



Energy for  
generations

# ESB

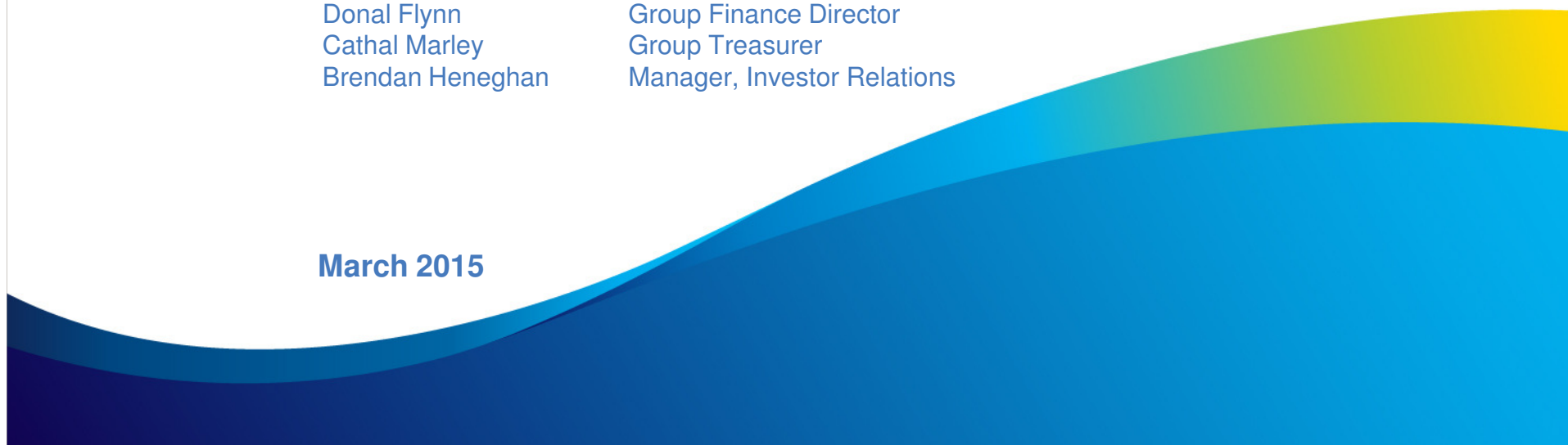
## Debt Investor Presentation

## 2014 Full-Year Results and Business Update

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Group Finance Director  
Group Treasurer  
Manager, Investor Relations

March 2015



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# ESB Team



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Group Treasurer



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# Agenda



- Highlights
- 2014 Financial Results
- Business Review
- Funding and Liquidity
- Summary

# Highlights

# Highlights – 2014



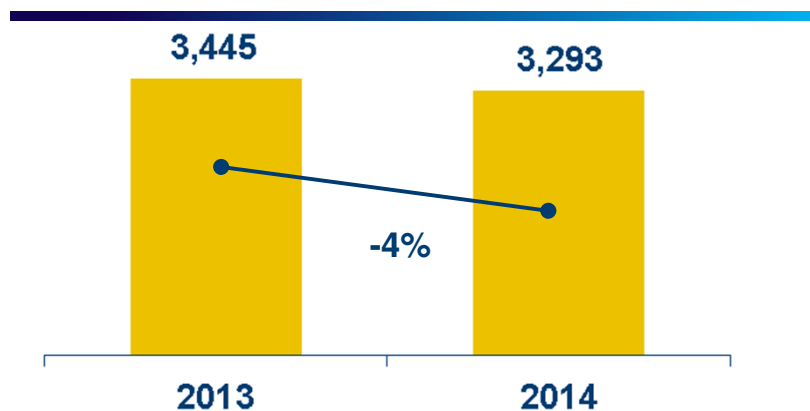
- Solid financial position despite challenges
- €960m Capital investment – core network assets in Ireland (€550m) and Carrington project
- Special Dividend Commitment to Government completed in January 2015 – Asset sales programme now closed
- Strong liquidity position – €1.44bn facility extended to 2020 with 2 year extension option
- Financial performance remains a focus – cost savings on target

