



Energy for
generations

ESB

2012 Results and Summary Update

March 2013

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ESB Team



Donal Flynn - ESB Finance Director



Paul Stapleton – Group Treasurer

Agenda



- ESB Background and Strategy
- 2012 Review
- Funding and Liquidity
- Looking Forward

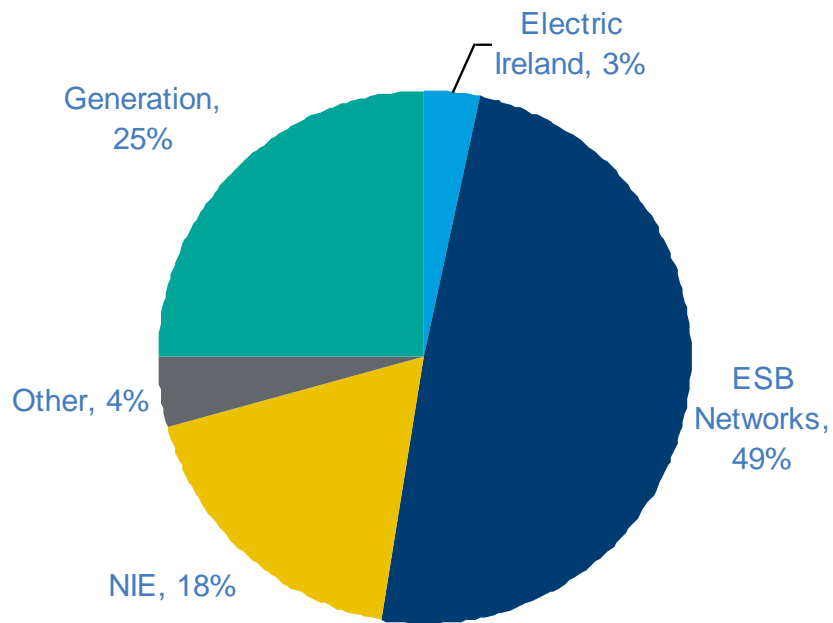
ESB Background and Strategy

ESB Overview



- **History:** Established 1927, Vertically Integrated, 95% Government owned; Track Record of Delivery
- **Networks:** Owner of the regulated Republic of Ireland T&D networks (RAB €6.8bn)
Owner of the Regulated Northern Ireland T&D networks (RAB £1.2bn)
- **Generation:** All-Island Capacity of 4.3GW, GB Capacity of 1.3GW
- **Supply:** 1.5 million Customers served on an All-Island basis
- **Innovation:** Successful International Engineering Business; Clean Tech Fund (Novus Modus), eCars

Assets by Business



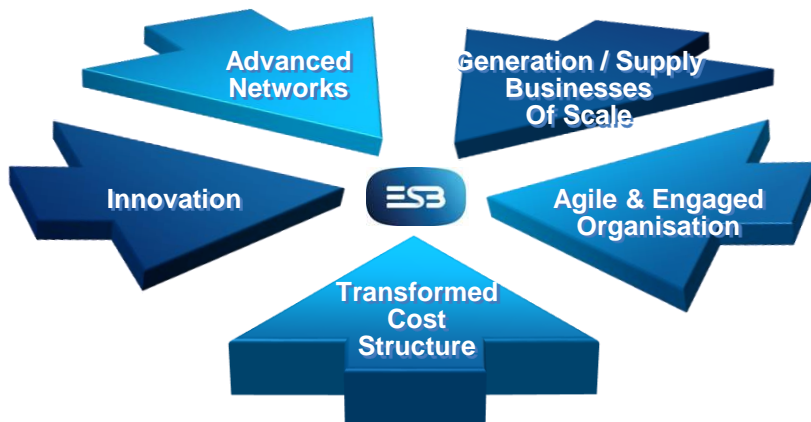
Key Points

- 67% of assets are fully regulated Transmission and Distribution network assets. ESB owns 100% of T&D assets in ROI and NI.
- Stable, established and well understood regulatory environment
- Balanced Generation-Supply position. All-Island generation market share of 46% by capacity and 48% by volume. All-Island supply market share of 36%
- 26% of assets outside ROI

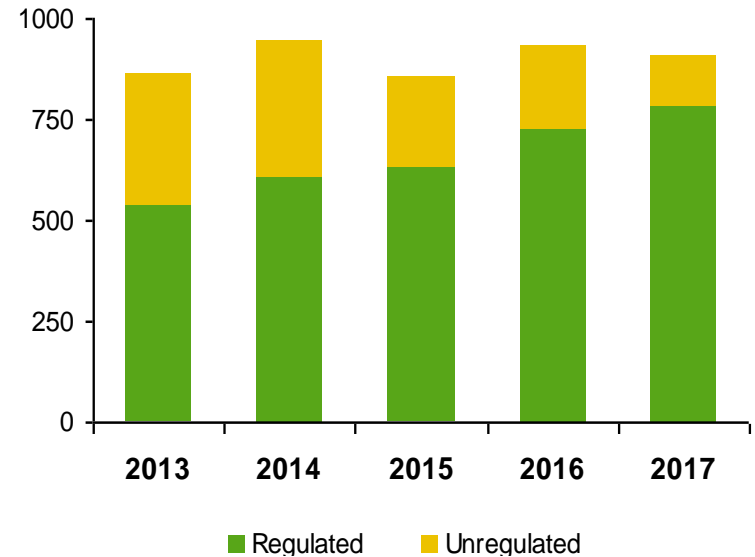
ESB Strategy Summary

Key Points

- Energy Focus
- Vertically Integrated Utility
- Market Focus – Ireland and Great Britain
- Investment Focus
- Financial Management



