

ESB

Invested in a Sustainable Future

FY23 Presentation to Investors

20 March 2024



Energy for
generations



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GROUP TREASURER



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MANAGER, INVESTOR
RELATIONS & CREDIT RATING



Strategy & Sustainability



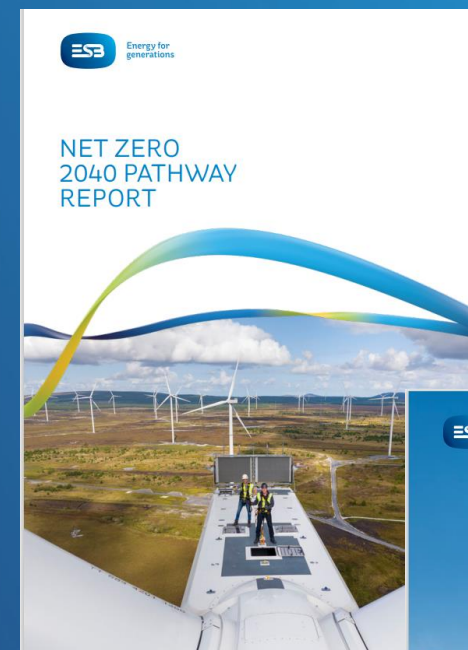
Energy for generations

**DRIVEN TO MAKE
A DIFFERENCE**

NET ZERO BY 2040

2023 Highlights

	2023 €m	2022 €m	YOY Movement
EBITDA	1,976	1,675	+18% ↑
Operating Profit	1,121	847	+33% ↑
Capex	1,729	1,395	+24% ↑
Net Debt	(6,447)	(6,786)	-5% ↓
Gearing*	49%	58%	-9% ↓
Liquidity	3,700	2,200	+68% ↑
Dividend	220	327	-33% ↓
Emissions – Carbon intensity from Generation	370gCO2/kwh	419gCO2/kwh	-12% ↓



*Net Debt/(Net Assets + Gross Debt)

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



Decarbonised Electricity – 2023 Update



Develop and connect renewables to decarbonise the electricity system by 2040.



**OUR
FOCUS**

Connect renewable generation to our Distribution and Transmission networks

Grow our Renewable Generation portfolio

Saoirse Wave



Oweninny



SUCCESS

1.4 GW Renewables and Renewable Enabling Assets

20% share of ESB Generation output from zero Carbon Sources

12% Reduction in carbon intensity of ESBs power generation fleet

Development of a future pipeline of onshore wind and solar assets

Growth in ESB's footprint in offshore wind

8 GW renewables connected to the Network on island of Ireland

NNG



Solar





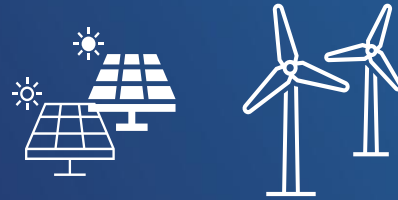
Resilient infrastructure – 2023 Update

Provide resilient infrastructure for a reliable, low carbon electricity system.

OUR FOCUS



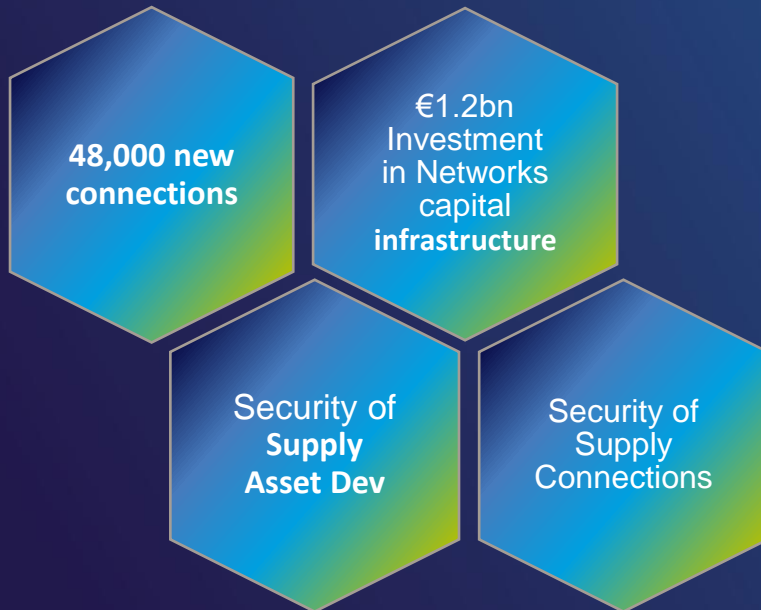
Provide safe, smart, reliable, and resilient electricity infrastructure