# 2014 Financial Results

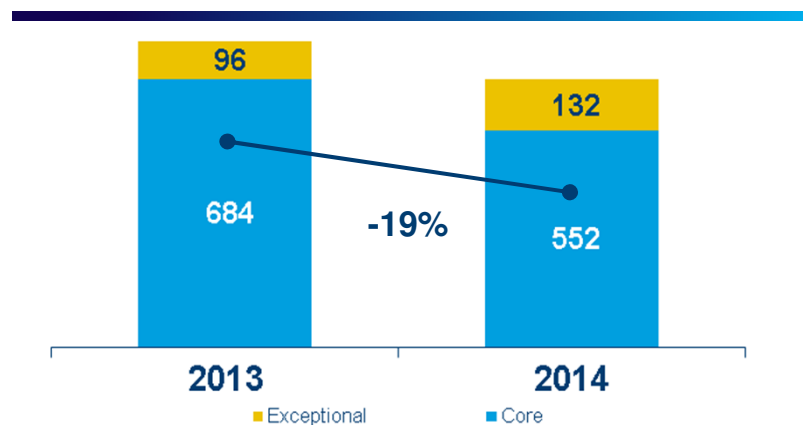
# 2014 – Key Financial Highlights



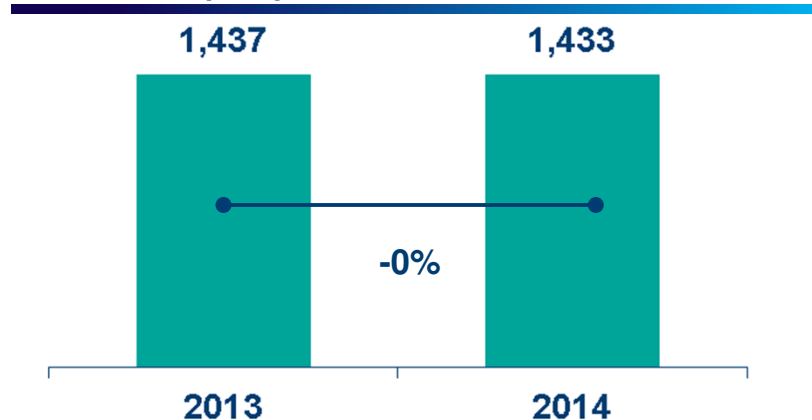
## Revenue (€m)



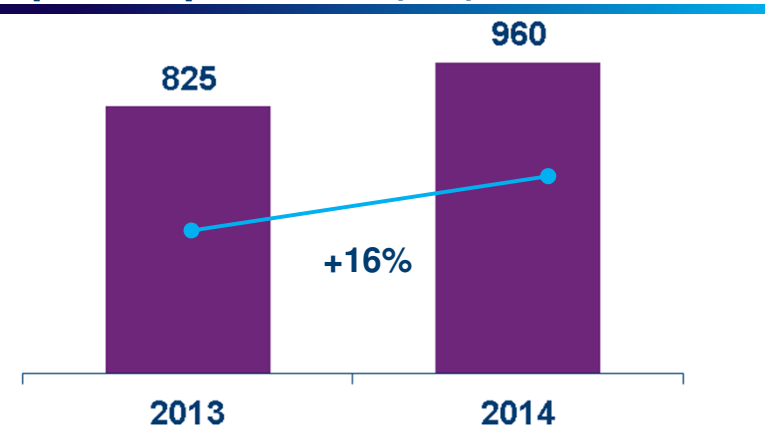
## Operating Profit<sup>1</sup> (€m)



