



Energy for
generations

ESB

Debt Investor Presentation

2016 Half-Year Results and Business Update

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ESB Team



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Agenda



- Highlights
- H1 2016 Financial Results
- Business Review
- Funding and Liquidity
- Outlook

Highlights

Highlights – H1 2016

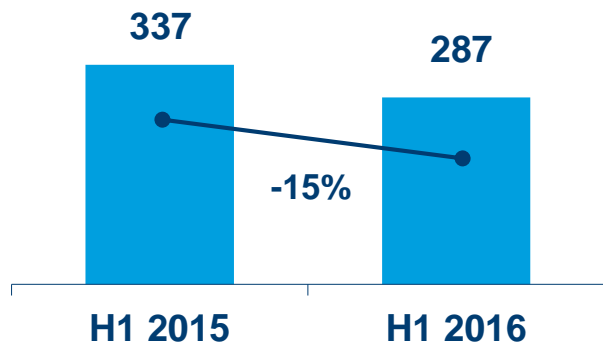


- Solid Performance. 64% of H1 2016 EBITDA from Regulated Networks Businesses
- Prudent financial management protected credit metrics from Sterling & interest rate volatility
- Capital Investment €356m: networks assets in Ireland €224m (63%) & Carrington €40m
- Networks
 - ROI: PR4 2016-20 Implementation ~ 50% of Group EBITDA
 - NI : NIE Networks RP6 (Oct 2017 - March 2024) submission and RP5 delivery
- Generation (GWM) and Supply (Electric Ireland)
 - Lower SEM power prices: mitigated by GWM hedging and by increased profits in Electric Ireland
 - Carrington plant commercial operation September
- Strong liquidity position €1.9bn. €600m 15-year Bond & €285m buy-back in May.
- Stable credit ratings of A- / Baa1 / BBB+

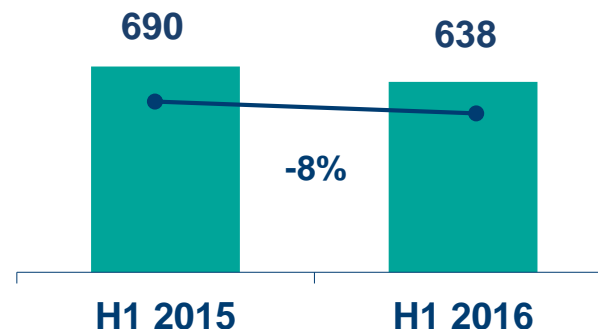
H1 2016 Financial Results

H1 2016 – Key Financial Highlights

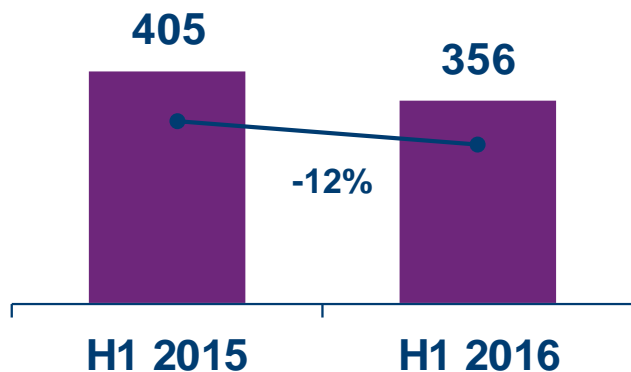
Operating Profit (€m)



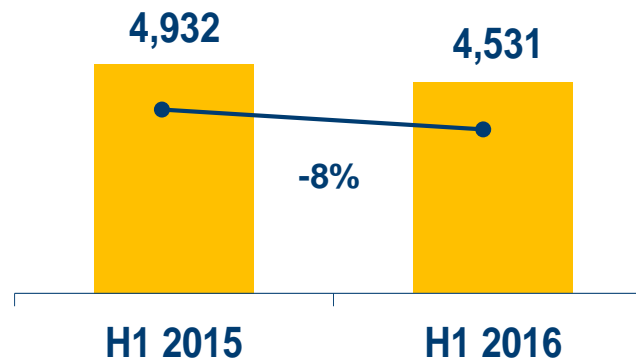
EBITDA (€m)



