



Energy for  
generations

# ESB

## Debt Investor Presentation

## 2015 Full-Year Results and Business Update

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# ESB Team



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# Agenda

- Highlights
- 2015 Financial Results
- Business Review
- Funding and Liquidity
- Summary

# Highlights

# Highlights – 2015

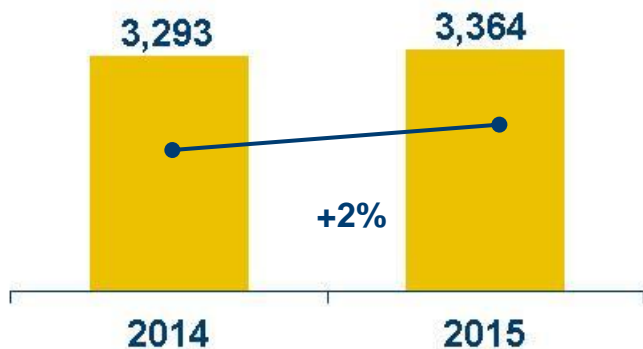


- Solid Performance. Improved profitability driven by improved generation plant availability.
- 61% 2015 EBITDA from regulated networks businesses.
- ESB Networks PR4 (2016-20) concluded. Underpins ~ 50% of Group EBITDA.
- €873m Capital investment – network assets in Ireland €629m (72%).
- Strong liquidity position of €1.5bn.
- Stable credit ratings of A- / Baa1 / BBB+

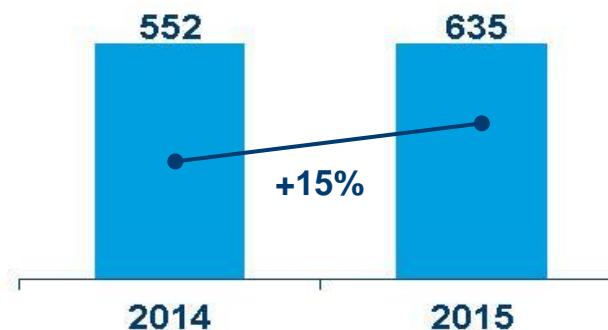
# 2015 Financial Results

# 2015 – Key Financial Highlights

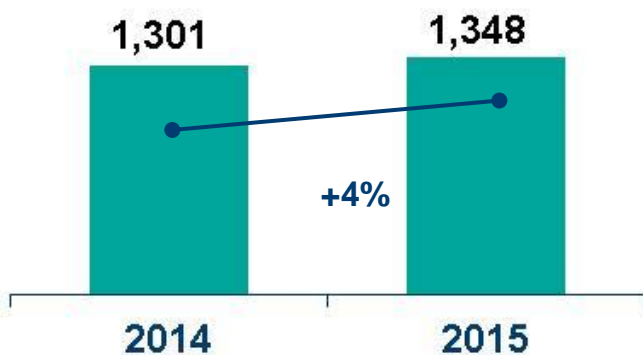
## Revenue (€m)



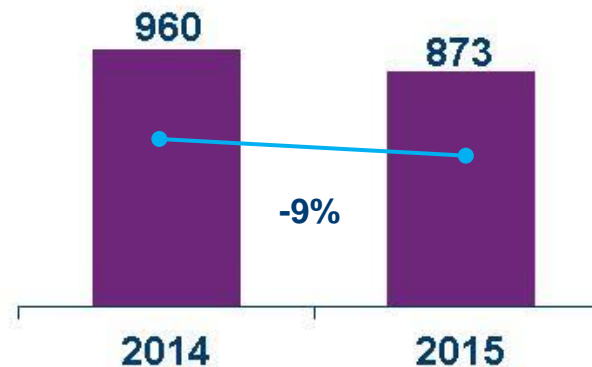
## Operating Profit<sup>1</sup> (€m)