Capex of €5-6bn over 5 years

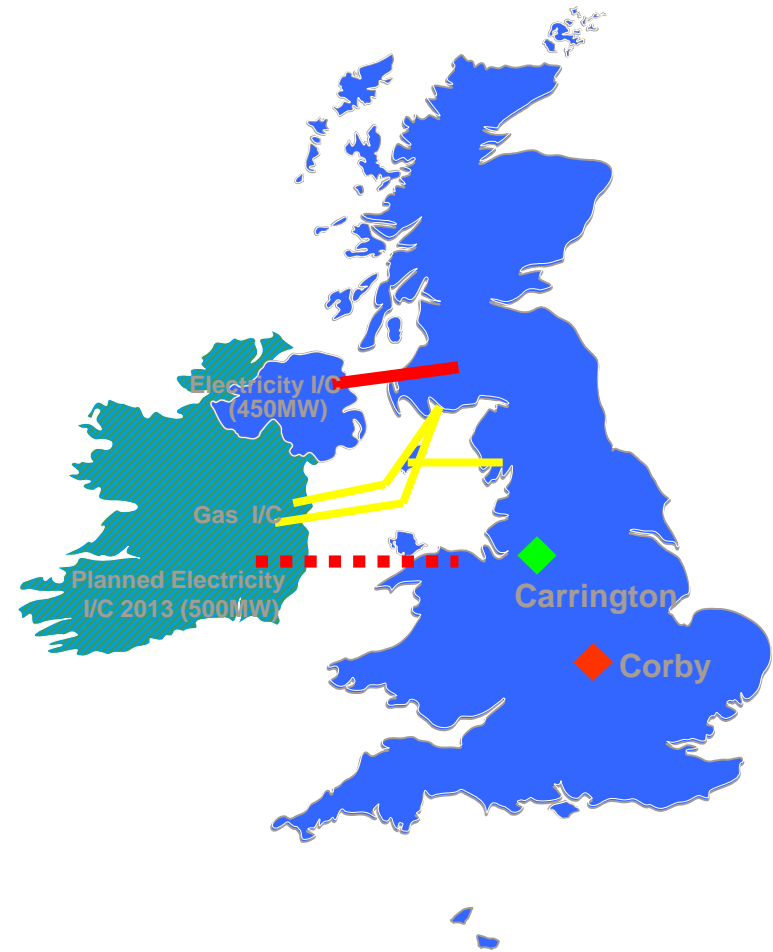


70% of Capex on Regulated Network Assets

Carrington



- New generation focused in the UK
- Enhances ESB's capability to compete as the British and Irish markets integrate more closely
- Carrington 881MW CCGT
- Project Financed (backed by ECA) September 2012
- Construction underway – COD 2016
- To be traded as part of ESB's combined SEM and GB Portfolio



Government Policy – Asset Disposals

Principles

- ESB to pay up to €400m in special dividends by end of 2014, to be funded from the sale of non-strategic generation capacity
- Government committed to the following:
 - ESB to remain a financially strong state-owned Vertically Integrated Utility.
 - ESB to retain significant scale in generation to compete in the All-Islands market.
 - ESB to maintain its strong credit rating to ensure access to funding in order to deliver its investment in key infrastructure.
- Dividends to be paid after pay-down of appropriate amount of debt to protect balance sheet and credit metrics.
- Process has commenced to sell shareholdings in Marchwood Power Ltd. (UK) and Bizkaia Energia SL (Spain).

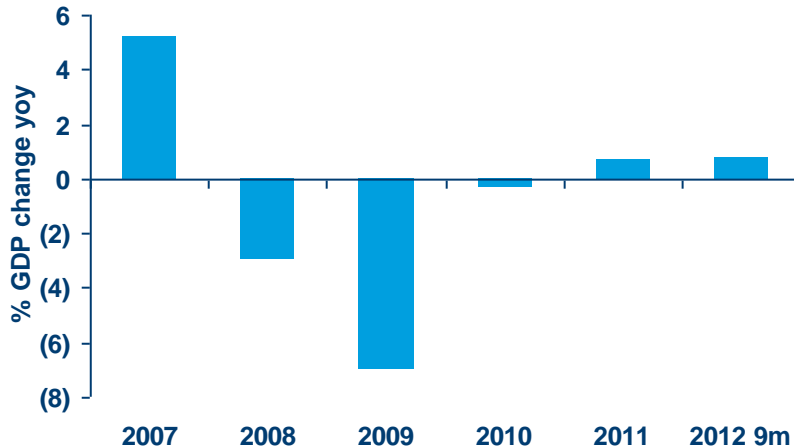


2012 Review

Business Environment 2012

Ireland

- Macro / Fiscal Recovery continuing
- Second consecutive year of GDP growth
- All Troika targets met
- Export growth, despite weak trading partner demand
- Return to capital markets July 2012



ESB Highlights

- Strong 2012 Performance
- €1.8bn in funds raised - €1.1bn in bonds
- Continued investment in assets with capex of €0.8bn – 61% on regulated assets
- Stable Regulated Networks Income
- Return to profitability of Electric Ireland – 100,000 Electricity Customers won back
- Strong generation performance
- Cost reduction programme ongoing – over €200m of €280m (by 2015) target now achieved