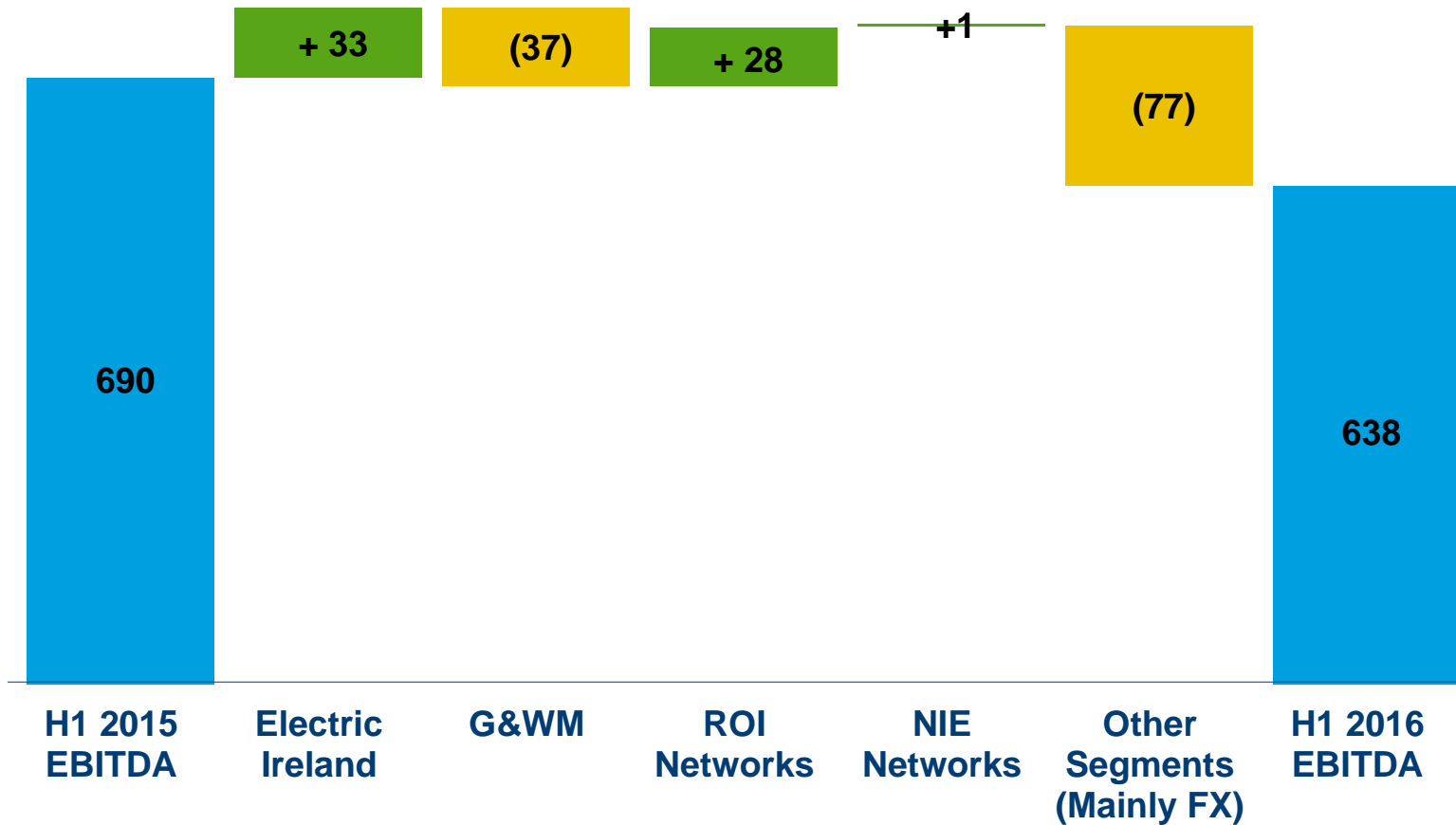
Capital Expenditure (€m)



Net Debt (€m)