## EBITDA<sup>1</sup> (€m)



## Capital Expenditure (€m)



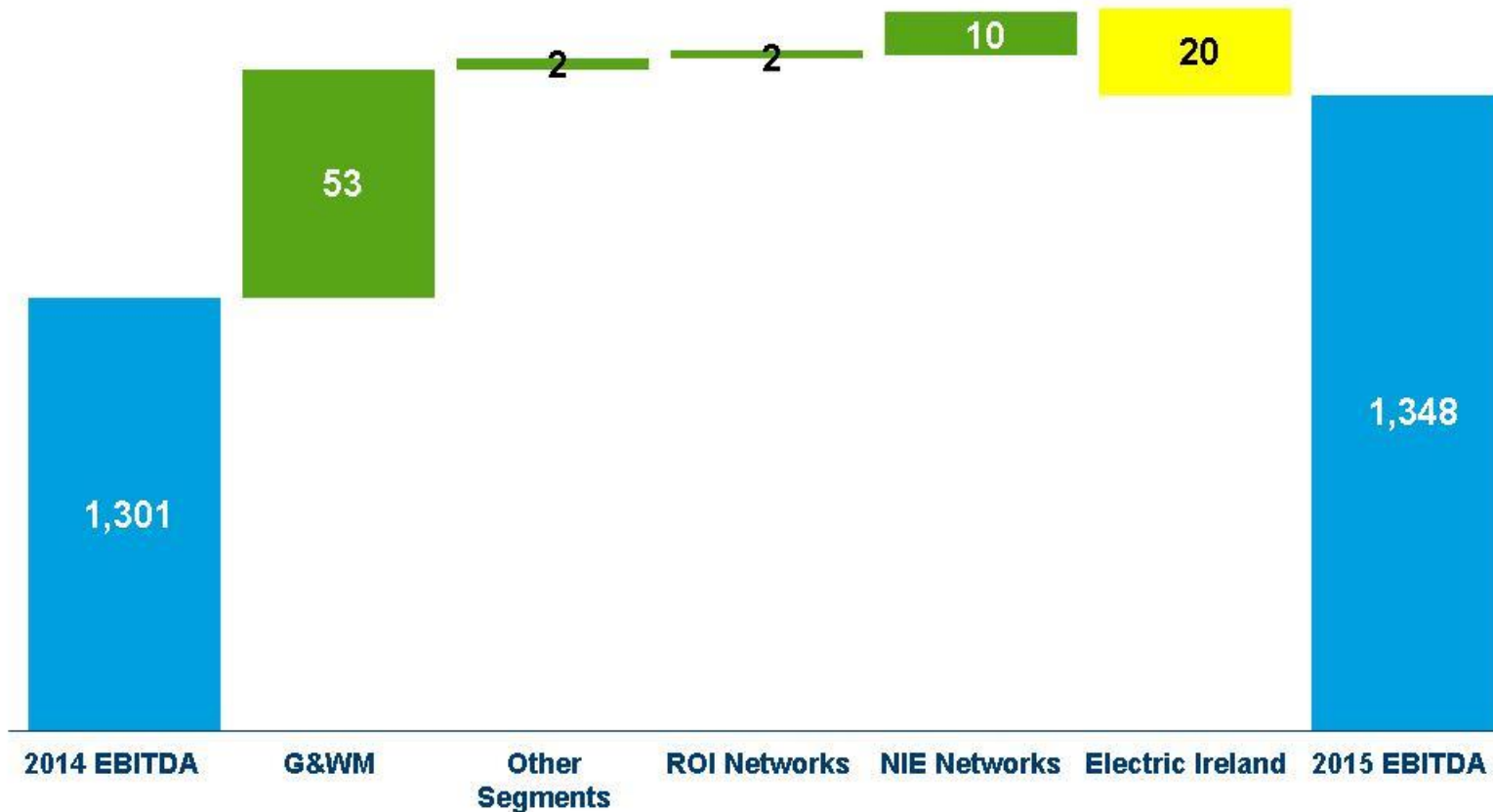
<sup>1</sup> Before Exceptional items:

2015: Generation Impairment charge (€104m) - Corby in GB (€58m) & Coolkeeragh in NI (€46m)

2014: Gain (€94m) re fair value of ESB's share in SIRO JV & disposal shareholdings in Spanish power plant (€38 million)