Transition to a zero carbon dispatchable generation portfolio while supporting the security of the system



2023 SUCCESS





Empowered customers – 2023 Update

Empower, enable and support customers and communities to achieve net zero.



OUR FOCUS



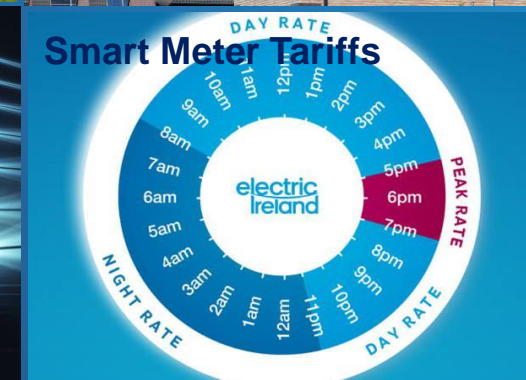
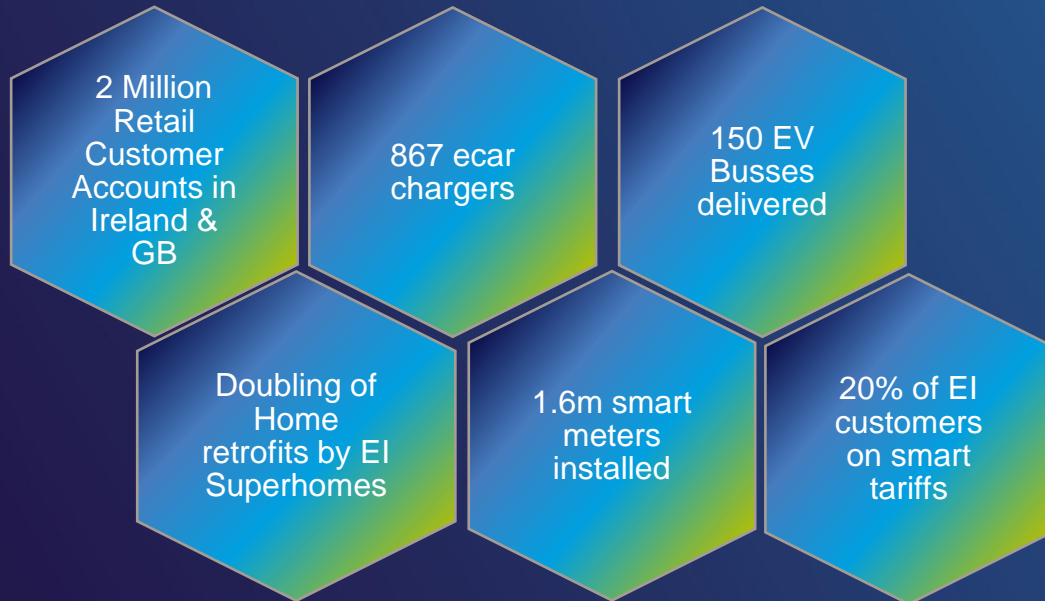
Provide customers with the best value, sustainable energy in the market and be a trusted partner to guide and support customers on their journey to net zero.