EBITDA Movement – H1 2016 vs H1 2015



Interest Cover and Gearing

Adjusted¹ EBITDA Interest Cover



Adjusted¹ Gearing %

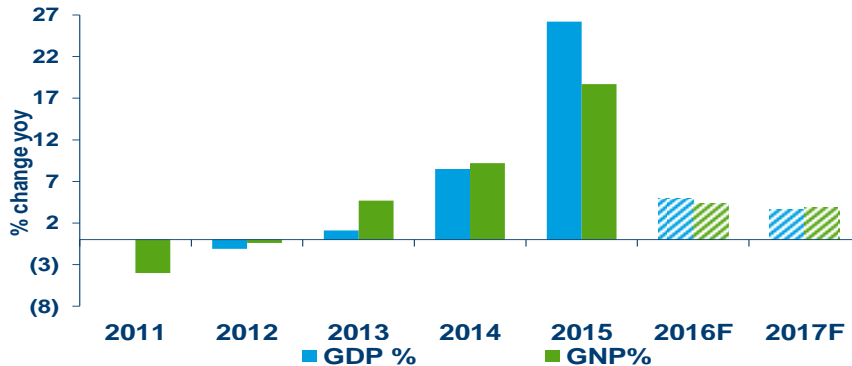


- ESB US Private Placement Agreement Covenants:
 - Adjusted¹ EBITDA Interest Cover > 3.5x
 - Adjusted¹ Gearing < 67.5%

¹Adjusted to restate financials to accounting principles in effect at time of USPP issue (UK GAAP 2002).
H1 2016 Indicative – subject to final certification. Gearing H1 2016 52% and H1 2015 54% on IFRS basis.

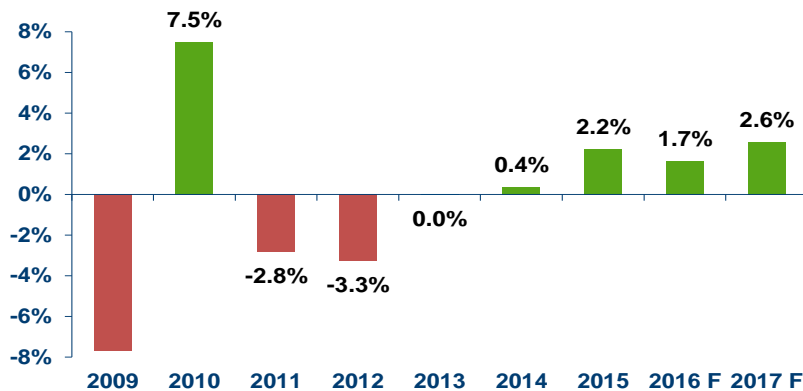
Business Review

Irish GDP Growth strong



Source: CSO, Central Bank Ireland

SEM System Demand Growth



Source: Eirgrid

Ireland

- Consistently strong economic growth
- Forecast GDP 2016: 4.9% 2017: 3.6%
- Broad based growth
- Irish sovereign rating upgrades
 - A+ Stable (S&P) / A Stable (Fitch) / A3 Positive (Moody's)
- SEM Electricity demand growth

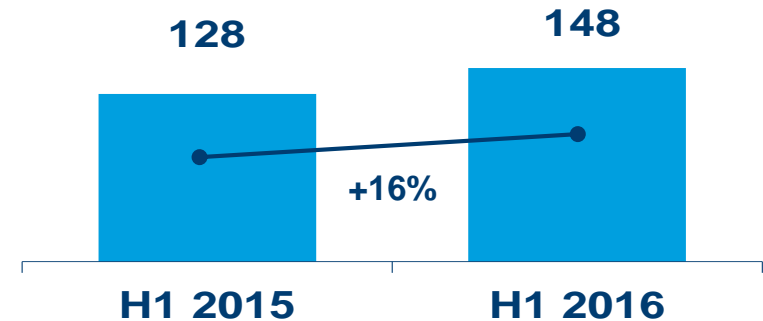
UK

- Brexit. Prudent financial management protecting ESB's Credit metrics. Ongoing review.
- UK Electricity. Lower demand. Tight Reserve Margins. Capacity Auction.