# EBITDA<sup>1</sup> Movement – 2015 vs 2014



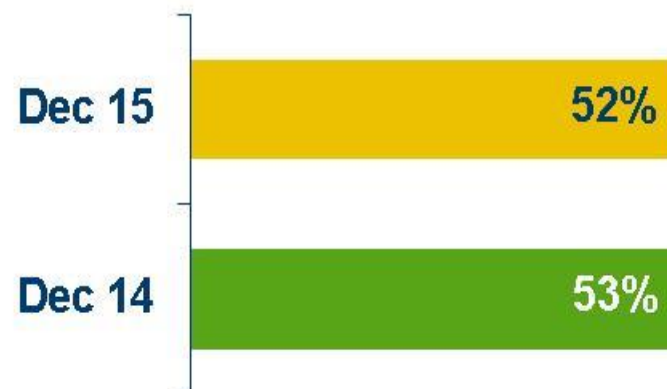
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# Interest Cover and Gearing

## Adjusted<sup>1</sup> EBITDA Interest Cover



## Adjusted<sup>1</sup> Gearing %

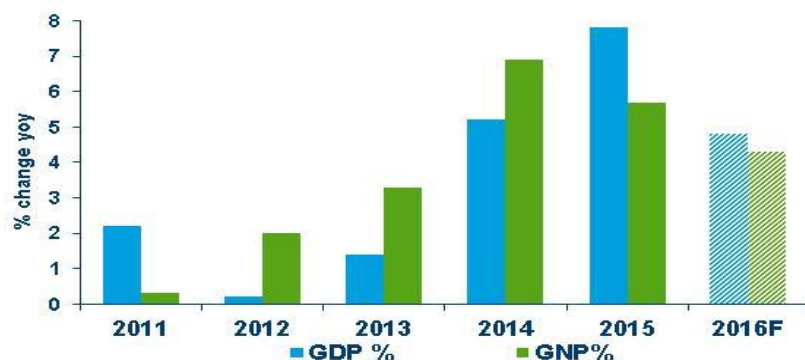


- ESB US Private Placement Agreement Covenants:
  - Adjusted<sup>1</sup> EBITDA Interest Cover > 3.5x
  - Adjusted<sup>1</sup> Gearing < 67.5%

*<sup>1</sup>Adjusted to restate financials to accounting principles in effect at time of USPP issue (UK GAAP 2002). Indicative – subject to final certification. Gearing 55% on IFRS basis.*

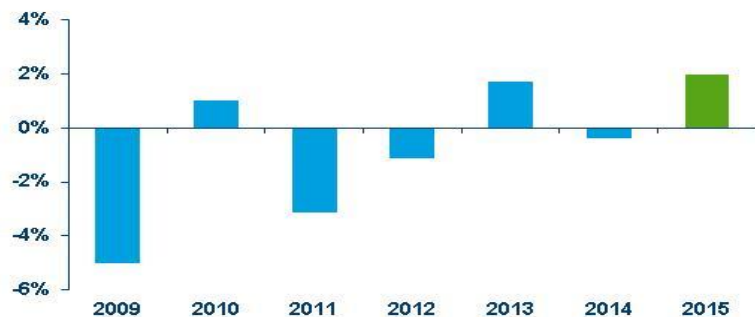
# Business Review

## Strong Economic Growth Trends



Source: NTMA, CSO

## SEM System Demand Growth



Source: Eirgrid, SONI

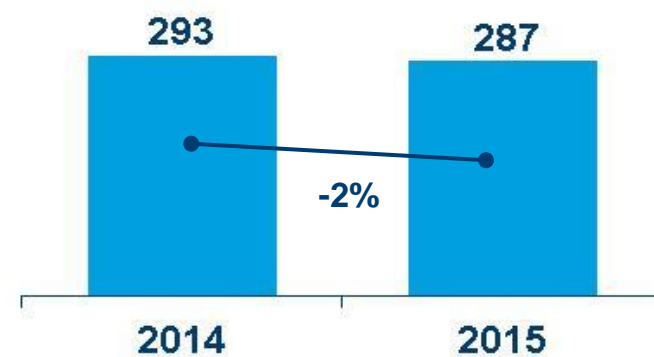
## Ireland

- Consistently strong growth.
- 2015 GDP + 7.8%. GNP + 5.7%
- 2016 Forecast GDP + 4.8%. GNP + 4.3%
- Broad based growth with all sectors showing improvement
- Unemployment rate consistently falling – 8.8% at February 2016
- Further sovereign rating upgrades
  - Now A+ Stable (S&P) / A Stable (Fitch) / Baa1 Positive (Moody's)
- Initial signs of electricity demand growth
  - +2% in 2015