Put in place solutions for our networks customers to enable the electrification of heat and transport on our networks



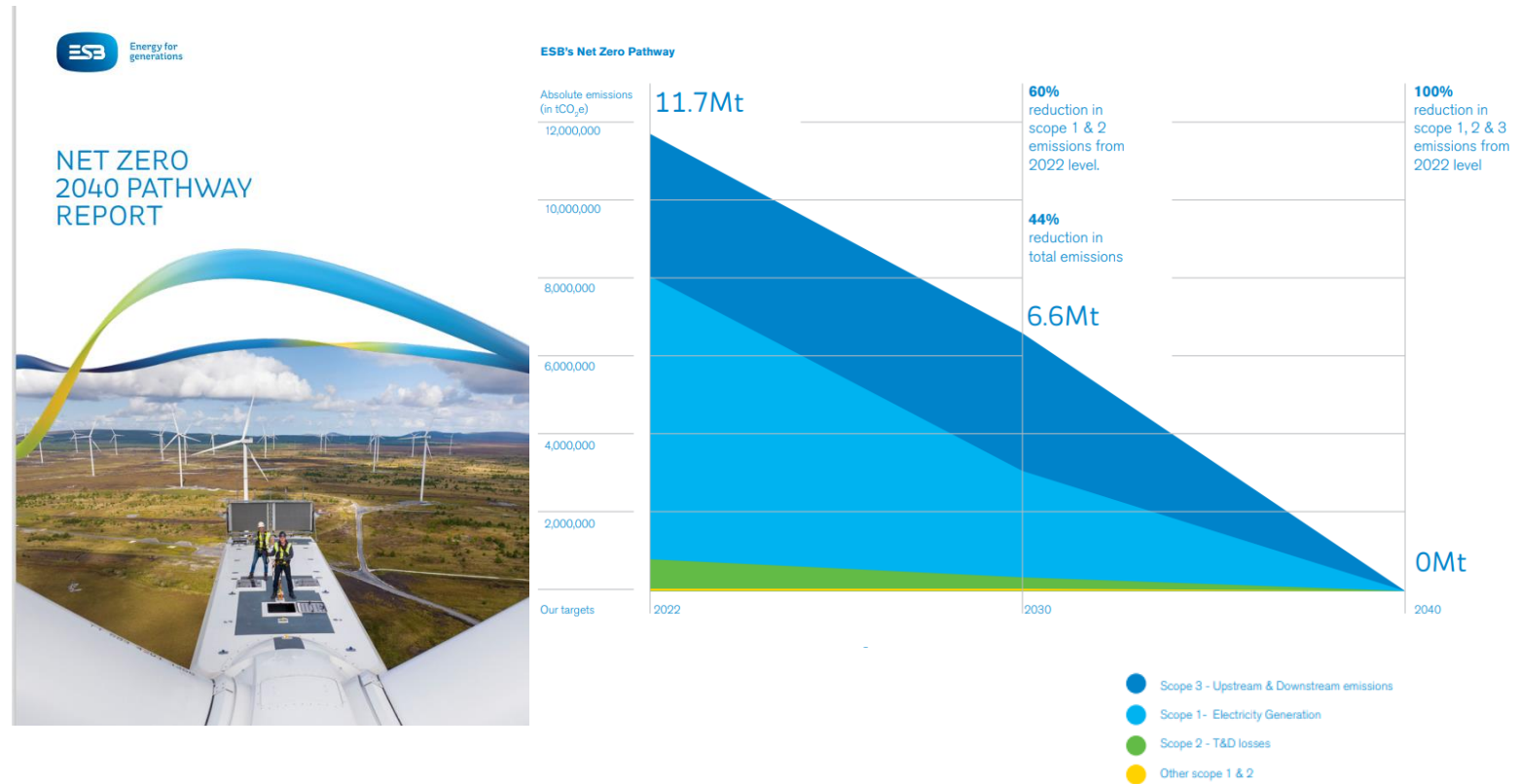
SUCCESS



Net Zero Pathway Report

- The report presents ESB's roadmap to reach net zero by 2040, along with intermediate reduction targets and Strategic Performance Initiatives to realise our goal.
- Our Pathway to Net Zero is integrated into our business plans, and we are working towards a **60% reduction** in our core Scope 1 and Scope 2 emissions by 2028*/2030 (compared to 2022 levels) and a **44% total emissions reduction** when taking Scope 3 emissions into account.

www.esb.ie/sustainability/net-zero-hub



**The ESB Board have committed to a further increased ambition target to achieve a 44% reduction in total emission by 2028, two years earlier than outlined in this report. This increased ambition is currently being assessed and will result the in updating of business plans over the next five years.*

