

ESB Investor Update - Financial Results YE 2022

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31 March 2023



Energy for
generations



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Paul Stapleton

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MANAGER, INVESTOR
RELATIONS & CREDIT RATING



OVERVIEW

**DRIVEN TO MAKE
A DIFFERENCE**

NET ZERO BY 2040

A young girl with blonde pigtails is shown in profile, focused on drawing on a large white '0' that is part of the word 'ZERO'. She is holding a black marker. The background is a blurred image of solar panels, overlaid with a blue-to-yellow gradient. The word 'NET' is in a smaller, blue font, and 'ZERO' is in a large, white font. The text 'BY 2040' is inside a yellow oval on the right side of the '0'.

2022 Highlights

- During a period of continued volatility in energy markets ESB delivered strong financial results as it continues its transition to a low carbon energy future
- EBITDA (before exceptional items) €1,675 million; Operating Profit (before exceptional items) €847 million: Capex €1,395 million; Gearing 58%
 - Capital expenditure €1,395 million, of which 80% (€1,125 million) was in regulated networks capital infrastructure
- **Networks:** Regulated Networks Businesses in Ireland contributed c.53% of Group EBITDA supported by established and transparent regulatory frameworks.
- **Generation & Trading:** Significantly increased profits due to higher wholesale market prices while continuing investment in low carbon renewable generation with an all-island market share of 30%.
- **Customer Solutions (including Electric Ireland):** Supplier trading conditions remain challenging, particularly in the UK market however competing effectively in ROI, NI and UK with an Irish (all-island) market share of 41%.
- **Strong Liquidity** position of €2.2 billion at 31 December 2022; **Credit ratings** reaffirmed A- / A3 in Q2 2022
- One off enhanced **dividend** for 2022 reflecting exceptional profits in Generation. Intention to propose dividend in line with dividend policy target of 40% of adjusted profit after tax in future years



Driven to Make a Difference - Net Zero by 2040

OUR PURPOSE

OUR PURPOSE IS TO CREATE A BRIGHTER FUTURE,
FOR THE CUSTOMERS AND COMMUNITIES WE SERVE



OUR STRATEGY

WE'RE DRIVEN TO MAKE A DIFFERENCE:
ACHIEVING NET ZERO BY 2040

DECARBONISED
ELECTRICITY

RESILIENT
INFRASTRUCTURE

EMPOWERED
CUSTOMERS

EMPOWERED PEOPLE • DIGITAL & DATA DRIVEN • FINANCIALLY STRONG • SUSTAINABLE

OUR CULTURE

OUR VALUES

WE'RE
COURAGEOUS

WE'RE
CARING

WE'RE
DRIVEN

WE'RE
TRUSTED



Driven to Make a Difference – Net Zero by 2040

Network:

- ESB Networks Price Review 5 (2021-2025) aligned with Ireland's Climate Action Plan
- National Smart Metering Programme (NSMP) rollout continues with over 1.1m installed to date
- NIE Networks delivering RP6 and developing RP7 plan to deliver transformational change required to decarbonise energy system
- 7.2 GW of renewable generation connected to the national grid (All-Island)

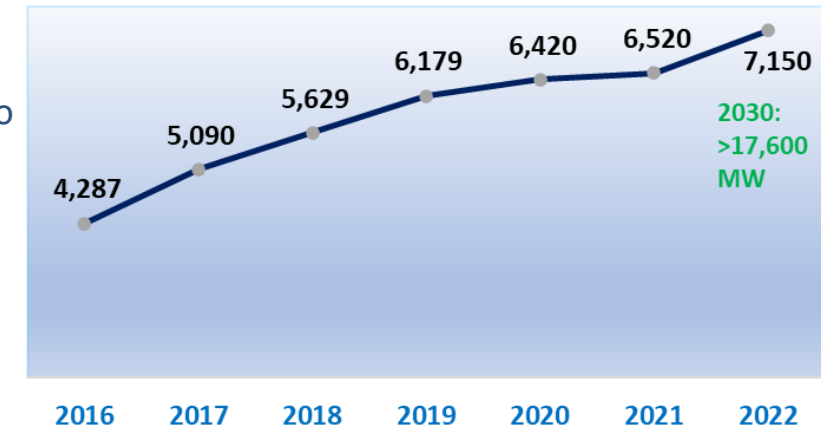
Generation & Trading:

