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ESB Team

PAT FENLON
GROUP FINANCE DIRECTOR

GERRY TALLON
GROUP TREASURER

ÉILISH DOLAN
MANAGER, INVESTOR RELATIONS & CREDIT RATING
Overview of ESB

Established 1927 - leading Irish diversified and vertically integrated utility
- c. 95% Government-owned
- Operating in Ireland and Great Britain
- Brighter Future Strategy is to lead the transition to low carbon energy future

ESB NETWORKS

- Owner of the Regulated ROI & NI transmission & distribution networks contributing to 77%* of Group EBITDA and 74%* of Group Assets
- Brighter Future focus is to enable the connection of increased renewable and distribute generation

NIE NETWORKS

GENERATION

- 20%* of EBITDA and 19%* of Group Assets
- Brighter Future focus is to transition the generation portfolio to low carbon technologies

GENERATION & TRADING

CUSTOMER SOLUTIONS

- 5%* EBITDA and 3%* Group Assets
- Brighter Future focus is to provide smart energy services to customers including EV infrastructure roll out

ESB ENERGY

* as at 31 December 2018
Key Credit Strengths

**Leading Irish Energy Utility**
- 95% Irish Government owned
- Markets - Ireland and Great Britain
- Owns all networks in ROI and NI
- Irish electricity market: 38% share of generation and 33% share of supply in 2018

**Stable Business Profile**
- Regulated electricity networks businesses in Ireland account for approximately three quarters of EBITDA and assets
- Supported by established and transparent regulatory frameworks regarded as robust by credit rating agencies

**Consistent Financial Performance**
- FY 2018 EBITDA €1.2bn & Gearing 56% (2017 EBITDA €1.3bn & Gearing 52%)
- Diversified funding and strong liquidity position
- Credit ratings of A- and A3
Brighter Future Strategy – Leading the Transition to Reliable, Affordable, Low-Carbon Energy

Strategic Objectives
- 5 Strategic Objectives to deliver the Brighter Future Strategy

Investment Focus
- Core markets Ireland & UK
- Smart reliable networks
- Low carbon generation

Climate Action Plan (CAP)
- ESB Strategy is fully aligned with Government of Ireland CAP
  - Target of 70% of electricity from renewable sources by 2030
  - Targeting c. 1 million EV’s by 2030
  - 600k heat pumps to be installed by 2030
How is ESB Leading the Transition?

**Generation & Trading**
- Offshore Wind: Neart na Gaoithe (Scotland), Galloper (England) and Oriel (ROI)
- Onshore Wind: Grousemount & Oweninny (Ireland) & Coriolis (Scotland)
- Long term partnerships: Coillte & Equinor
- ESB’s 2 peat stations will cease generating in December 2020
- Moneypoint (c. 900MW) will not burn coal after 2025

**Networks**
- National Smart Metering Programme (NSMP) rollout has commenced
- Approximately 6 GW of renewable generation already connected to the grid
- ESB Networks Electric “Yellow Vans”

**Customer Solutions**
- Electric Vehicle (EV) infrastructure upgrade commenced
- Smart Energy Services will deliver a world-first £120m greenhouse project (largest installed capacity of heat pumps in UK)
FINANCIAL OVERVIEW
Consistent Financial Performance

**EBITDA (€m)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>1,301</td>
<td>1,348</td>
<td>1,324</td>
<td>1,276</td>
<td>1,175</td>
</tr>
</tbody>
</table>

**Net Debt (€m)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>4,639</td>
<td>4,975</td>
<td>4,524</td>
<td>4,377</td>
<td>4,915</td>
</tr>
</tbody>
</table>

**Capital Expenditure (€m)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>960</td>
<td>873</td>
<td>897</td>
<td>867</td>
<td>1,165</td>
</tr>
</tbody>
</table>

**Gearing (%)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>53%</td>
<td>55%</td>
<td>51%</td>
<td>52%</td>
<td>56%</td>
</tr>
</tbody>
</table>

*2015-2017 capex is net of capital contributions
*2018 capex is gross of capital contributions
## H1 2019 Highlights

<table>
<thead>
<tr>
<th>Highlights</th>
<th>H1 2019</th>
<th>Change vs H1 2018</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Profit</td>
<td>€294m</td>
<td>+€50m</td>
<td>Lower operating costs off set by lower margins;</td>
</tr>
<tr>
<td>Capex</td>
<td>€396m</td>
<td>-€183m</td>
<td>12.5% Galloper acquisition in 2018 for €127m</td>
</tr>
</tbody>
</table>
BUSINESS REVIEW
Operating Environment

Ireland

- Irish economy performing strongly
- GDP +8.2% 2018, +5% 2019F, +4.3% 2020F
- Strong Irish sovereign rating: AA- (S&P) and A2 (Moody’s)
- SEM electricity demand growth

Great Britain

- UK GDP +1.4% 2018, +1.25% 2019F, +1.25% 2020F
- 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 reinstated in Oct 2019

SEM System Demand Growth (%)

SEM Market Price Trend
Business Strategy – Smart Reliable Networks to Support Decarbonisation

Business Highlights

- 61% of Group EBITDA and 55% Group Assets
- Operating profit increase due to higher price and additional volume
- Capex increase mainly due to accounting for customer contributions (IFRS15)
- Regulated Asset Base (RAB) 2018 €7.9bn
- PR4 Revenue Determination (2016-2020)
  - €3.1 billion capex programme
  - WACC 4.95% pre-tax real¹