Net Zero Pathway

1 5,000 MW of renewable generation by 2030

1 Thermal Fleet will burn less fossil fuels, and will transition to green hydrogen to provide a backup to renewables. Supported by System Services and Battery Storage

1 Cease coal generation at Moneypoint in 2025

Scope

1 Electrification of our internal vehicle fleet & retrofitting of all our buildings

2 Reduction of Emissions from Transmission and Distribution Losses as well as SF6 emissions

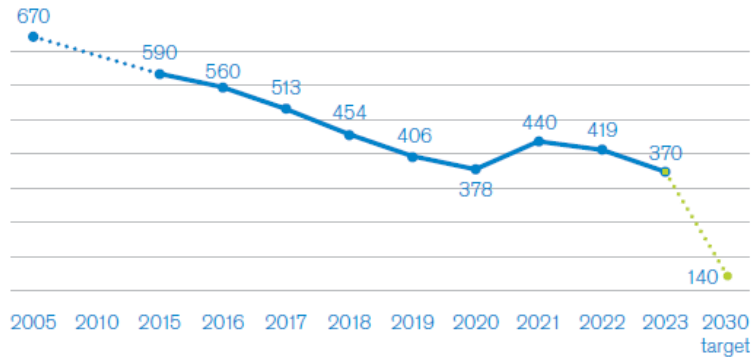
3 Engage with suppliers through the CDP Supply Chain initiatives to reduce supply chain emissions

3 Work with Customers to decarbonise their energy requirements through a number of initiatives

Aiming for Leading Sustainability Performance

Generation **Carbon intensity** of 370g CO₂/kWh - a reduction of 45% (on baseline year 2005)

ESB's Generation Carbon Intensity g/kWh*



* The output of joint venture projects is included in the carbon intensity calculations based on ESB's shareholding in the relevant entity. 2023 based on provisionally verified data.

CO₂ output from Generation and Trading's generation plants in 2023 at c.5.1Mt CO₂e was lower than 2005 (reference year) by approximately 65%.



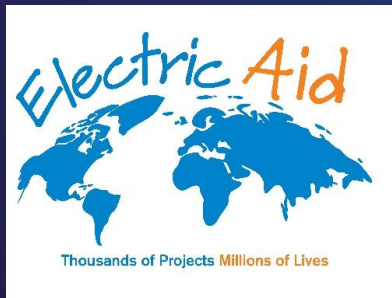
Business for Biodiversity Ireland



CapEx



2023	2022	
85%	81%	Taxonomy-Aligned
12%	1%	Taxonomy Eligible but not Taxonomy-Aligned
3%	18%	Taxonomy Non-Eligible



Nature+Energy

Financial Update



Energy for generations



Operating Environment

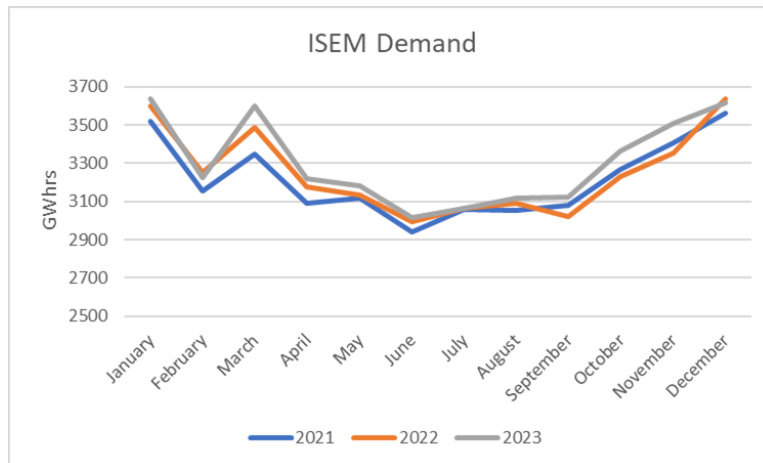
Ireland

- Irish GDP -3.2% 2023, +2.8% 2024F*
- Strong Irish sovereign rating : AA- (S&P) and A1 (Moody's)
- 2% electricity demand increase year on year
- Moderation of commodity price volatility
- Market Interventions