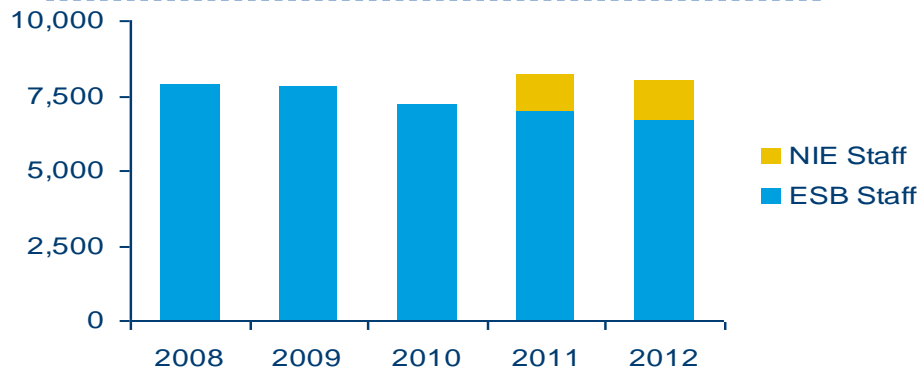
Reducing Cost Base

Cost Savings (€m)

	Target	Achieved
5 Year Savings Target	280	
- Payroll		150
- Non-Payroll		60
Total	280	210

ESB Group Headcount

Core ESB staff numbers down 1,200 since 2008

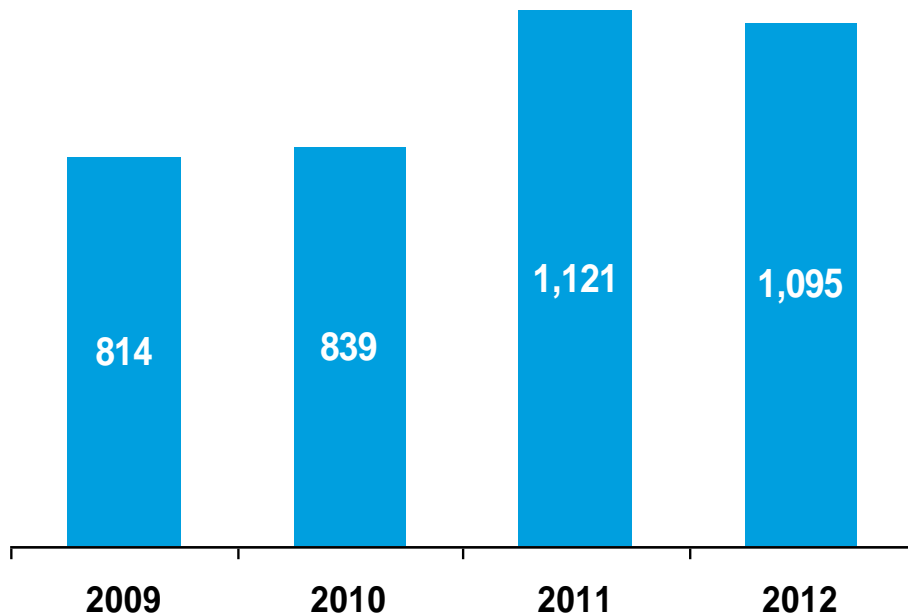


Performance Improvement Programme

- Target of €280m annual cost reductions between 2010 and 2015 (equates to overall reduction of 25%)
- Over €200m achieved to date
- Agreement reached with Unions on voluntary severance scheme in 2012.
- Exceptional charge of €161m in 2012 in respect of VS costs
- Savings expected in relation to these staff of c. €50m p.a.