## EBITDA (€m)



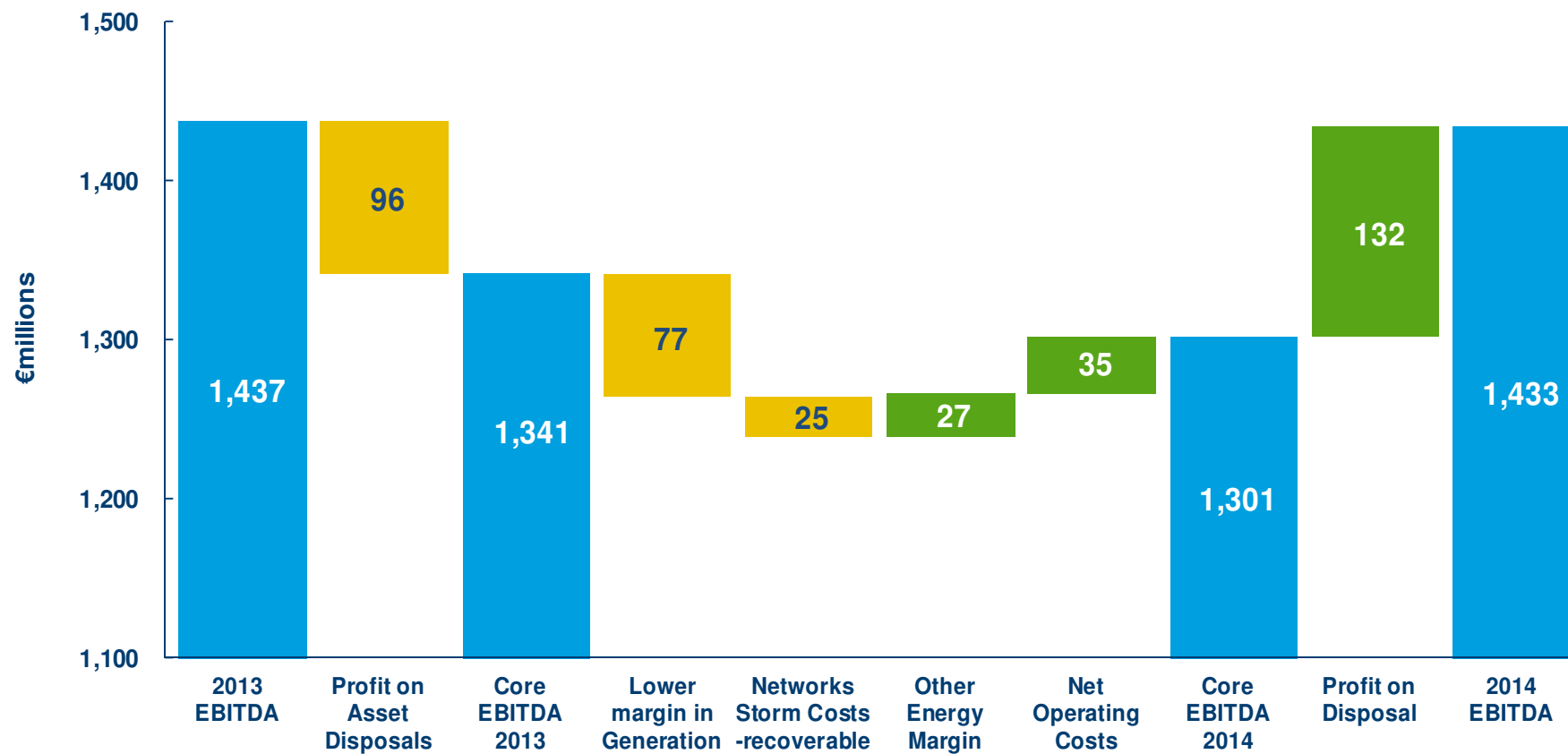
## Capital Expenditure (€m)



<sup>1</sup>Exceptional items: Profit on Disposal of Shareholding: 2013 - €96m, 2014 - €38m; Fair Value Gain on loss of control of subsidiary: 2014 - €94m



# EBITDA Movement – 2014 vs 2013



# 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%

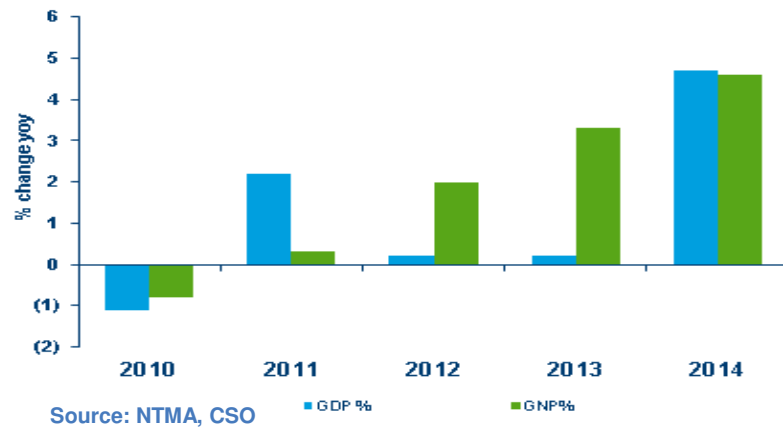
<sup>1</sup>Adjusted to restate financials to accounting principles in effect at time of USPP issue (UK GAAP 2002).  
Indicative – subject to final certification.