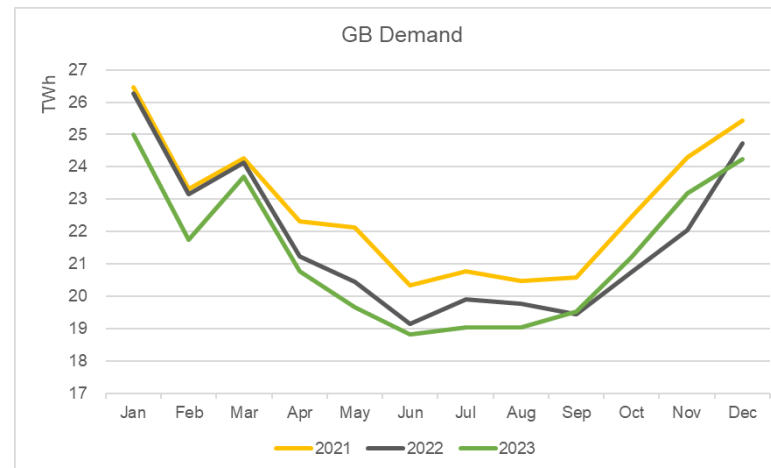
Great Britain

- UK GDP +0.3% 2023, 0.3% 2024F**
- Commodity price volatility and price cap
- Contraction in retail supply companies