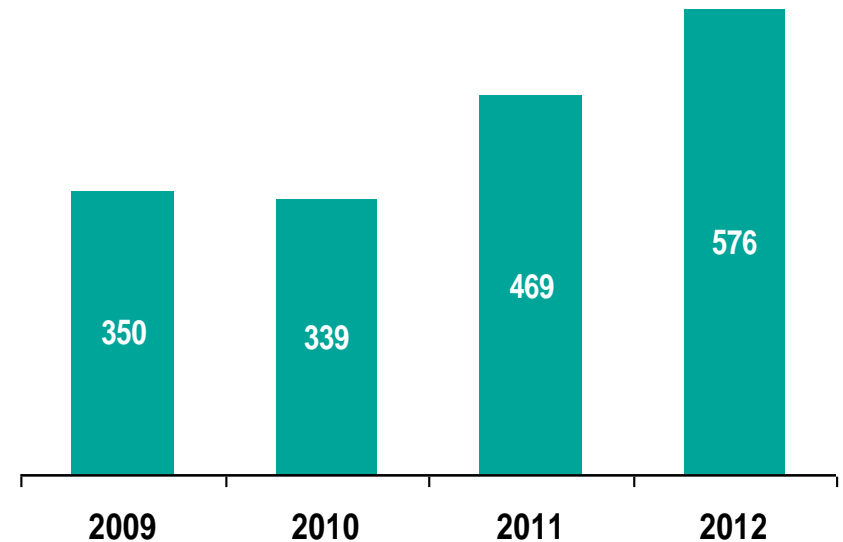
Summary 2012 Financials

EBITDA



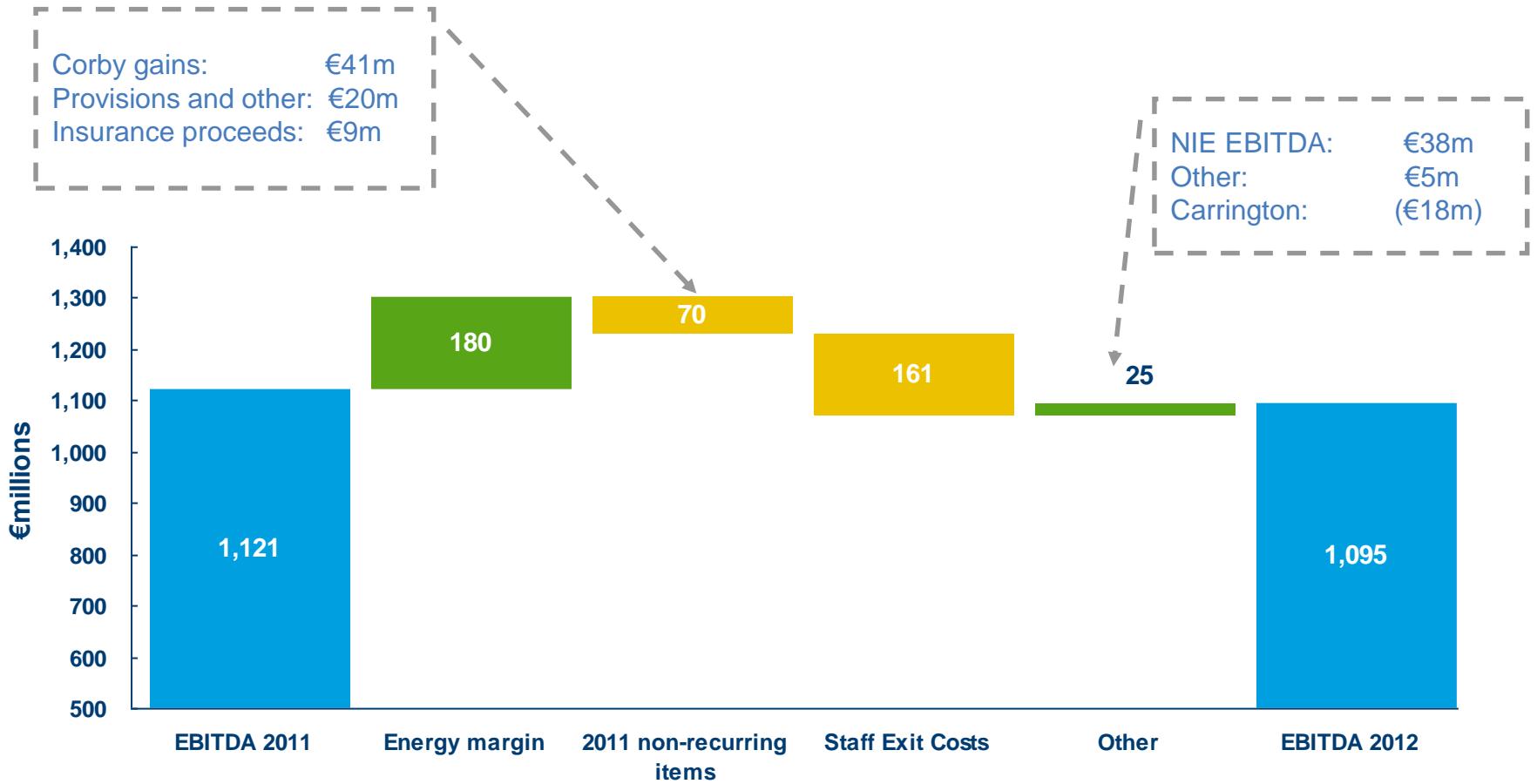
- Exceptional Charge in 2012: €161m
- EBITDA 2012 excluding exceptional charge: €1,256m – increase of 12% on 2011

Operating Profit (before Exceptionals)