- Almost 1 GW of renewable generation in operation
- Offshore: Continuing progress development and construction of projects in UK and Ireland with partners
- Onshore: Joint ventures with Bord na Mona (83MW Oweninny 2) and Coillte (1 GW of projects)
- Green Atlantic @ Moneypoint

Customer Solutions:

- Joint Venture “Electric Ireland Super Homes” with TEA to deep retrofit 35k homes by 2030
- Home Electric+
- Deliver the roll out of high power charging hubs and replacement of standard chargers

Renewables Connected to Grid (MW)



Operational Renewables (MW)



ESG Commitment, Progress & Reporting

- Our refreshed strategy is centred on Climate Action
- ESG is a pillar of our refreshed strategy
- EU Taxonomy disclosures included in Annual Report
- Carbon intensity in 2022 of 419 g/kWh (37% improvement since 2005)
- Further disclosures on TCFD included in Annual Report and the sustainability report.

Carbon Intensity (g/kWh)



Your CDP score



Average performance

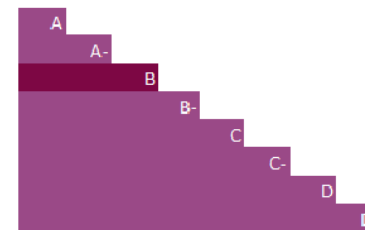


Thermal power generation

Europe

Global Average

UNDERSTANDING YOUR SCORE REPORT



ESB Group received a B which is in the Management band. This is the same as the Europe regional average of B, and the same as the Thermal power generation sector average of B.

Leadership (A/A-): Implementing current best practices
Management (B/B-): Taking coordinated action on climate issues
Awareness (C/C-): Knowledge of impacts on, and of, climate issues
Disclosure (D/D-): Transparent about climate issues

- Gender pay gap report published (December 22)
- Modern Slavery statement published annually (includes supply chain focus) and human rights assessment published
- Established Social & Community Purpose supports