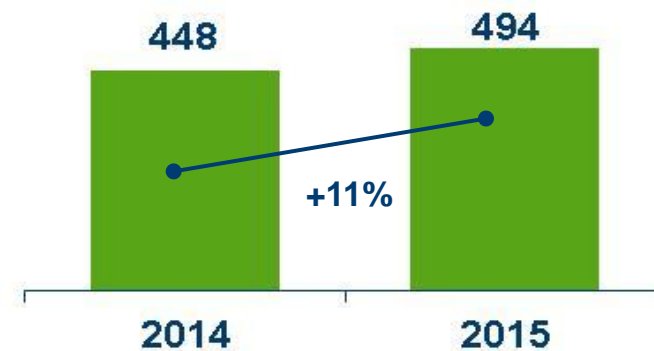
## Key Points

- Earnings broadly stable in 2015
  - Lower regulated tariff income €11m. Principally PR3 interim WACC review.
- Capex up €46m:
  - Network reinforcement for growth catch up and increase in renewables
  - Asset replacement
- ESB Networks PR4 (2016-20) concluded. Underpins ~ 50% of Group EBITDA.
- 2016 Focus: PR4 Implementation.

## Operating Profit (€m)



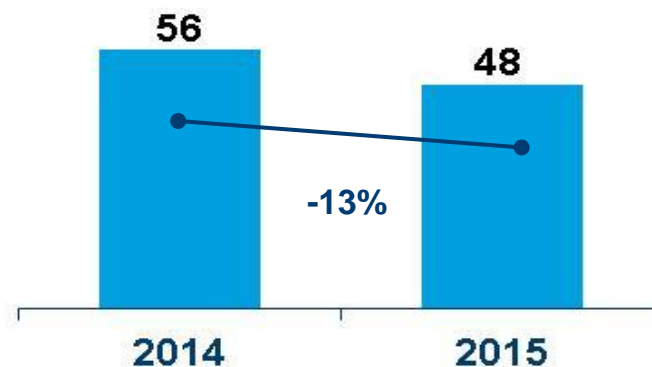
## Capital Expenditure (€m)



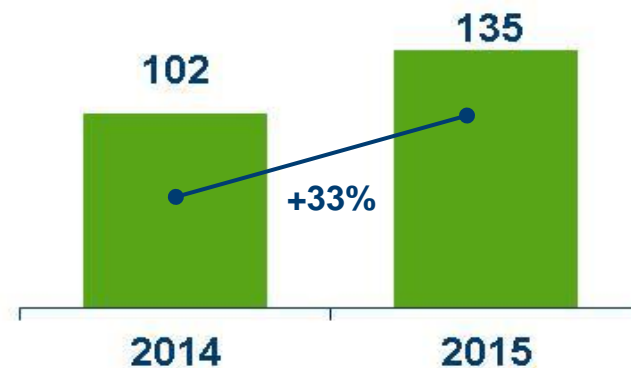
## Highlights

- Operating Profit down €8m
  - RP5 delay – 2 years reduction in one tariff period
  - Costs up primarily higher depreciation on increased asset base
- Networks capital expenditure increase €33m
  - Ramp up to deliver RP5
  - Strengthening of GBP / EUR
- 2016 Focus: RP6 Submission.

