures are useful to investors in understanding each business' contribution to consolidated earnings per share and in analyzing consolidated period to period changes and the potential for earnings per share contributions in future periods. Per share amounts of the Utility Group and the Nonutility Group are reconciled to the GAAP financial measure of basic EPS by combining the two. Any resulting differences are attributable to results from Corporate and Other operations. The non-GAAP financial measures disclosed by the Company should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP, and the financial results calculated in accordance with GAAP.