FINANCIAL OVERVIEW

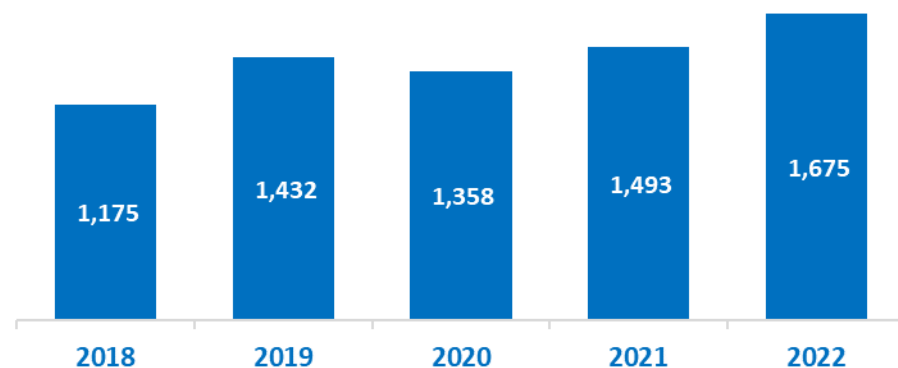


Energy for
generations

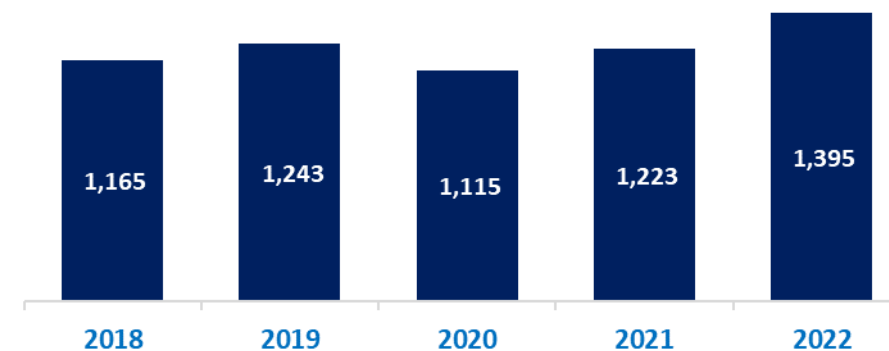


Consistent Financial Performance

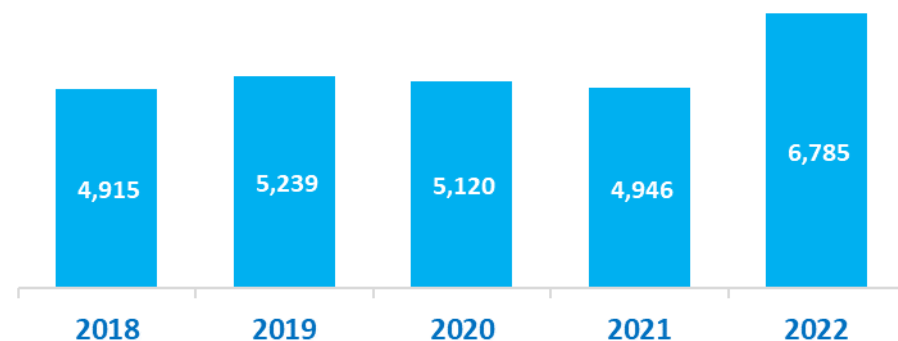
EBITDA (before exceptional items) (€m)



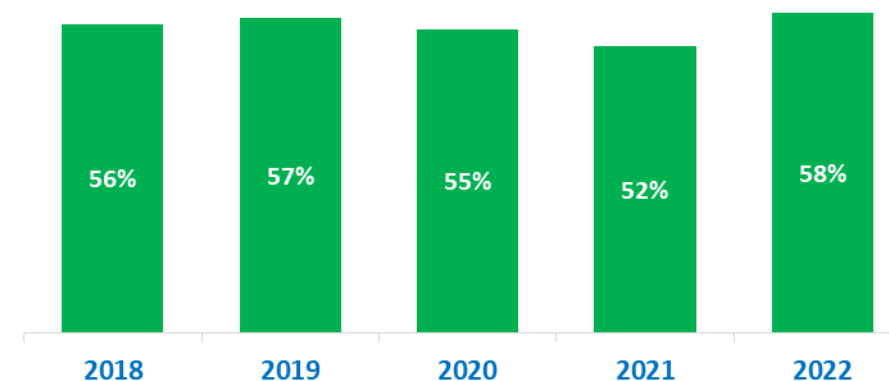
Capital Expenditure (€m)*



Net Debt (€m)



Gearing (%)



* 2018 - 2022 capex is gross of capital contributions

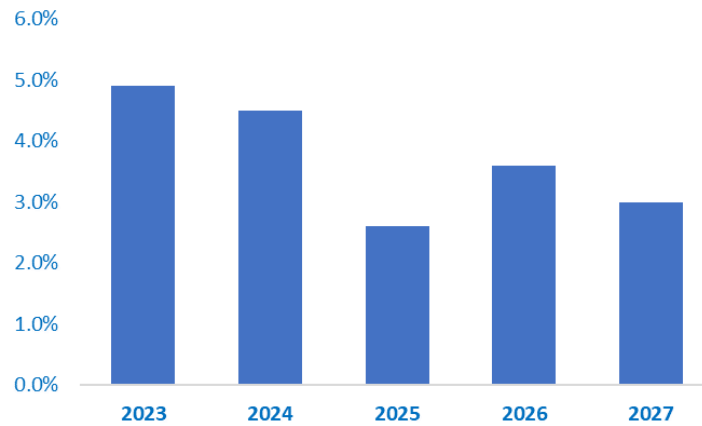
BUSINESS REVIEW

The background of the slide features a low-angle, silhouetted view of a large metal lattice tower, likely a high-voltage power line tower. Two workers are visible on the tower's structure, one higher up than the other. The sky is a gradient of blue and yellow, suggesting a sunrise or sunset. Bare tree branches are visible on the right side of the frame.