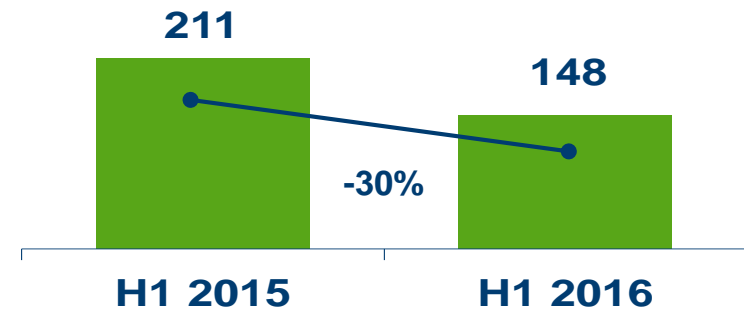
Highlights

- ~50% of Group EBITDA & assets
- RAB of €7.4bn end 2015
- PR4 (2016-2020) concluded Dec 2015
- H1 2016 operating profit reflects an increase in regulated tariffs
- H1 2016 capex down €64m due to timing of spend. PR3 close out in 2015 and Transmission project spend timing in 2016
- **H2 2016 Focus: PR4 delivery**

Operating Profit (€m)



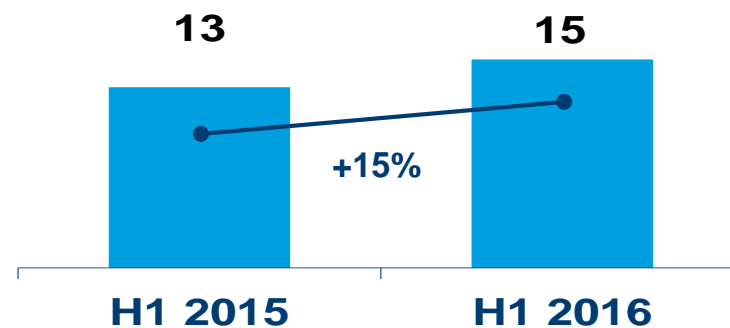
Capital Expenditure (€m)



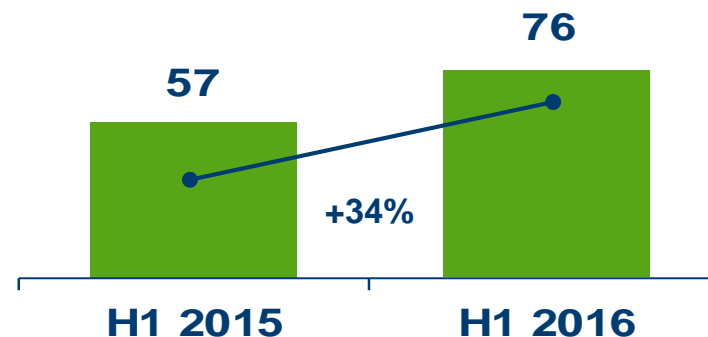
Highlights

- ~15% of Group EBITDA and 19% of assets
- RAB €1.6bn 2015. +10% since 2012.
- Operating Profit increase reflects higher regulated tariffs in 2016, partially offset by weakening of Sterling
- Increased capex in H1 2016 reflects implementation of agreed RP5 programmes
- RP6 Submission (Oct 2017-Mar 2024) June 2016. Draft Determination end Jan 2017. Final determination June 2017.
- **H2 2016 Focus:** RP6 & RP5 delivery

Operating Profit (€m)



Capital Expenditure (€m)

