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ESB Team

PAT FENLON
GROUP FINANCE DIRECTOR

GERRY TALLON
GROUP TREASURER

ÉILISH DOLAN
MANAGER, INVESTOR RELATIONS & CREDIT RATING
ESB delivered improved financial results as it continues its transition to a low carbon energy future

➢ EBITDA €664 million; Capex €396 million; Gearing 52%

➢ Capital expenditure €396 million, including 77% (€305 million) on regulated networks capital infrastructure.

Networks: Regulated Networks Businesses in Ireland; 67% of Group EBITDA¹ and 77% of capital expenditure, supported by established and transparent regulatory frameworks

Generation & Trading: Improved financial results, continuing investment in low carbon renewable generation

Customer Solutions (including Electric Ireland): Electric Ireland competing effectively with an Irish market share of 33%

Strong liquidity position of €2.2 billion at 30 June 2019

Credit ratings reaffirmed A- / A3

Climate Action Plan: ESB strategy is aligned with the Government’s recently published Climate Action Plan which is targeting significant increases in renewables and the electrification of heat and Transport.

¹ All references to EBITDA in presentation are before exceptional items.
ESB’s purpose
Create a brighter future for our customers by leading the transition to reliable, affordable, low carbon energy

• Meet customers’ energy needs through diverse businesses across energy value chain

• Targeting to increase renewables to 50% of generation capacity (generating 40% electricity) by 2030

• Targeting a 50% reduction in carbon intensity by 2030

Investment Focus
• Core Markets Ireland & UK
  • Smart reliable networks
  • Low carbon energy
  • New business growth potential
FINANCIAL OVERVIEW
Consistent Financial Performance

**EBITDA (€m)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>658</td>
<td>686</td>
<td>603</td>
<td>555</td>
<td>664</td>
</tr>
<tr>
<td>Net Debt (€m)</td>
<td>690</td>
<td>638</td>
<td>673</td>
<td>620</td>
<td>664</td>
</tr>
</tbody>
</table>

**Capital Expenditure (€m)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>468</td>
<td>541</td>
<td>564</td>
<td>586</td>
<td>396</td>
</tr>
<tr>
<td>Net Debt (€m)</td>
<td>405</td>
<td>356</td>
<td>303</td>
<td>579</td>
<td>396</td>
</tr>
</tbody>
</table>

**Gearing (%)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>55%</td>
<td>51%</td>
<td>52%</td>
<td>56%</td>
<td>52%</td>
</tr>
</tbody>
</table>

- 2015-2017 Capex is net of capital contributions (Avg €150 p.a)
- 2018 & 2019 capex is gross of capital contributions
H1 2019 – Key Financial Highlights

**Operating Profit (€m)**

- H1 2018: 244
- H1 2019: 294

20% increase

**EBITDA (€m)**

- H1 2018: 620
- H1 2019: 664

7% increase

**Capital Expenditure (€m)**

- H1 2018: 579
- H1 2019: 396

32% decrease

**Net Debt (€m)**

- H1 2018: 4,554
- H1 2019: 4,776

5% increase
EBITDA Movement – H1 2019 vs H1 2018

EBITDA 2018: 620
- ESB Networks: (15)
- NIE Networks: 2
- Generation and Trading: 4
- Customer Solutions: 23
- Other Segments: 30
EBITDA 2019: 664
Operating Environment

Ireland
● Irish economy performing strongly
● GDP +8.2% 2018 +4.9% 2019 forecast
● Strong Irish sovereign rating : A+ Stable (S&P ) and A2 Stable (Moody’s)
● SEM Electricity demand growth
● Energy market stable following ISEM transition

Great Britain
● UK GDP +1.4% 2018 & +1.2% 2019 forecast
● Brexit
  ➢ Sterling assets matched with sterling funding;
  ➢ SEM underpinned by pre-existing legislation in NI and ROI;
  ➢ NIE Networks has no volume risk; visibility to end Q1 2024
● UK Capacity Market remains suspended. The impact for 2019 is €11m.
ESB Networks

Business Strategy - Smart Reliable Networks to support decarbonisation

Business Highlights

- 52% of Group EBITDA and 56% Group Assets.

- Operating profit decrease due to lower volumes resulting from milder weather and higher depreciation.

- Capex decrease relates to lower Transmission spend due to timing of projects.

- Regulated Asset Base (RAB) 30 June 2019 €8.1bn.