Focus:
- PR4 delivery
- PR5 (2021-2025) draft determination due Q2 2020

2018 EBITDA - €1.2bn

Operating Profit (€m)

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>317</td>
</tr>
<tr>
<td>2018</td>
<td>355</td>
</tr>
</tbody>
</table>

Capital Expenditure (€m)

<table>
<thead>
<tr>
<th>Year</th>
<th>Capital Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>501</td>
</tr>
<tr>
<td>2018</td>
<td>590</td>
</tr>
</tbody>
</table>
Northern Ireland Electricity (NIE) Networks

Business Strategy – Smart Reliable Networks to Support Decarbonisation

Business Highlights

- 16% of Group EBITDA and 19% Group Assets
- Operating profit increase due to higher price and PSO revenue
- Capex increase mainly due to accounting for customer contributions (IFRS15)
- Regulated Asset Base 2018 €1.7bn / £1.6bn
- RP6 revenue determination (Oct ‘17 – Mar ‘24)
  - RP6 WACC 3.2% vanilla real¹ (3.8% pre-tax real)
- Focus:
  - RP6 Implementation

2018 EBITDA - €1.2bn

Operating Profit (€m)

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>35</td>
<td>62</td>
</tr>
</tbody>
</table>

Capital Expenditure (€m)

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>143</td>
<td>171</td>
</tr>
</tbody>
</table>

¹ Vanilla WACC calculated real pre-tax cost of debt and real post-tax cost of equity
Generation & Trading (GT)

Business Strategy – Transition to Low Carbon Generation Portfolio

Business Highlights

- 20% of Group EBITDA and 19% Group Assets
- All-Island SEM market share 38% by volume
- Reduction in operating profit reflects lower energy margins and extended Moneypoint outage
- Market prices were higher in 2018 but volumes were lower resulting in a reduction in energy margin
- Increase in capex reflects investment in renewable generation

Focus:
- Build pipeline of renewable projects
- Prepare for newly announced RESS auctions

2018 EBITDA - €1.2bn

Operating Profit (€m)  Capital Expenditure (€m)

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Profit</th>
<th>Capital Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>120</td>
<td>128</td>
</tr>
<tr>
<td>2018</td>
<td>37</td>
<td>299</td>
</tr>
</tbody>
</table>

20% of Group EBITDA and 19% Group Assets
Customer Solutions (including 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
- Electric Ireland contributed 5% of Group EBITDA
- Operating profit €54m; margin of 3%
- Irish market share 33% with 1.25m customer accounts

Focus:
- Meet customer energy needs through value driven solutions at appropriate margins

2018 EBITDA - €1.2bn

Operating Profit (€m)

SEM Retail Market Share (MWh)

Electric Ireland contributed 5% of Group EBITDA

Sem Retail Market Share (MWh)

Bord Gais Energy
SSE Airtricity
Viridian - Energia & Power NI
Other
Included above is ESB’s inaugural Green Bond issued in June 2019 – coupon 1.125% maturity June 2030
Debt Repayment Profile (as at 31 December 2018)

Note: Excludes Joint Venture Debt
## Transaction Overview

### Public Bond Issuance

<table>
<thead>
<tr>
<th><strong>Issuer</strong></th>
<th>ESB Finance DAC</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Guarantor</strong></td>
<td>Electricity Supply Board</td>
</tr>
<tr>
<td><strong>Expected Issue Rating</strong></td>
<td>Moody’s: A3 (Stable), S&amp;P: A- (Stable)</td>
</tr>
<tr>
<td><strong>Status</strong></td>
<td>Senior Unsecured Notes</td>
</tr>
<tr>
<td><strong>Size</strong></td>
<td>[GBP Benchmark]</td>
</tr>
<tr>
<td><strong>Coupon</strong></td>
<td>Fixed Rate, Annually in Arrear</td>
</tr>
<tr>
<td><strong>Tenor</strong></td>
<td>[12-15] years</td>
</tr>
<tr>
<td><strong>Documentation</strong></td>
<td>€5bn EMTN Programme Dated 21 May 2019 and Supplemented 20 December 2019</td>
</tr>
<tr>
<td><strong>Denominations</strong></td>
<td>£100k+£1k</td>
</tr>
<tr>
<td><strong>Governing Law</strong></td>
<td>English</td>
</tr>
<tr>
<td><strong>Listing</strong></td>
<td>Irish Stock Exchange plc trading as Euronext Dublin</td>
</tr>
<tr>
<td><strong>Use of Proceeds</strong></td>
<td>General Corporate Purposes</td>
</tr>
<tr>
<td><strong>Joint Lead Managers</strong></td>
<td>Barclays, BNP Paribas, HSBC, NatWest Markets, RBC Capital Markets</td>
</tr>
</tbody>
</table>
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
ESB’s strategy is to lead the transition to a low carbon energy future and aligns with the Irish Governments Climate Action Plan

- Continued growth in Irish economy and SEM electricity demand expected

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

- Low carbon and renewable investment
  - Challenging period for thermal generation

- Meet customer energy needs through value driven solutions at appropriate margins

- Ongoing focus on strategy delivery while maintaining financial strength
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