# Business Review

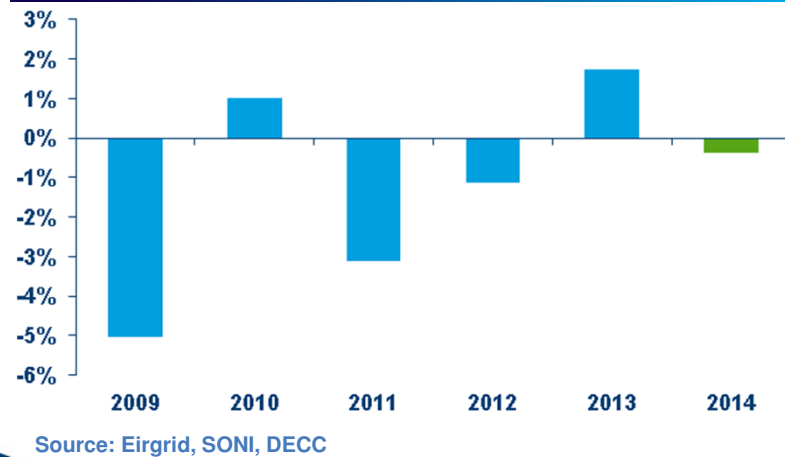
# Macro Environment



## GDP Growth accelerates in 2014



## SEM System Demand Growth



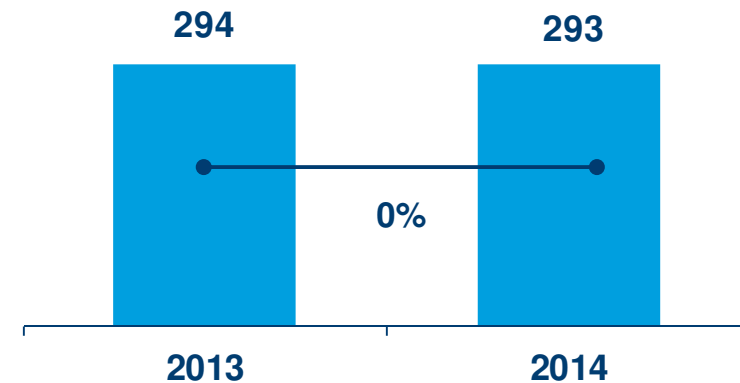
## Ireland

- Recovery continues with 5% GDP Growth in 2014 and 4% forecast in 2015
  - Broad-based growth with all sectors up
- Construction sector showing signs of improvement
- Unemployment rate falling – 10.1% at end February 2015
- Sovereign rating upgrades
  - Now A Stable (S&P) / A- Stable (Fitch) / Baa1 Stable (Moody's)
- System demand down due to mild, wet winter – increase in H2 2014

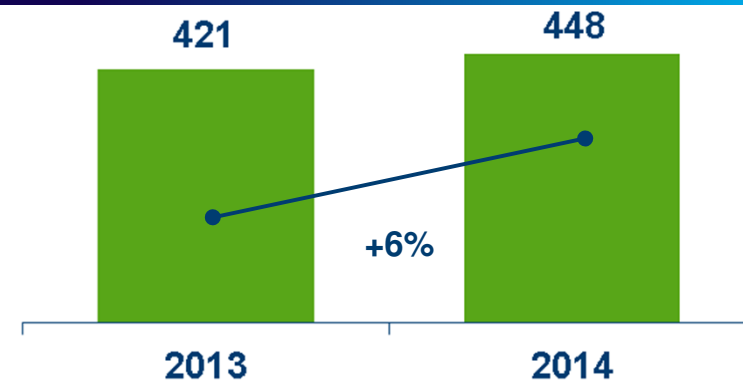
## Highlights

- Earnings stable in 2014
  - Profits negatively impacted by €25m Storm Costs (recoverable)
  - Increase in depreciation as asset base grows
  - Mid-term adjustment from PR3 impacts Q4 2014 - Q3 2015
  - Higher tariff offsets these movements
- Discussions for next price control (PR4) ongoing
  - Draft decision Q2 / Q3 2015
  - Final determination Q3 / Q4 2015