- PR4 Revenue Determination (2016-2020)
  - €3.1 billion capex programme
  - WACC 4.95% pre tax real

- Focus: PR4 delivery, PR5 submissions to CRU due in Q4 2019

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H1 2019 EBITDA - €664m

Operating Profit (€m)

<table>
<thead>
<tr>
<th>Period</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>181</td>
<td>157</td>
</tr>
</tbody>
</table>

Capital Expenditure (€m)

<table>
<thead>
<tr>
<th>Period</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>256</td>
<td>229</td>
</tr>
</tbody>
</table>
Northern Ireland Electricity (NIE) Networks

Business Strategy - Smart Reliable Networks to support decarbonisation

Business Highlights

- 15% of Group EBITDA and 19% Group Assets
- Operating profit is down due to lower revenue offset by reduced payroll costs
- Capex decrease is due to lower generation connections
- Regulated Asset Base 2019 €1.8bn / £1.6bn
- RP6 revenue determination (Oct ‘17 – Mar ’24)
  - RP6 WACC 3.2% vanilla real\(^1\) (3.8% pre tax real)
- Focus: RP6 Implementation

Operating Profit (€m)

<table>
<thead>
<tr>
<th></th>
<th>H1 2018</th>
<th>H1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>35</td>
<td>32</td>
</tr>
</tbody>
</table>

Capital Expenditure (€m)

<table>
<thead>
<tr>
<th></th>
<th>H1 2018</th>
<th>H1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>89</td>
<td>76</td>
</tr>
</tbody>
</table>

\(^1\) Vanilla WACC calculated real pre tax cost of debt and real post tax cost of equity
Business Highlights

● 24% of Group EBITDA and 18% Group Assets

● All-Island SEM\(^1\) market share 32% by volume

● Increase in operating profit reflects lower overhaul costs and lower depreciation offset by lower energy margin.

● Lower energy margin - reduced running of Moneypoint in 2019 and lower capacity income partially offset by higher gas spreads

● Decrease in Capex reflects 2018 12.5% acquisition in the Galloper offshore windfarm (€127m)

● Diversified fuel mix

● **Focus**: Build pipeline of renewable projects, successfully operate within SEM

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<table>
<thead>
<tr>
<th>Fuel Mix Total Generation</th>
<th>Operating Profit (€m)</th>
<th>Capital Expenditure (€m)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>H12019 EBITDA - €664m</td>
<td>H1 2018</td>
</tr>
<tr>
<td></td>
<td></td>
<td>H1 2019</td>
</tr>
<tr>
<td></td>
<td></td>
<td>194</td>
</tr>
<tr>
<td></td>
<td></td>
<td>48</td>
</tr>
</tbody>
</table>

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H1 2018 Fuel Mix:
- Coal: 5%
- Gas: 66%
- Hydro: 4%
- Peat: 11%
- Wind: 14%

H1 2019 Fuel Mix:
- Coal: 5%
- Gas: 66%
- Hydro: 4%
- Peat: 11%
- Wind: 14%
Customer Solutions (incl Electric Ireland)

Business Strategy – Competitive offerings & excellent customer service to meet customer needs

Business Highlights

- Customer-facing businesses including supply of electricity, gas, energy services, e-transport and wholesale telecoms
- Customer Solutions contributed 8% of Group EBITDA
- Operating profit €41m.
- Operating profit increase driven by the timing of 2 price increases since August 2018.
- Irish market share 33% with 1.3m customer accounts
- Focus: Meet customer energy needs through value driven solutions at appropriate margins

H1 2018 EBITDA - €664m

Operating Profit (€m)

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 2018</td>
<td>18</td>
</tr>
<tr>
<td>H1 2019</td>
<td>41</td>
</tr>
</tbody>
</table>

SEM Retail Market Share (MWh)

<table>
<thead>
<tr>
<th>Company</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric Ireland</td>
<td>33%</td>
</tr>
<tr>
<td>SSE</td>
<td>23%</td>
</tr>
<tr>
<td>Viridian</td>
<td>23%</td>
</tr>
<tr>
<td>BGE</td>
<td>9%</td>
</tr>
<tr>
<td>Other</td>
<td>12%</td>
</tr>
</tbody>
</table>

1 Irish= Republic of Ireland and Northern Ireland
FUNDING & LIQUIDITY
Included above is ESB’s inaugural Green Bond issued in June 2019 – coupon 1.125% maturity June 2030
Debt Repayment Profile as at 30 June 2019

Note: Excludes Joint Venture Debt
ESB Credit Ratings

S&P Global
Ratings
A-
(Stable Outlook)
Long Term Rating

Moody’s
INVESTORS SERVICE
A3
(Stable Outlook)
Long Term Rating
SUMMARY & OUTLOOK
Summary & Outlook

● **Strategy**
  - ESB strategy is aligned with the recently published Climate Action Plan which is targeting significant increases in renewables and the electrification of heat and transport.
  - ESB remains focused on transitioning to a low carbon energy future

● **Economy**
  - Continued growth in Irish economy and SEM electricity demand expected

● **Networks**
  - ESB Networks (ROI) PR4 delivery and preparation for PR5
  - NIE Networks (NI) RP6 delivery

● **Generation (GT)**
  - Low carbon and renewable investment
  - Challenging period for thermal generation

● **Customer Solutions**
  - Meet customer energy needs through value driven solutions at appropriate margins

● **Ongoing focus on strategy delivery while maintaining financial strength**
End