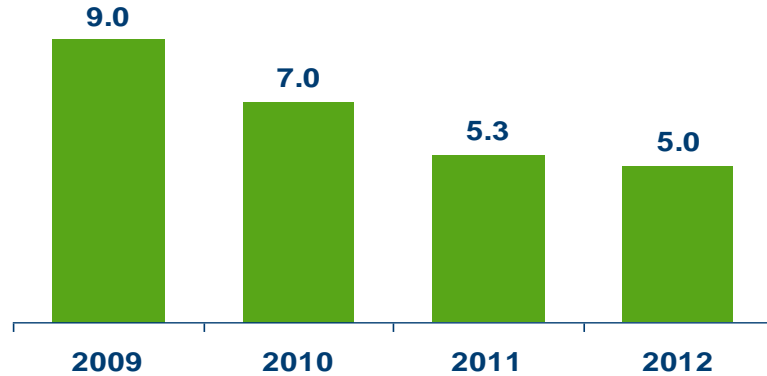
- Operating Profit up 23% on 2011

EBITDA Movement – 2011 vs 2012

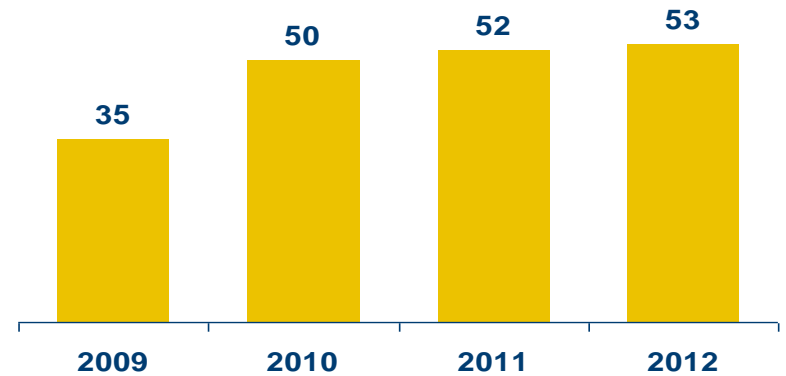


2012 Interest Cover and Gearing

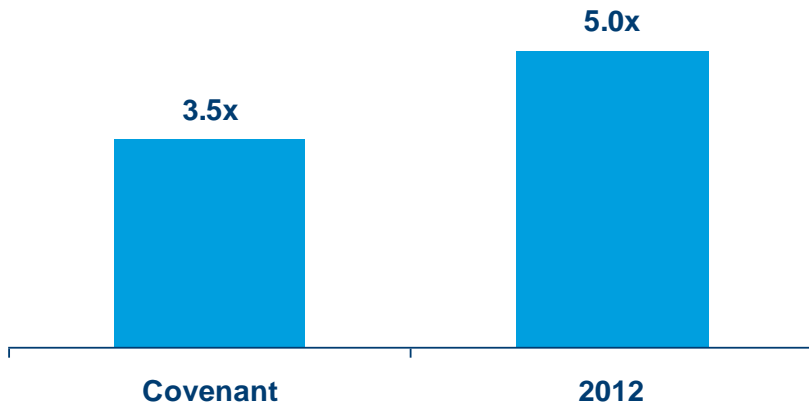
Adjusted EBITDA Interest Cover



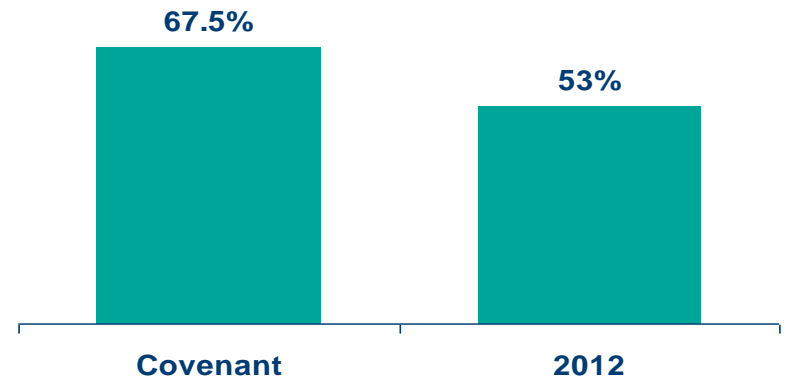
Gearing %



Interest Cover vs Covenants

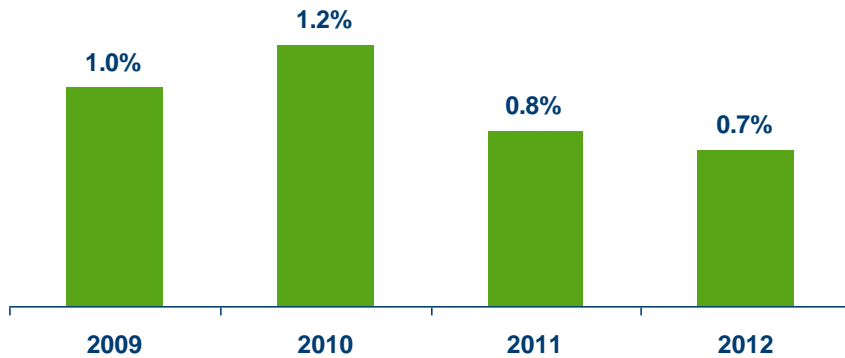


Gearing vs Covenants

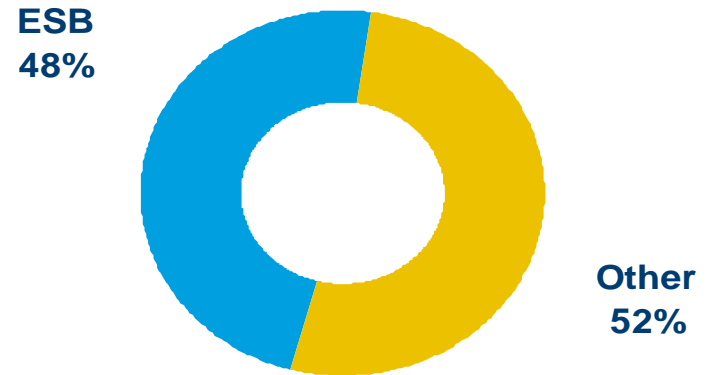


Other Key Metrics

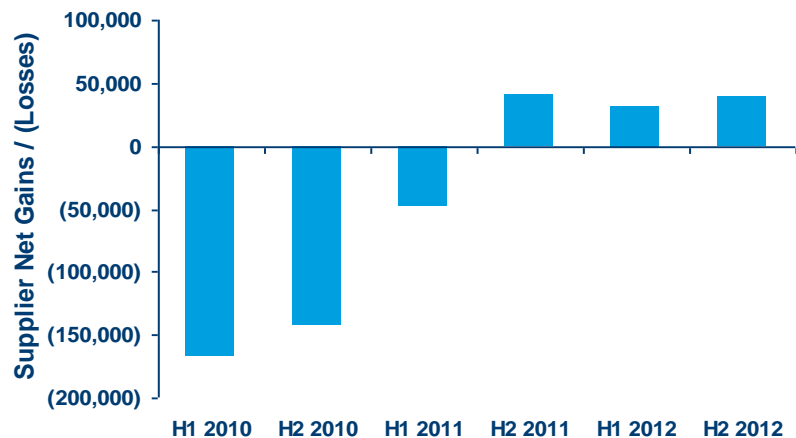
Group Bad Debts as % of Revenue



Generation Market Share - 2012