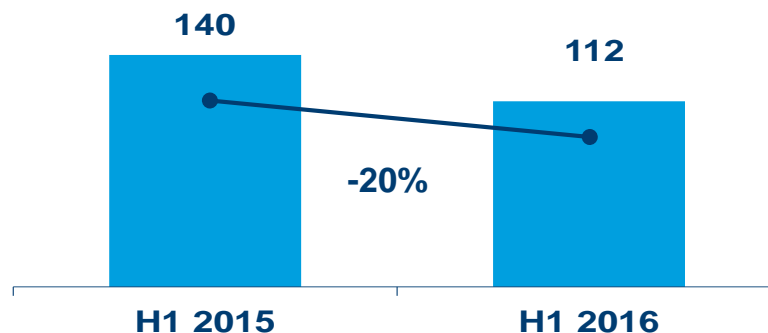


Generation & Wholesale Markets

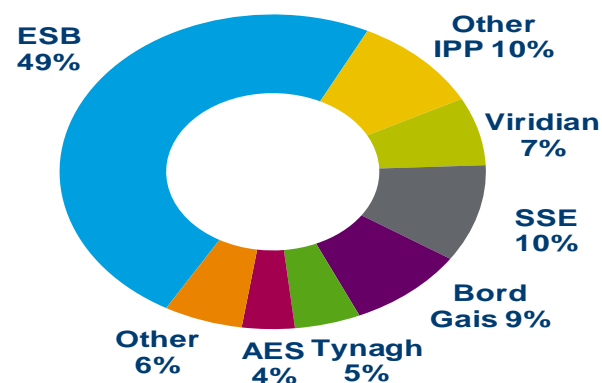
Highlights

- ~33% of EBITDA and 23% Assets
- Lower H1 2016 operating profit. Substantially hedged. Lower energy margin due to lower spreads.
- Excellent availability at 95%
- Carrington commercial operation in September
- Lower capital expenditure of €85m (H1 2015: €108m). Carrington nearing completion. Renewables focus.
- **H2 2016 Focus:**
 - Continued high plant availability
 - Carrington
 - GB Capacity auction

Operating Profit (€m)



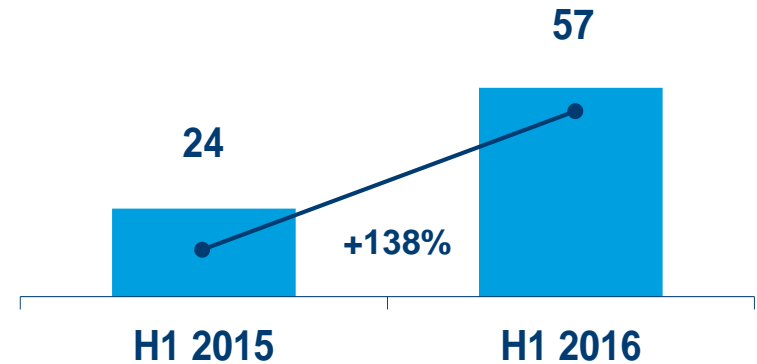
Generation Market Share



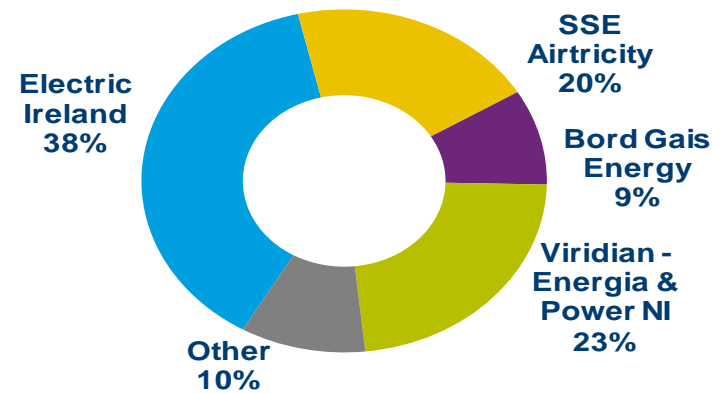
Highlights

- 10% of Group EBITDA
- Higher H1 2016 operating profit due to higher energy margins
- Market share stable at 38%
- Residential market competition – focus on retaining customers
- Targeted customer gains in Business segment
- NI Residential market entry Q4 2015 progressing well
- **H2 2016 Focus:** Customer service and maintaining market share at appropriate net margin

Operating Profit (€m)