## Operating Profit (€m)



## Capital Expenditure (€m)



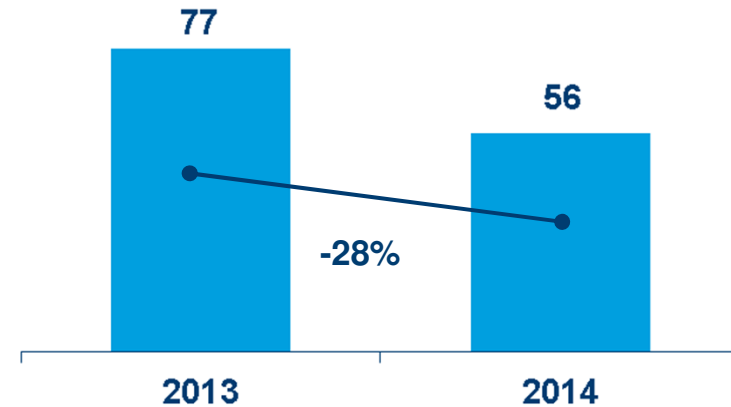
# Northern Ireland Electricity



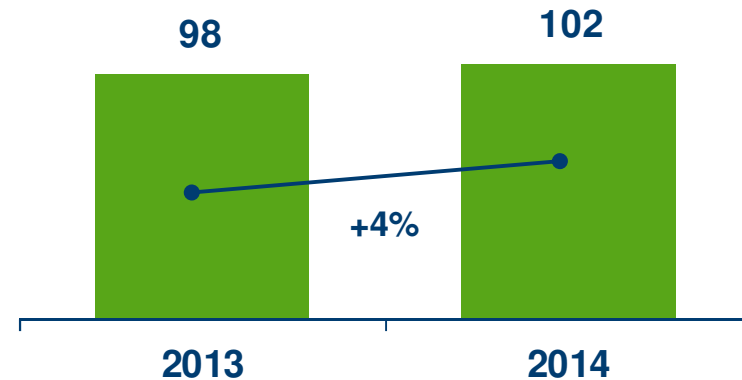
## Highlights

- Operating Profit negatively impacted by lower demand, reduced return under RP5
- 100 employees exited under VS programme, £5m cost savings in 2015
- RAB growth to £1.3bn – increased capital spend on renewable integration
- Implementation of RP5 now underway