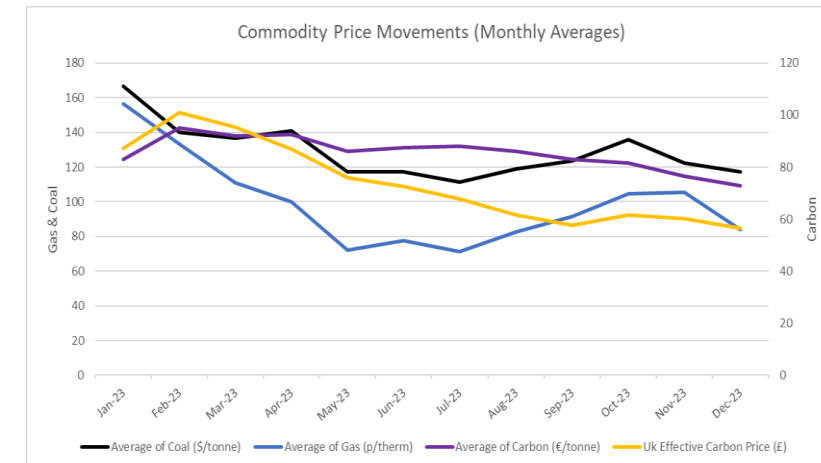
SEM Demand Growth



GB Electricity Demand



Commodity Price Movements (monthly averages) Jan – Dec 2023

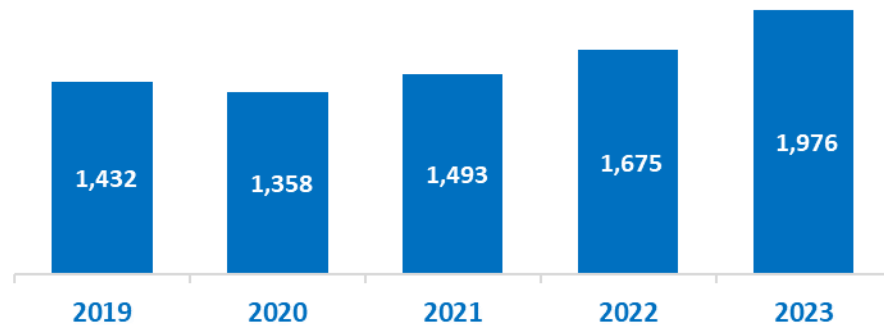


*Forecast Irish GDP Source: Central Bank of Ireland Q1 2024 Bulletin

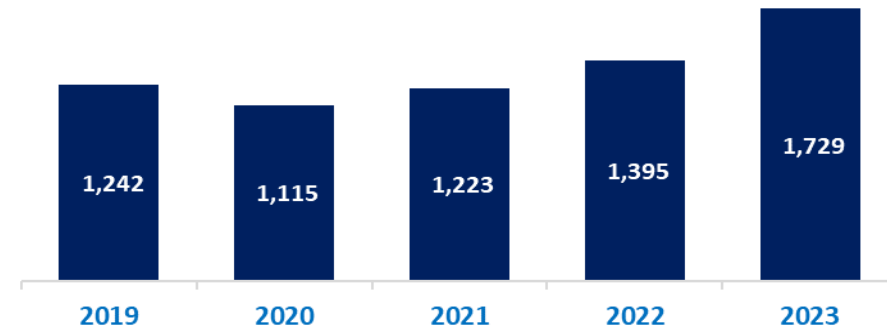
**Forecast UK GDP Source: BOE estimate from Bloomberg

Consistent Financial Performance

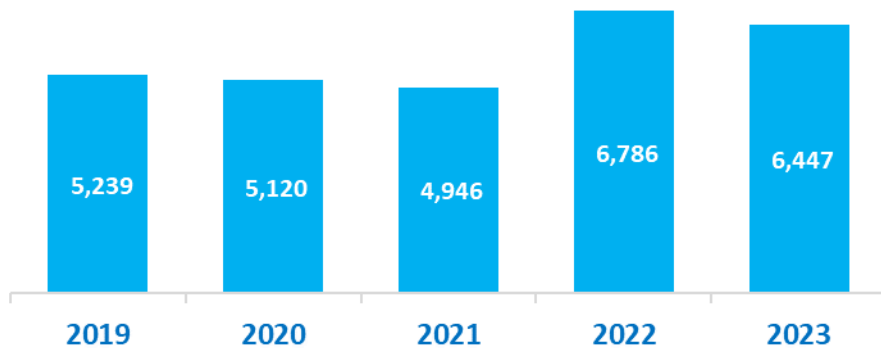
EBITDA (before exceptional items) (€m)



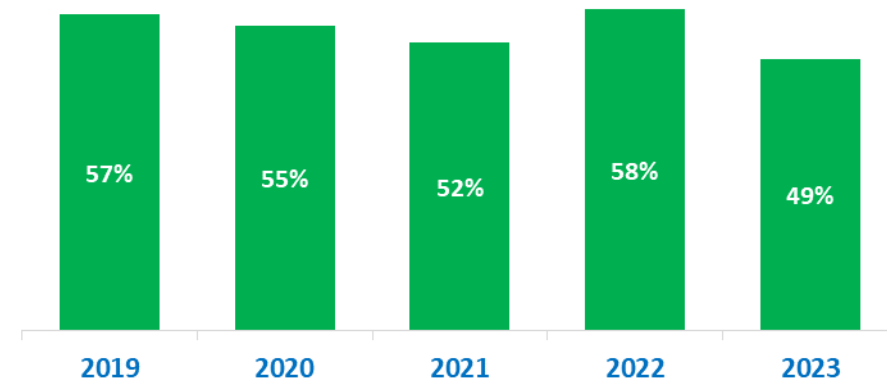
Capital Expenditure (€m)*



Net Debt (€m)



Gearing** (%)

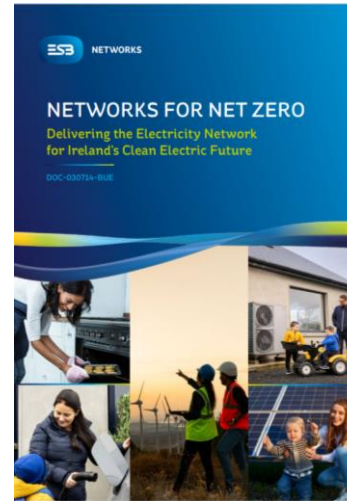


- *2019 - 2023 capex is gross of capital contributions
- ** Net Debt/(Net Assets + Gross Debt)

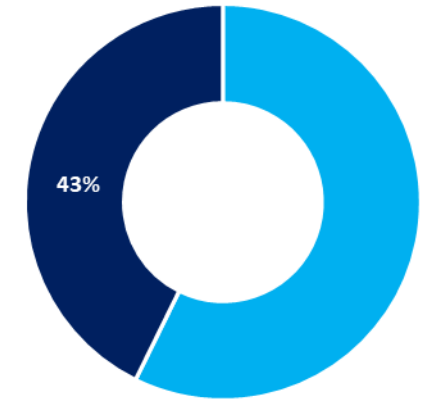
Business Strategy - Provide resilient infrastructure for a reliable low carbon electricity system.