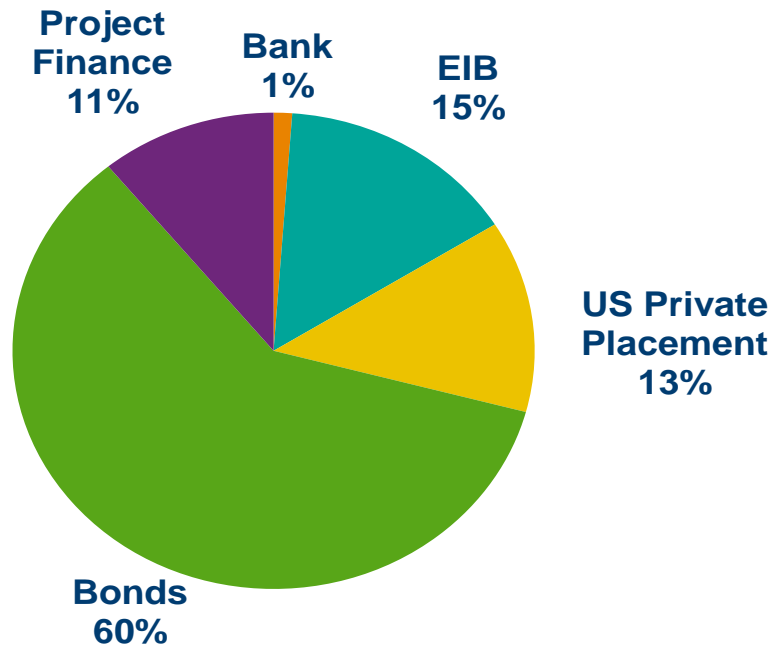
Retail Market Share (MWh)