## Operating Profit (€m)



## Capital Expenditure (€m)



# Generation & Wholesale Markets

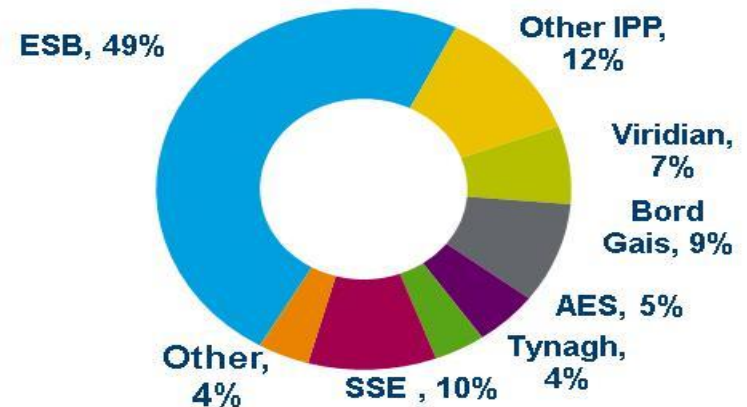
## Highlights

- Improved plant availability (92% v 86%)
  - Drove profit increase
  - Higher Market Share 49% v 43% in 2014
- Capital expenditure €176m (2014: €340m) as Carrington construction nears completion.
- New JV's at Tilbury (GB Biomass) and Raheenleagh (ROI Wind)
- 2016 Focus:
  - Plant availability
  - Carrington commercial operation
  - I-SEM – Further design work

## Operating Profit (€m)



## 2015 Market Share



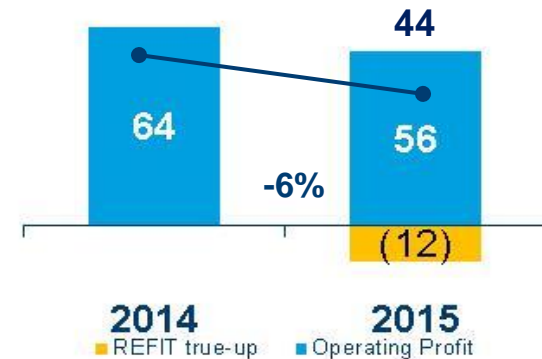
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## Highlights

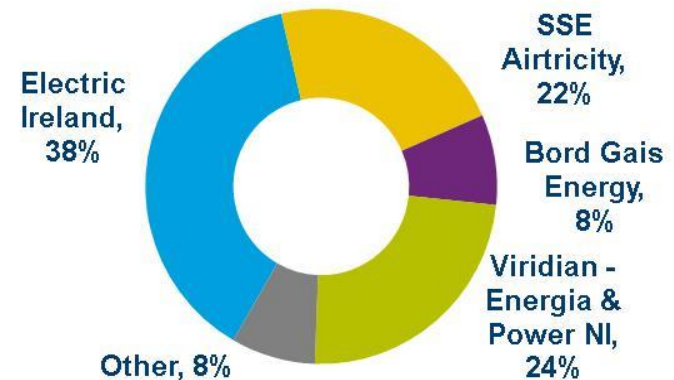
- Market share growth ~1% to 38% driven by business market gains
- Net margin of 2.7%<sup>1</sup> (2014: 3.1%)
- Once-off REFIT true-up €12m
- Entered NI Residential market in Q4 2015
- Digital offering expanded – Smart Home products, residential & business online portal
- Highest Customer Satisfaction among all electricity suppliers (per CER)
- 2016 Focus: Maintain market share