## Operating Profit (€m)



## Capital Expenditure (€m)



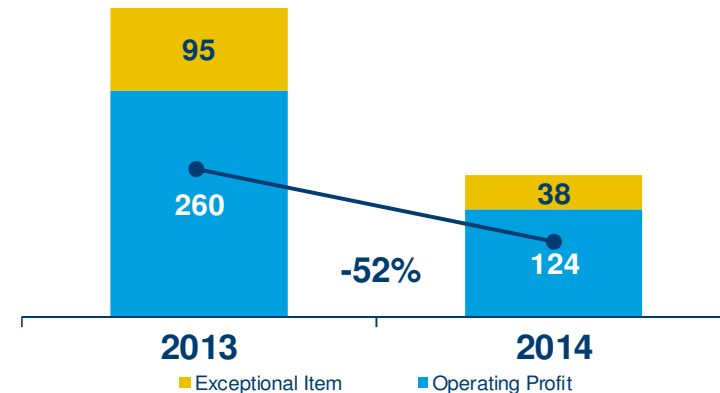
# Generation & Wholesale Markets



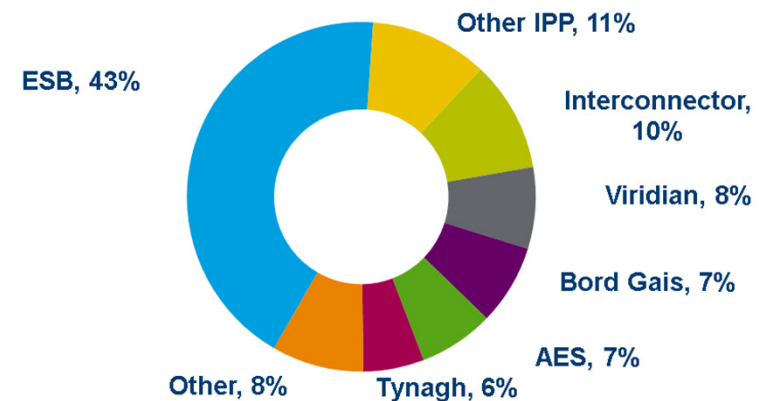
## Highlights

- Decrease in core operating profit due to lower wholesale prices (€62m) and plant outages (€15m)
- Impairment of GB assets linked to lower wholesale prices (€50m)
- Market share of 43% in 2014
- Capital Expenditure of €340m (2013: €253m) reflecting higher expenditure on Carrington project
- 2015 Focus:
  - Plant availability
  - Carrington delivery
  - I-SEM – Further design work, implementation October 2017

## Operating Profit<sup>1</sup> (€m)



## Generation Market Share

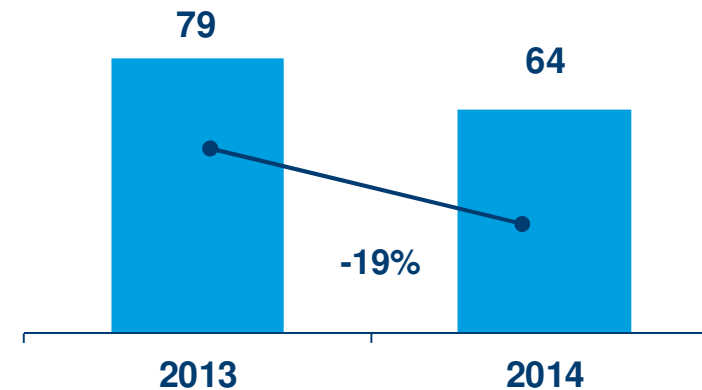


\*12014 Profit includes impairment charge (€50m)

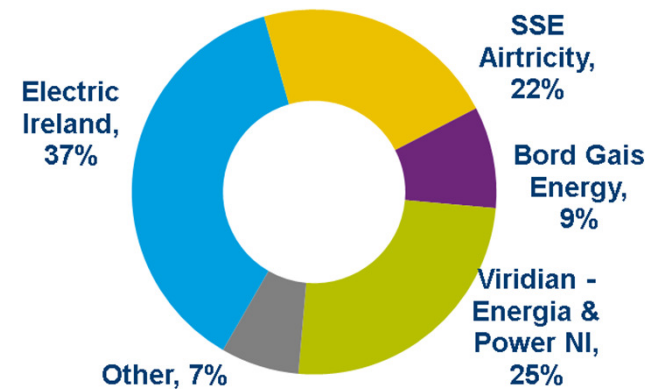
## Highlights

- Net margin of 3.1% (2013: 3.8%)
- Market share stable at 37%
- 2013 once-offs and intensity of competition impacting on profit
- Customer gains in Gas / Dual Fuel segment in period
- Powering Rewards Loyalty scheme launched in 2014 – over 100,000 members
- NEST launch – exclusive partnership