Ireland

- Irish GDP +12.0% 2022, +5.6% 2023F*
- Strong Irish sovereign rating : AA- (S&P) and A1 (Moody's)
- 1% electricity demand increase year on year
- SEM electricity demand growth forecast
- Commodity prices very volatile in 2021 and 2022

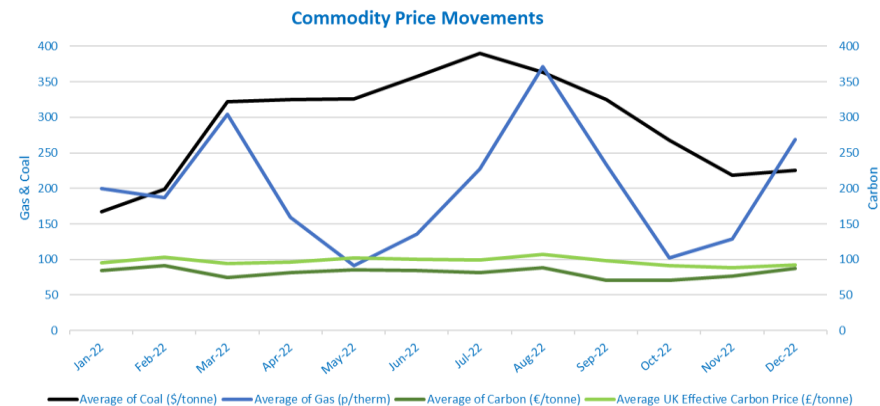
SEM Demand Growth



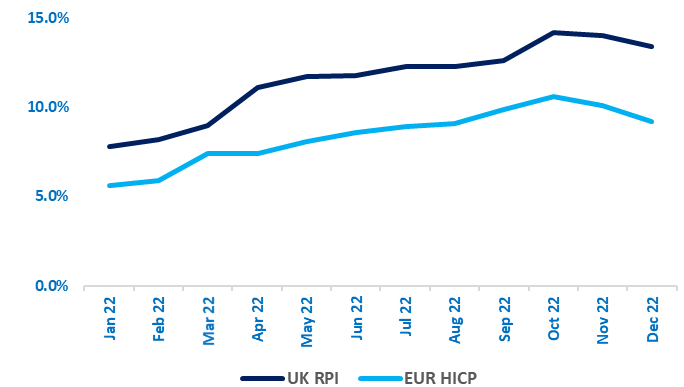
Great Britain

- UK GDP +4.0% 2022, -0.3% 2023F**
- Commodity price volatility and price cap
- Contraction in retail supply companies
- No material impact Brexit

Commodity Price Movements (monthly averages) Jan – Dec 2022



Inflation (annual rate of change)



*Forecast Irish GDP Source: Central Bank of Ireland Q1 2023 Bulletin

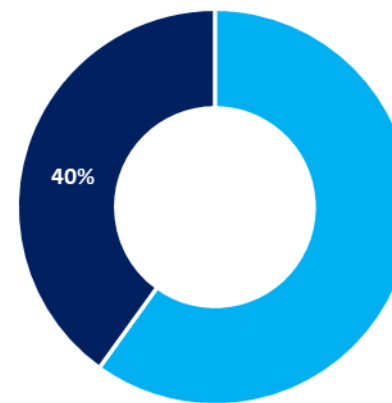
**Forecast UK GDP Source: BOE estimate from Bloomberg

Business Strategy - Provide resilient infrastructure for a reliable low carbon electricity system.