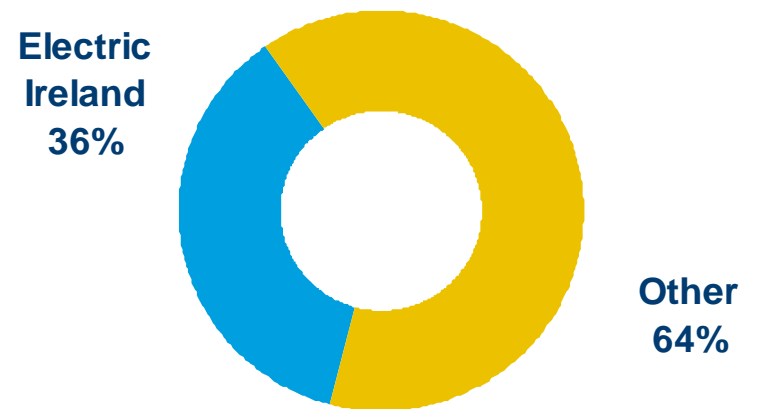


2012 - Net Gain 71,000 Customers



Gas and Electricity. Source CER

Supply Market Share - 2012



Funding & Liquidity

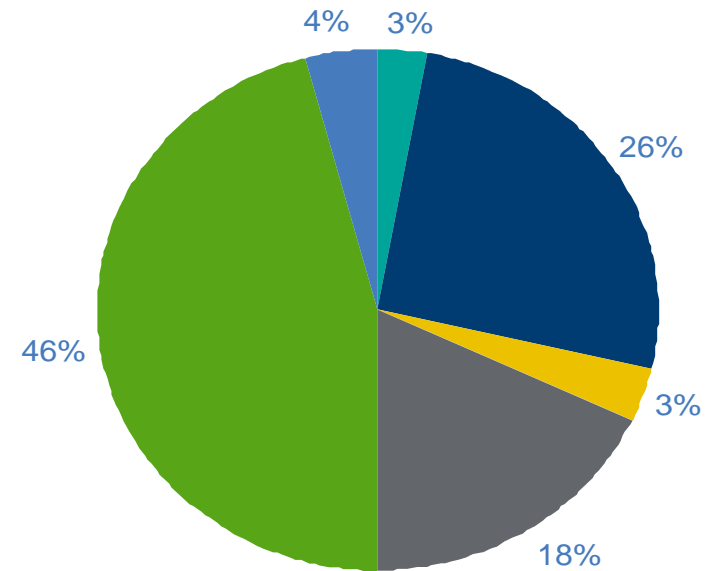
ESB Continues to Fund Successfully



Funds Raised over last year

- Eurobond – September 2012 €600m
- Eurobond - November 2012 €500m
- Project Finance facilities - Carrington €660m
- Commodity deal - \$50m
- RCF Refinancing - €1.35bn

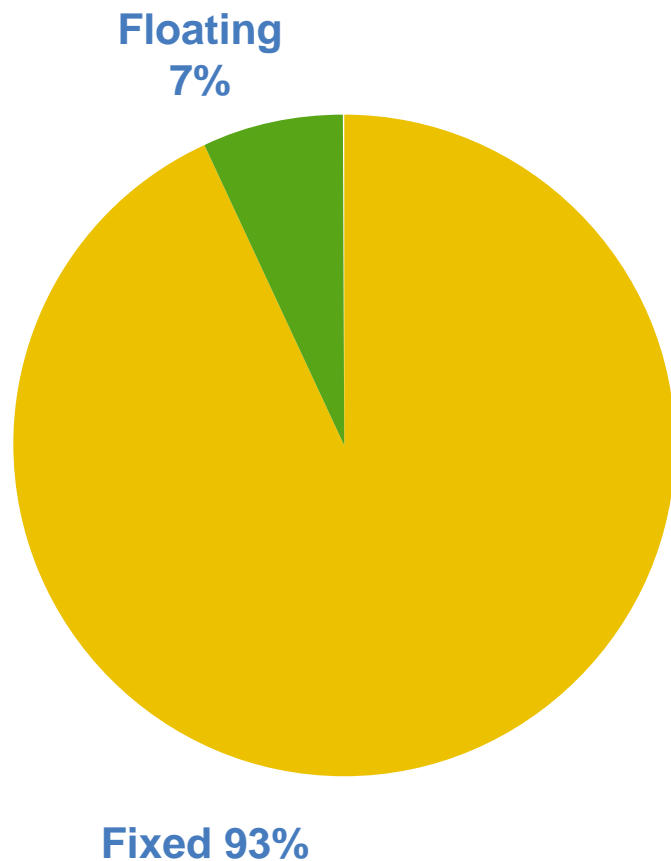
ESB Funding Sources



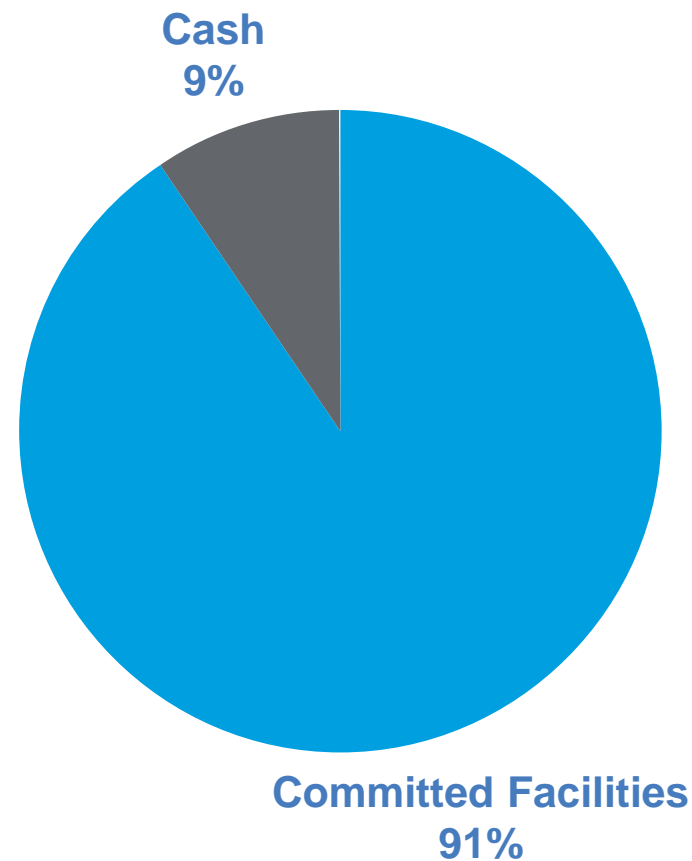
- Bank Term
- Private Placement
- Other
- EIB
- Bonds
- Project Finance