## Operating Profit (€m)



## Retail Market Share (MWh)



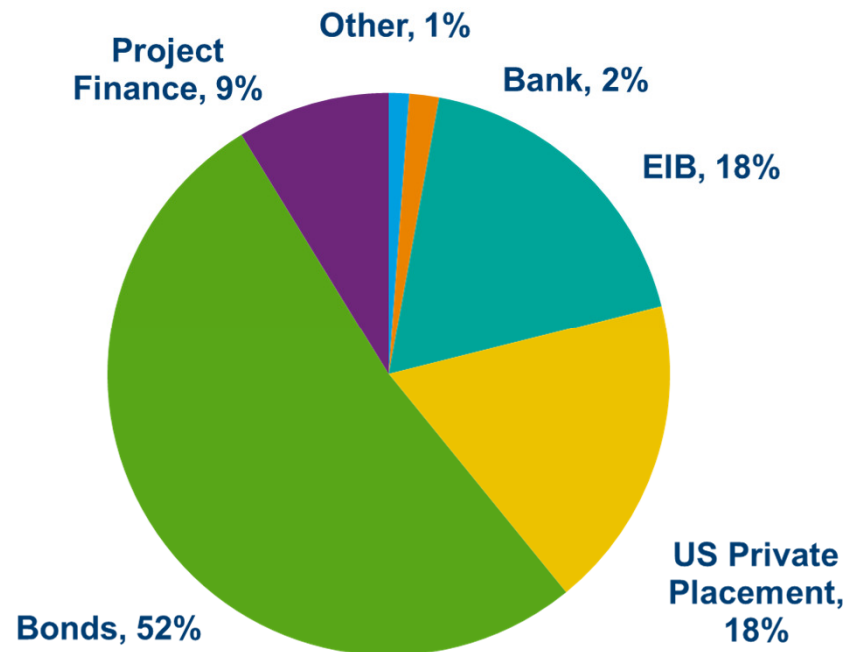


# Funding & Liquidity

# Debt Overview

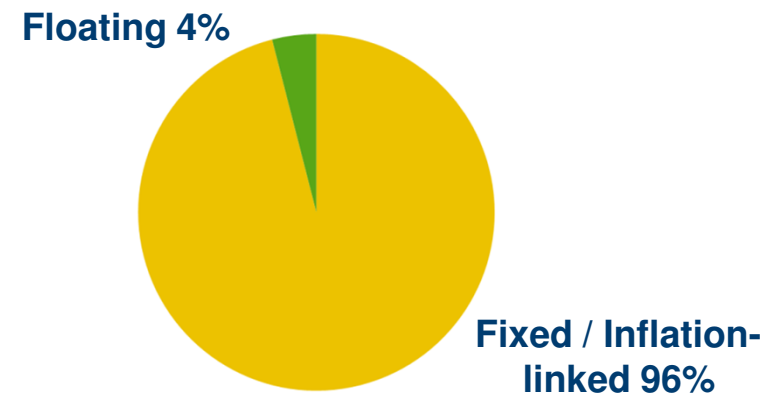


## Group Debt 31 December 2014 - €4.8bn

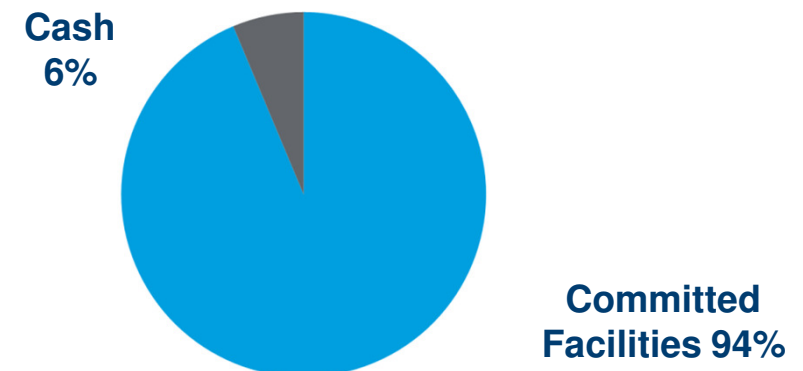


- €1.44bn RCF Amend and Extend signed January 2015 – 5 + 2 years facility, competitive pricing
- Index-linked swaps restructured in Q2