Business Highlights

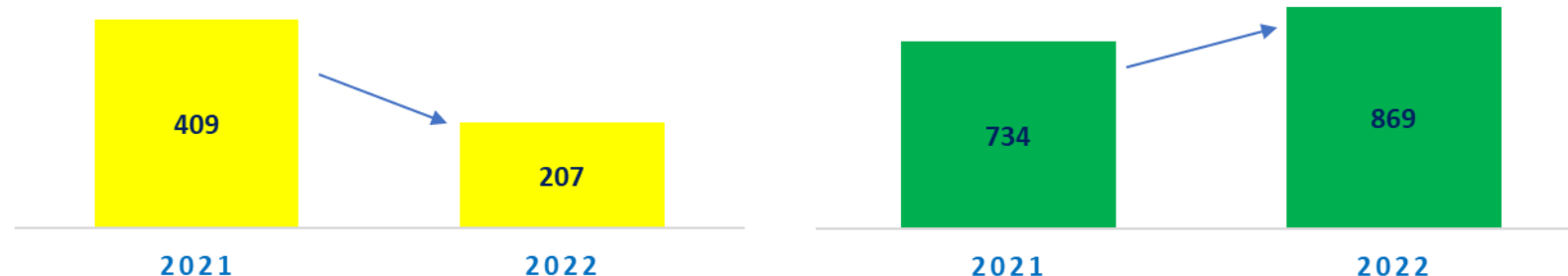
- 40% of Group EBITDA and 45% of Group Assets
- Operating profit is down due to decrease in revenue from regulated tariffs, higher operating costs to support delivery of PR5 and higher depreciation due to increase in asset base
- Capex increased year on year reflecting continued smart meter roll out and the delivery of PR5
- Regulated Asset Base (RAB) - €9.7bn
- PR5 Revenue Determination (2021-2025)
 - €4.4 billion capex programme
 - WACC 3.8% pre-tax real¹
- **Focus:**
 - PR5 delivery

2022 ESB Group EBITDA* - €1,675m / ESB Networks EBITDA - €671m



Operating Profit (€m)

Capital Expenditure (€m)



* excluding exceptional items

¹ WACC pre-tax real calculated real pre-tax cost of debt and real pre-tax cost of equity

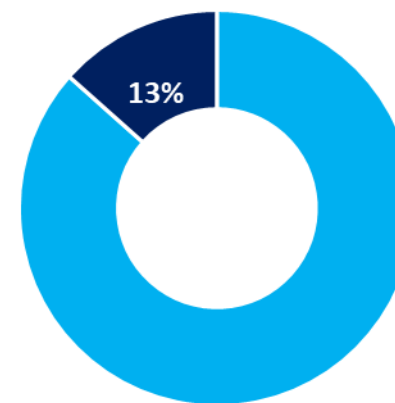
Northern Ireland Electricity (NIE) Networks

Business Strategy - Provide resilient infrastructure for a reliable low carbon electricity system.