Debt and Liquidity – December 2012

Group Debt - €4.4bn

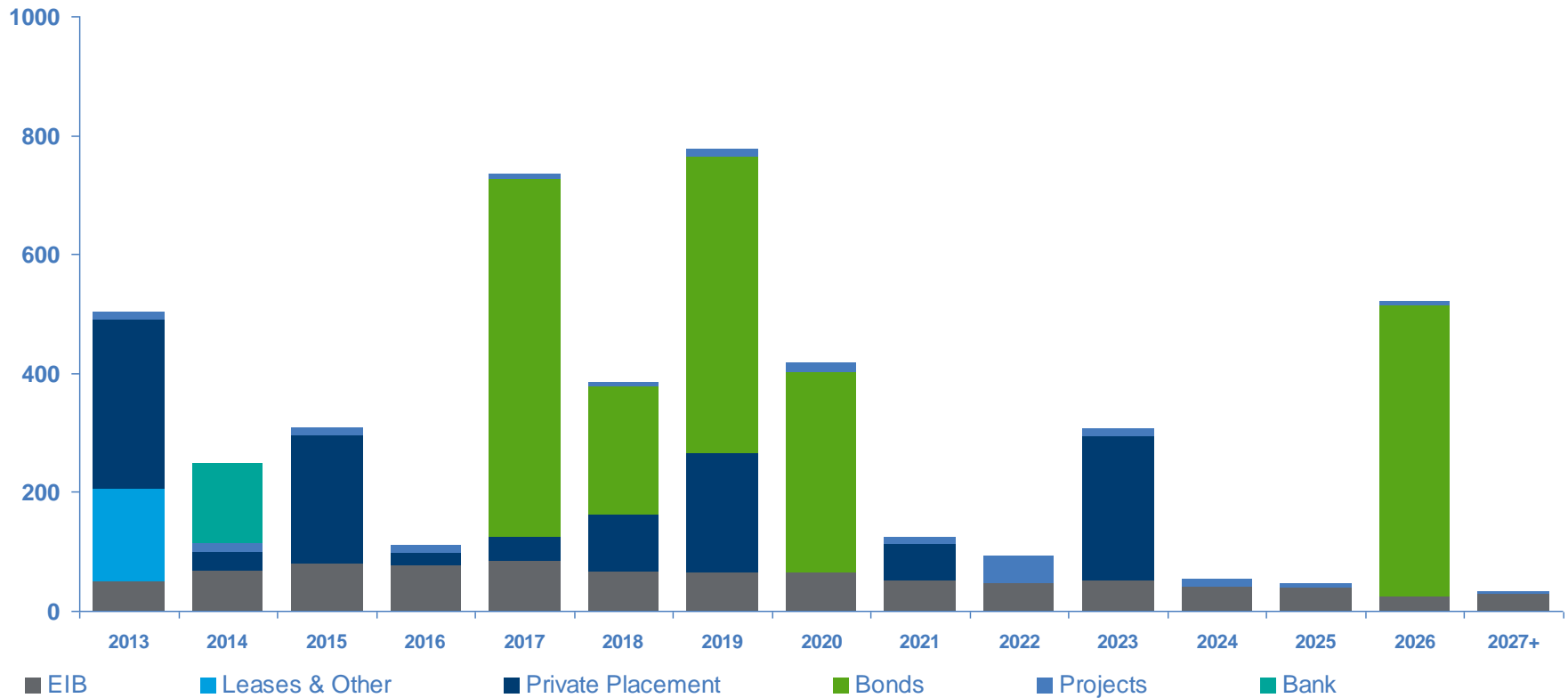


Available Liquidity €1.7bn



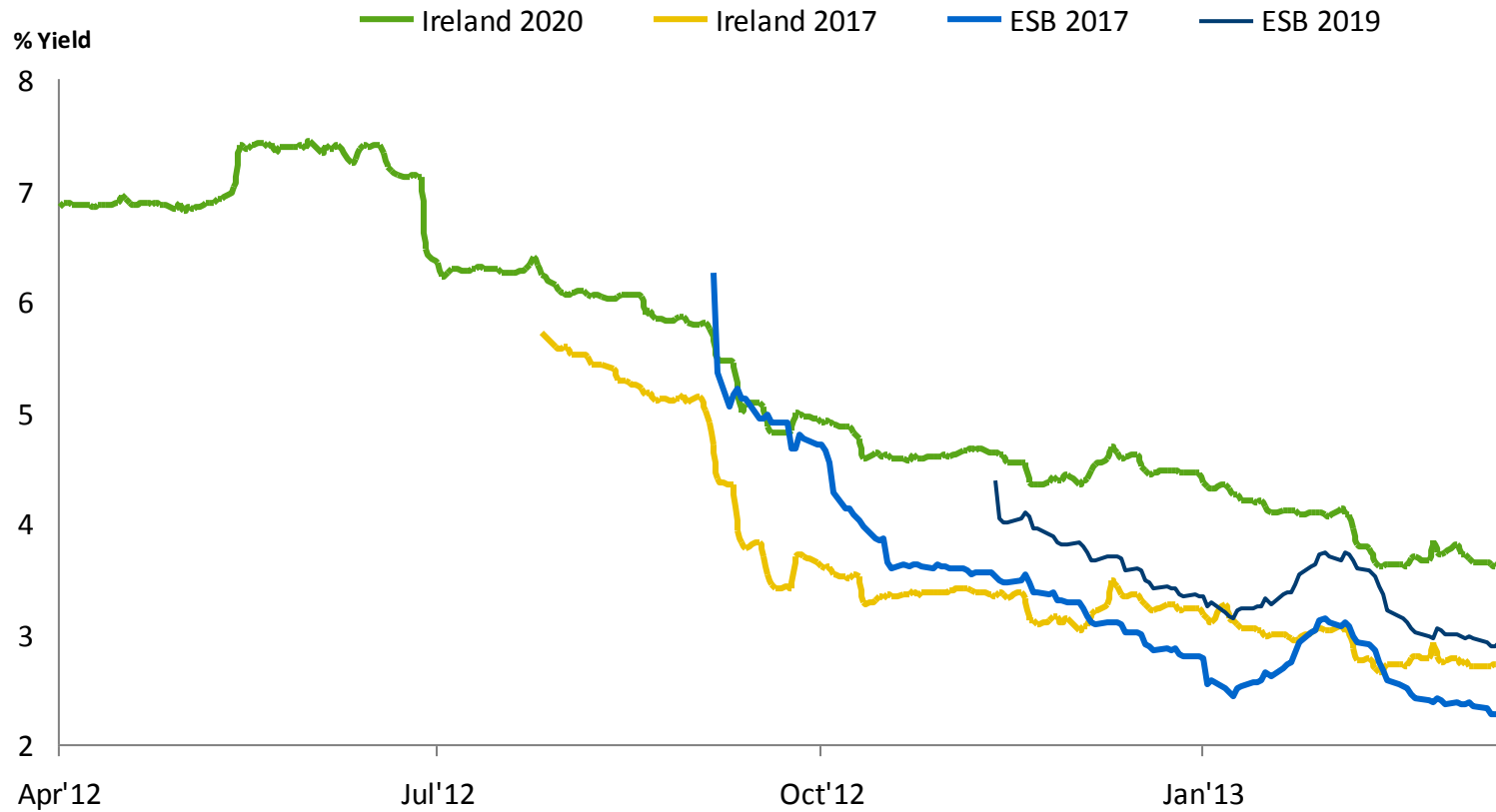
Debt Maturity

Debt Repayment Profile – 31 December 2012



- Average maturity 6.8 yrs
- RCF refinancing extends stand-by liquidity to 2018

Bond yields continue to fall



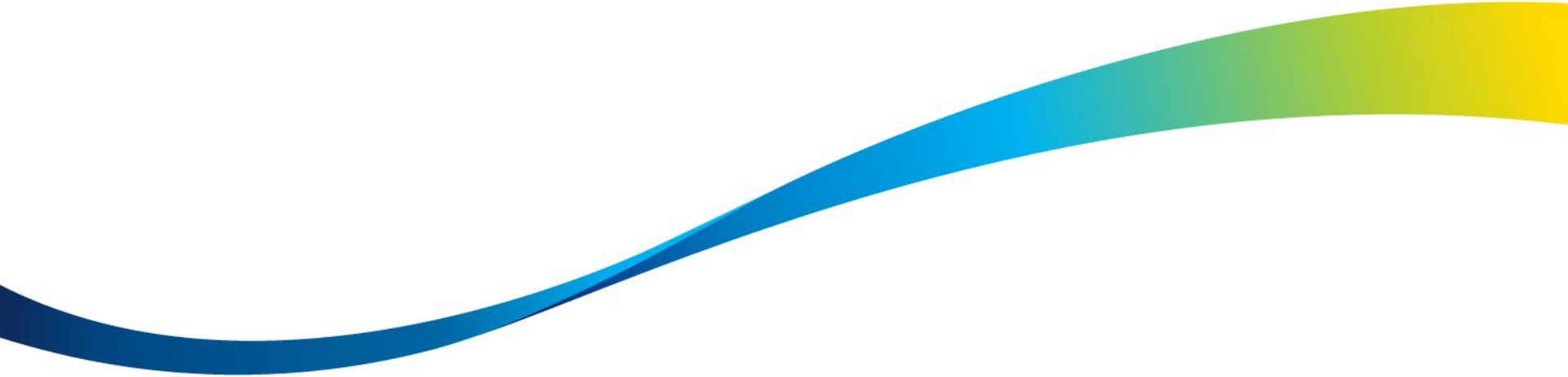
ESB Credit Ratings



Ratings stabilised by S+P and Fitch on foot of strong ESB and Ireland performance

	Moody's	Standard & Poor's	Fitch
Current Rating	Baa3 (Negative Outlook) October 2012	BBB+ (Stable Outlook) February 2013	BBB+ (Stable Outlook) January 2013

Looking Forward



Focus on Revised Strategy

- Maintain financial strength of ESB – meet our cost reduction and performance improvement targets
- Position business for emerging regional electricity market
- Continued investment in Network Assets
- Continued investment in core generation assets – Carrington / Wind
- Progress sale of non-strategic generation capacity
- Secure a satisfactory outcome for NIE price control (RP5)
- Ensure Electric Ireland remains competitive

Q & A

Notes