Business Highlights

- Launch of Networks for Net Zero Strategy
- 43% of Group EBITDA and 49% of Group Assets
- Operating profit has increased since 2022 due primarily to an increase in revenue from regulated tariffs. Regulated Asset Base (RAB) - €10.6bn (2022: €9.7bn)
- PR5 Revenue Determination (2021-2025)
 - €4.4 billion capex programme
 - WACC 3.8% pre-tax real¹
- **Focus:**
 - PR5 delivery



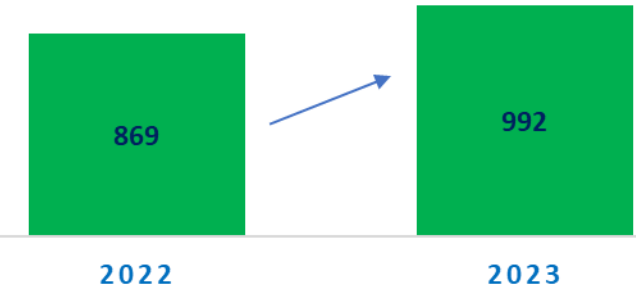
2023 ESB Group EBITDA* - €1,976m / ESB Networks EBITDA - €844m



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

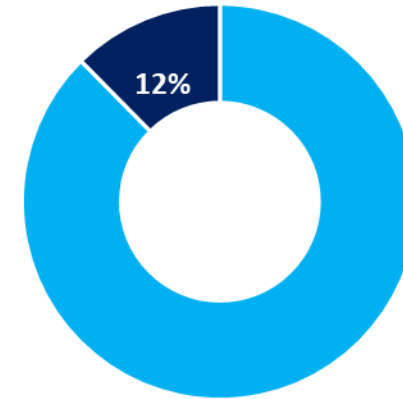


Business Strategy - Provide resilient infrastructure for a reliable low carbon electricity system.

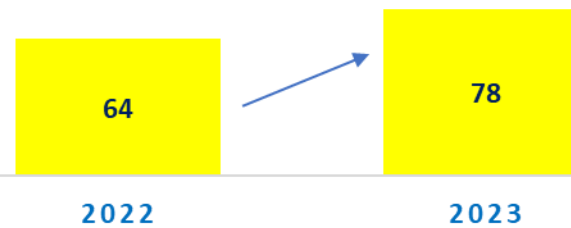
Business Highlights

- 12% of Group EBITDA and 16% of Group Assets
- Operating profit for 2023 at €78 million is up €14 million on 2022, primarily as a result of higher Use of System revenues,
- Underlying Capex is up 15% on 2022
- Regulated Asset Base - £2.2bn
- RP6 revenue determination (Oct '17 – Mar '24)
 - RP6 WACC 3.14% vanilla real¹ (3.8% pre-tax real)
- **Focus:**
 - RP6 Implementation

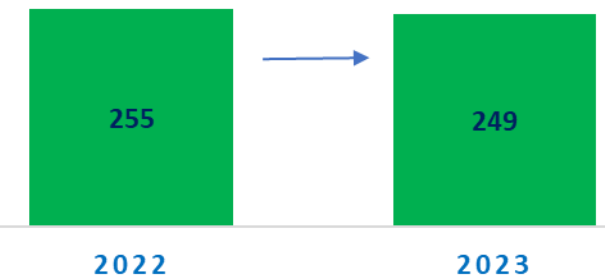
2023 ESB Group* EBITDA - €1,976m / NIE Networks EBITDA - €245m