Business Highlights

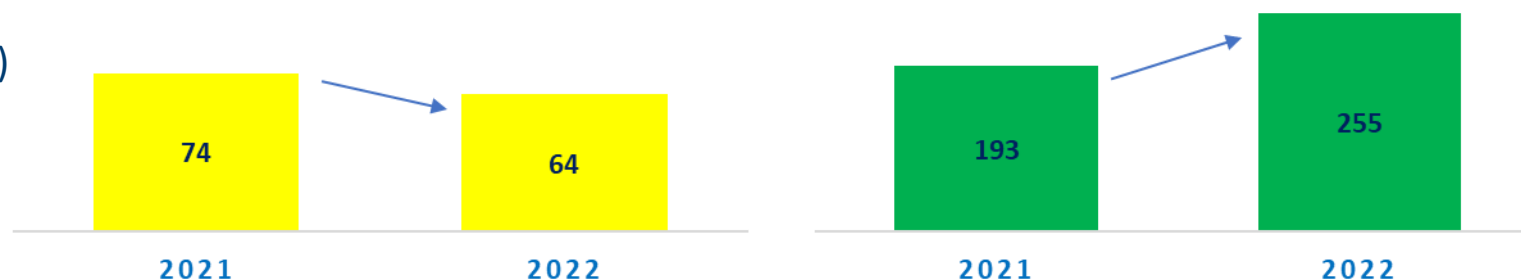
- 13% of Group EBITDA and 15% of Group Assets
- Operating profit is down primarily as a result of inflationary pressures and increased staff costs driven by recruitment to enable delivery of commitment to transform NI energy system
- Capex increase primarily reflects an increase in work programs as part of the delivery of RP6
- Regulated Asset Base - €2.3bn / £2.0bn
- RP6 revenue determination (Oct '17 – Mar '24)
 - RP6 WACC 3.14% vanilla real¹ (3.8% pre-tax real)
- **Focus:**
 - RP6 Implementation

2022 ESB Group* EBITDA - €1,675m / NIE Networks EBITDA - €225m



Operating Profit (€m)

Capital Expenditure (€m)



* excluding exceptional items

¹Vanilla WACC calculated real pre-tax cost of debt and real post-tax cost of equity

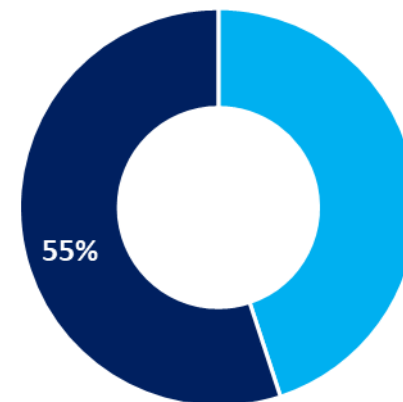
Generation & Trading (GT)

Business Strategy Develop and connect renewables to decarbonise the electricity system by 2040

Business Highlights

- 55% of Group EBITDA and 30% of Group Assets
- Operating profit is up mainly due to increased energy margin as a result of higher wholesale market prices in both Ireland and Great Britain
- Capex continues to be invested in energy infrastructure for low carbon system
- All-Island SEM market share 30% by volume
- Carbon intensity 419 g/kWh in 2022 – decreased from 440 g/kWh in 2021 (37% improvement since 2005) and targeted to reach 140 g/kWh by 2030
- **Focus:**
 - Build pipeline of renewable projects
 - Continue to prepare for future RESS auctions

2022 ESB EBITDA* - €1,675m /
GT EBITDA - €922m

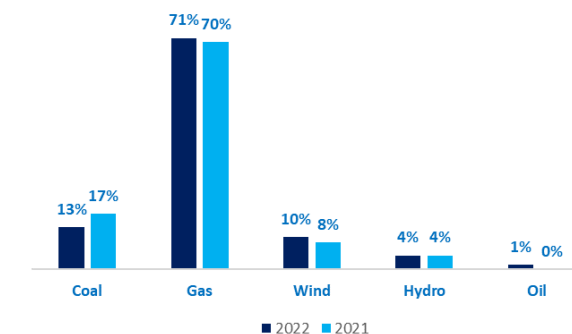


Operating Profit (€m)*



Fuel Mix:

SEM & GB Generation



Capital Expenditure (€m)



* excluding exceptional items

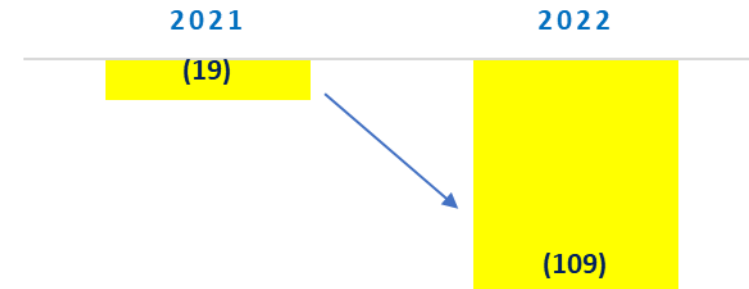
Customer Solutions (including Electric Ireland)