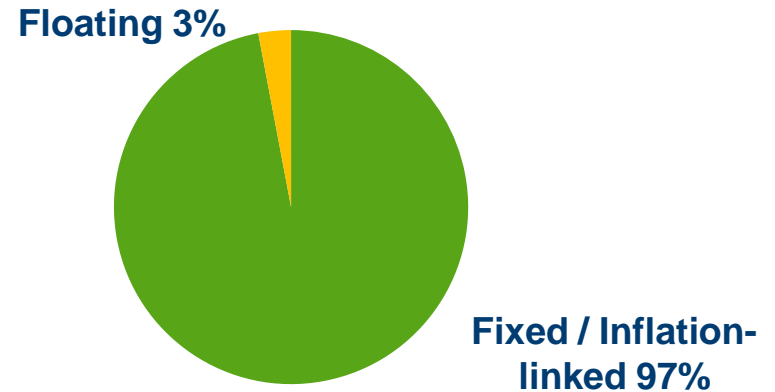
Funding & Liquidity

ESB Group Debt Overview

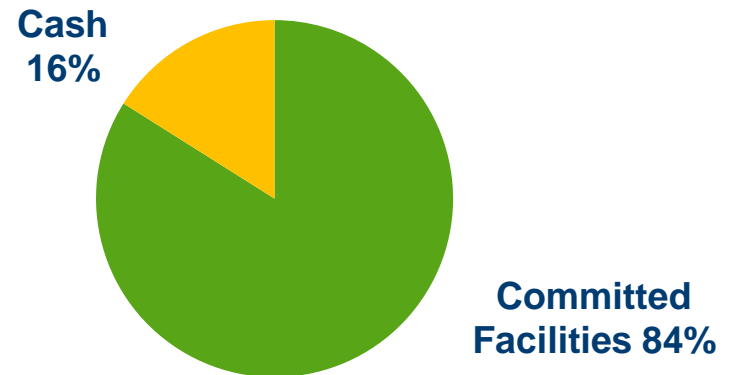
Group Debt 30 June 2016 - €4.9 bn



Interest Rate Management

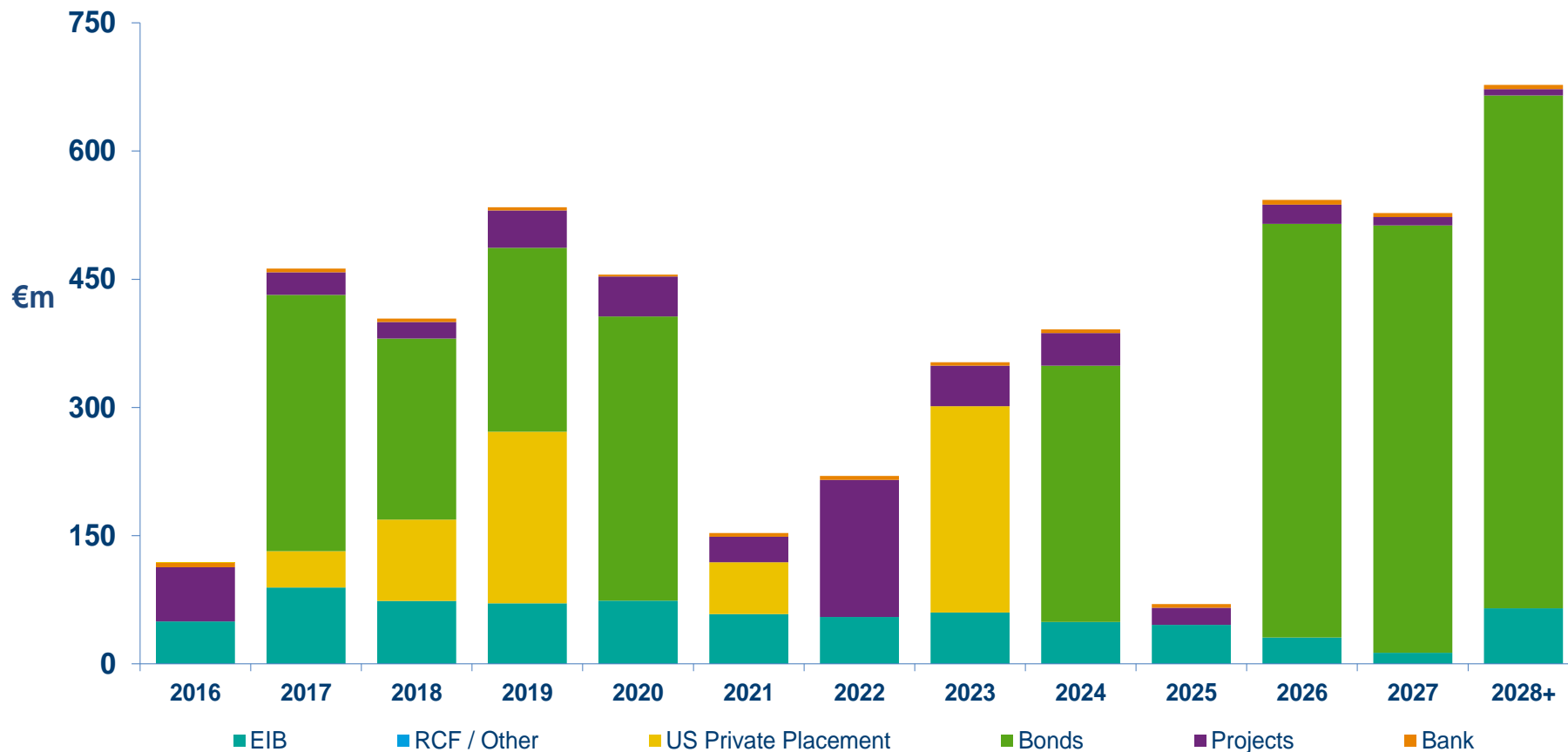


Available Liquidity - €1.9bn



- €600m bond issued May 2016 – 15 years, 1.875%, €285m buy back of 2019 debt
- GBP debt £1.6bn ~40% debt reduced by ~€300m due to weakening Sterling since H1 2015


Repayment Profile – 30 June 2016



- Profile manageable. €1.9bn existing liquidity and EBITDA ~ €1.3bn pa.

ESB Credit Ratings

- Ratings affirmed with all three rating agencies in H1 2016

	Current Rating
 STANDARD & POOR'S RATINGS SERVICES McGRAW HILL FINANCIAL	A- (Stable Outlook)
MOODY'S	Baa1¹ (Positive Outlook)
FitchRatings	BBB+ (Stable Outlook)

¹ Moody's rating changed to positive from stable due to upgrade of Irish sovereign to A3 positive

Outlook

Outlook H2 2016



- Continued growth in Irish macro economy and SEM electricity demand expected
- Networks
 - ROI: PR4 2016-20 Implementation ~ 50% of Group EBITDA
 - NI : NIE Networks RP6 submission engagement with Utility Regulator
- Generation
 - Maintain Plant availability
 - Carrington Commercial Operation and GB Capacity auction
- Electric Ireland
 - Continued focus on customer service, value and market share at acceptable margins
- Ongoing focus on cost efficiency and financial strength

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