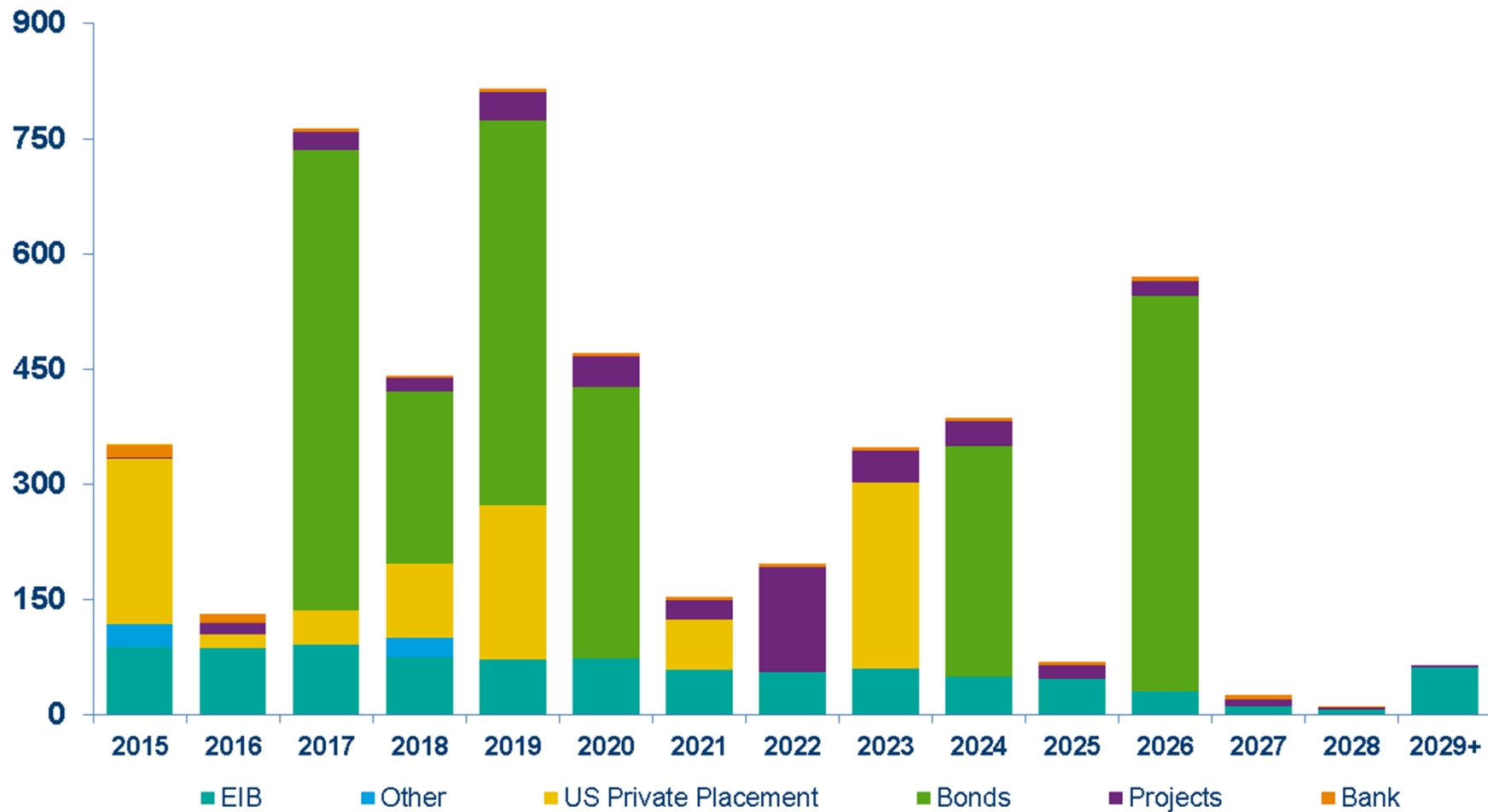
## Interest Rate Management



## Available Liquidity - €1.7bn



# Debt Maturity – 31 December 2014



# ESB Credit Ratings



	Standard & Poor's	Fitch	Moody's
<b>Current Rating</b>	BBB+ (Stable Outlook) November 2013	BBB+ (Stable Outlook) February 2014	Baa1 (Stable Outlook) May 2014

# Summary

# Outlook 2015



- Further improvement in macroeconomy expected
- Continued investment in core network assets and Carrington construction due to complete this year
- Networks
  - PR4 Determination in ROI a key focus
  - Implementation of NIE RP5
- Generation
  - Wholesale prices expected to remain at 2014 levels, plant availability to improve
  - Carrington project delivery
- Electric Ireland
  - Focus on market share retention
- Ongoing focus on cost efficiency and financial strength

# Contacts



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