Business Strategy –Empower, enable and support customers and communities to achieve net zero

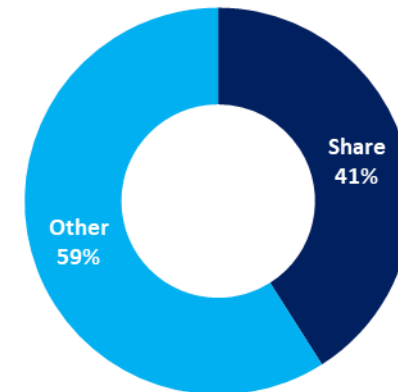
Business Highlights

- Customer-facing businesses - supply of electricity, gas, energy services, e-transport and wholesale telecoms
- Operating loss primarily attributed to losses in the GB supply business while financial performance in Ireland & NI is down due to €50 credit to residential customers in Ireland
- Irish market share 41% with 2m customer accounts (incl 560k customer accounts in the GB supply business)
- **Focus:**
 - Meet customer energy needs through value driven solutions at appropriate margins

Operating Profit/(Loss) (€m)



SEM Market Share



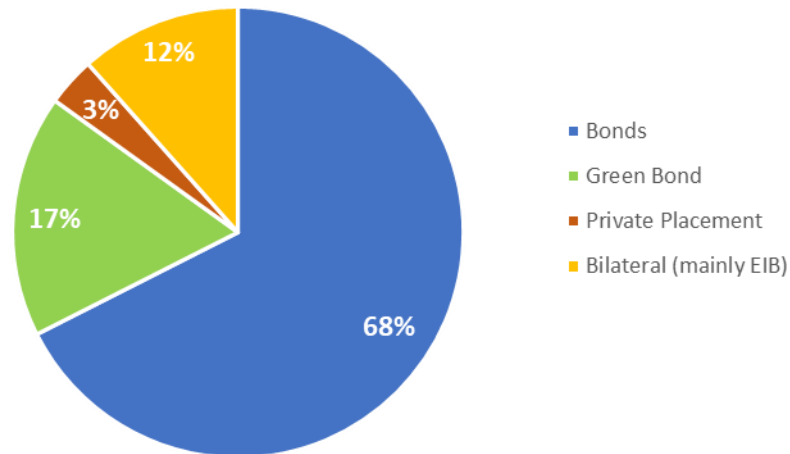
Funding & Liquidity



Energy for
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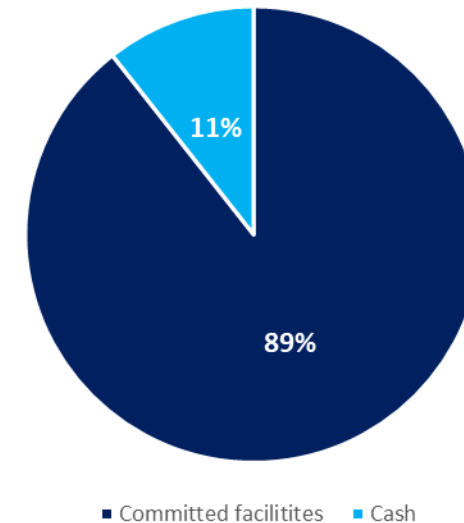
ESB Group Debt – Diversified Funding Liquidity

Group Debt 31 December 2022 - €6.8 billion



- In January 2023, ESB successfully placed a €350 million 3.75% fixed-rate bond, maturing in January 2043