<sup>1</sup> PBIT margin excl. REFIT true-up. 2.1% including REFIT

## Operating Profit (€m)



## Retail Market Share (MWh)

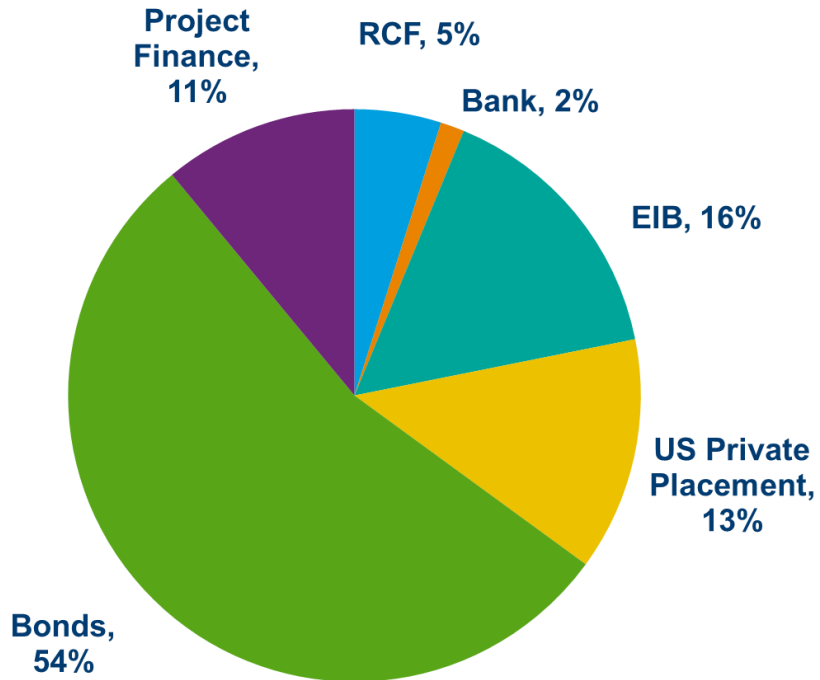




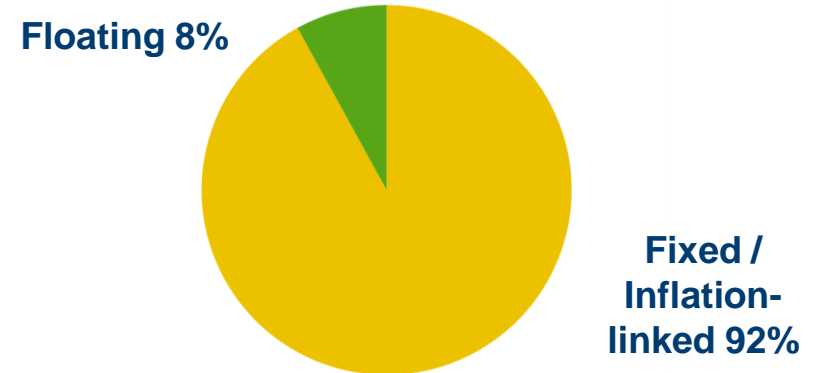
# Funding & Liquidity

# ESB Group Debt Overview

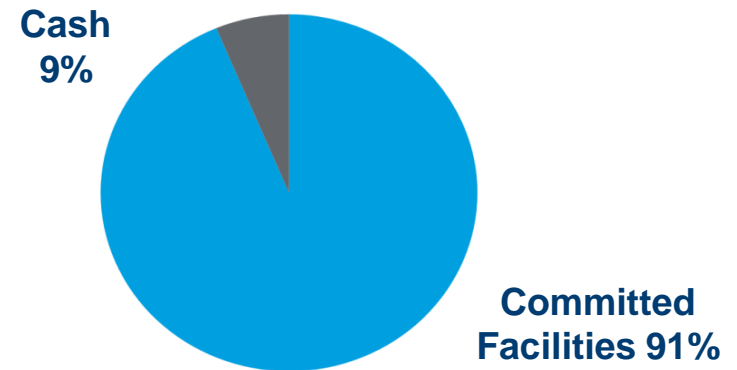
## Group Debt 31 December 2015 - €5.1bn



## Interest Rate Management

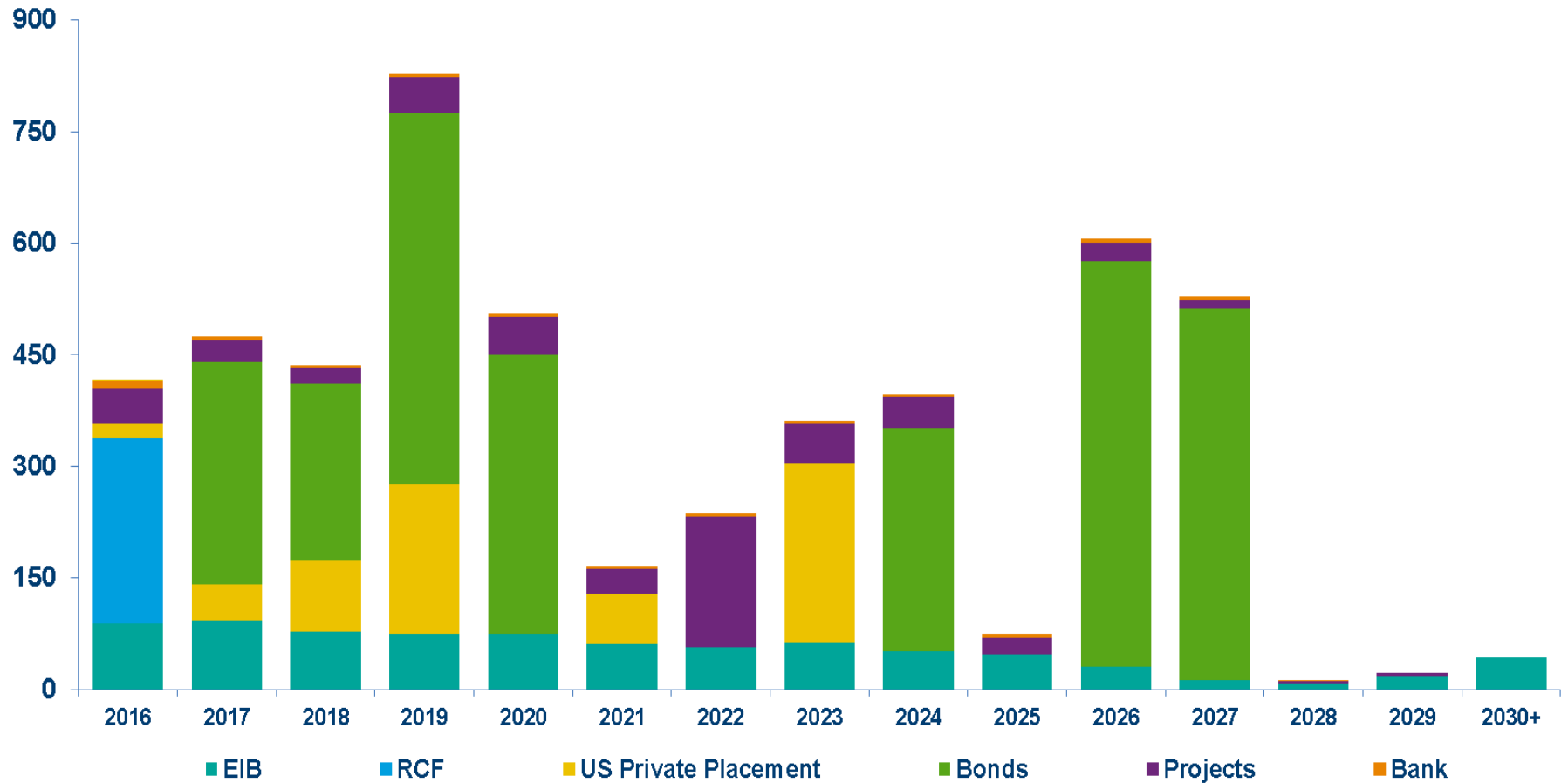


## Available Liquidity - €1.5bn



- €1.44bn RCF amend and extend signed January 2015 – 5 + 2 years facility, competitive pricing
- €500m bond issued June 2015 – 12 years, 2.125%, €300m buy-back.

# Repayment Profile – 31 December 2015



Note: Excludes Joint Venture Debt

# ESB Credit Ratings



	Standard & Poor's	Fitch	Moody's
<b>Current Rating</b>	A - (Stable Outlook)	BBB+ (Stable Outlook)	Baa1 (Stable Outlook)

# Summary

# Outlook 2016

- Continuing improvement in macro economy expected
- Networks
  - ROI : PR4 2016-20. Underpins ~ 50% of Group EBITDA
  - NI : NIE Networks prepare initial RP6 submission
- Generation
  - Maintain plant availability
  - Carrington commercial operation
- Electric Ireland
  - Continued focus on customer and market share
- Ongoing focus on cost efficiency and maintaining financial strength

# Contacts



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