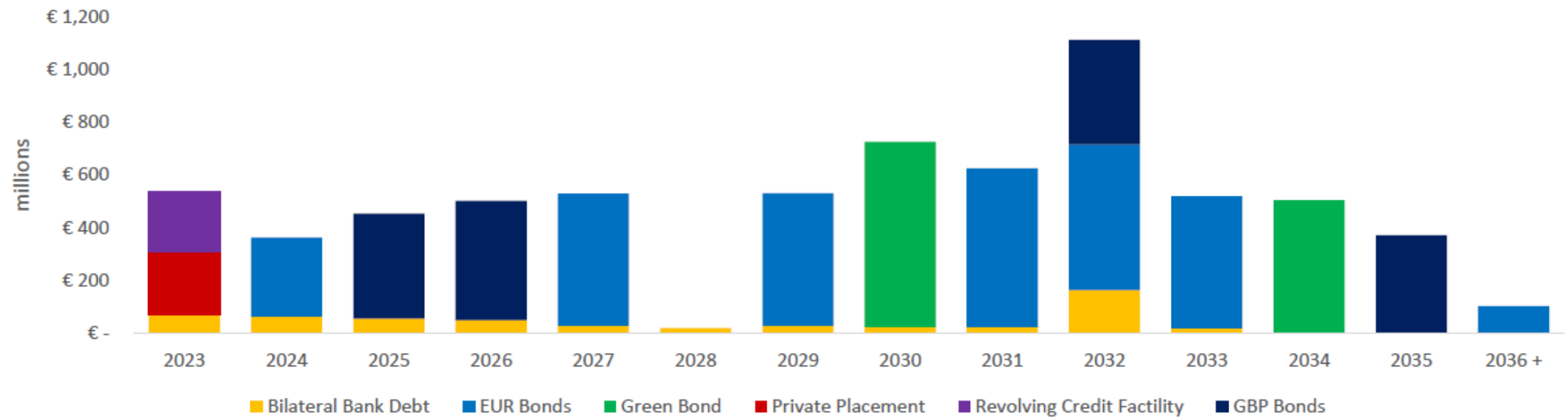
Available Liquidity 31 December 2022 - €2.2 billion



- €1.2 billion SSL RCF with 13 banks (Feb 2027)
- €0.8 billion RCF with 6 banks (Dec 2023)
- €0.2 billion cash

Debt Repayment Profile as at 31 December 2022

ESB Group Debt Profile as at 31.12.2022



Note: Excludes Joint Venture Debt

S&P Global
Ratings

A-

(Stable Outlook)
Long Term Rating

MOODY'S
INVESTORS SERVICE

A3

(Stable Outlook)
Long Term Rating

Outlook & Summary



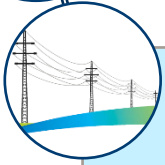
Outlook & Summary



ESB's 2040 strategy - Driven to Make a Difference: Net Zero by 2040 - builds on our 2017 Brighter Future strategy, which set a clear direction for ESB to take action and exercise leadership in tackling climate change



Positive financial performance in 2022 with operating profit before exceptional items of €847 million and EBITDA before exceptional items of €1,675 million



ESB Networks (ROI) PR5 Delivery; NIE Networks (NI) RP6 delivery



Generation portfolio transition through renewable investments



Meet customer energy needs through value driven solutions at appropriate margins



Ongoing focus on strategy delivery while maintaining financial strength

Key Credit Strengths

Leading Irish Energy Utility

- 97% Irish Government owned
- Markets — Ireland and Great Britain
- Owns all networks in ROI and NI
- Irish electricity market: 30% share of generation and 41% share of supply at end 2022

Stable Business Profile

- Regulated electricity networks businesses in Ireland accounts for 60% of Group Assets and c. 53% of Group EBITDA at end 2022
- Supported by established and transparent regulatory frameworks regarded as robust by credit rating agencies

Consistent Financial Performance

- Average EBITDA €1.4bn & Gearing 56% (2018–2022)
- Diversified funding and strong liquidity position
- Credit ratings of A- and A3



S t e v e A l l e n

MANAGER, INVESTOR
RELATIONS & CREDIT RATING

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