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

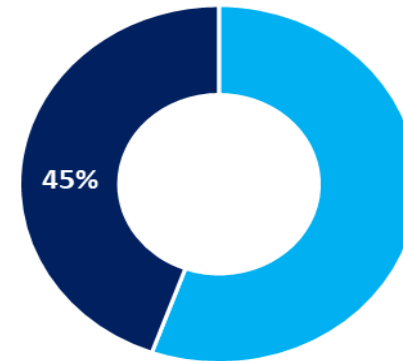
Generation & Trading

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

Business Highlights

- 45% of Group EBITDA and 26% of Group Assets
- Operating profit is down slightly on 2022 mainly due to the Irish Government’s scheme to cap market revenues
- Capex continues to be invested in energy infrastructure for low carbon system
- All-Island SEM market share 27% by volume
- Carbon intensity 370 g/kWh in 2023 – decreased from 419 g/kWh in 2022 (45% improvement since 2005) and targeted to reach 140 g/kWh by 2030
- Impairment of €15m relating to NNG offshore windfarm
- **Focus:**
 - Build pipeline of renewable projects
 - Continue to prepare for future RESS auctions

2023 ESB EBITDA* - €1,976m /
GT EBITDA - €880m

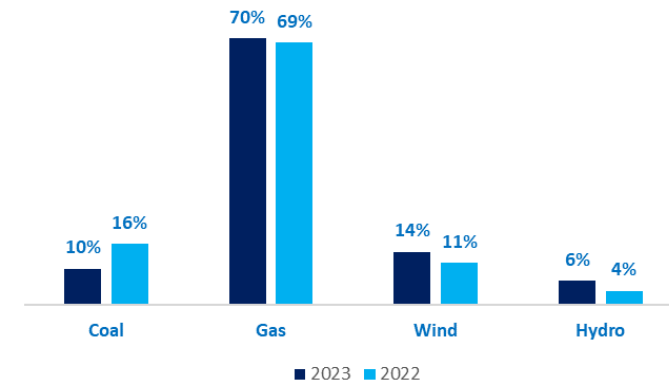


Operating Profit (€m)*

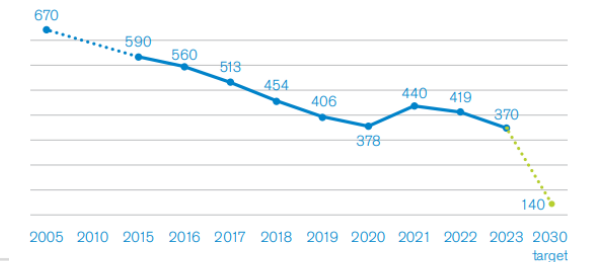


Fuel Mix:

SEM & GB MSQ Generation



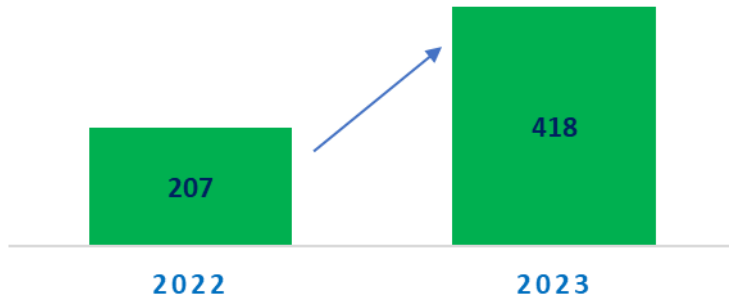
Carbon Intensity of ESB Generation g/wWh



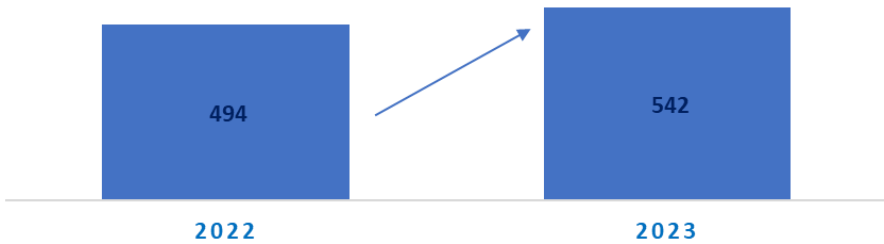
* The output of joint venture projects is included in the carbon intensity calculations based on ESB's shareholding in the relevant entity. 2023 based on provisionally verified data.

Generation & Trading (GT)

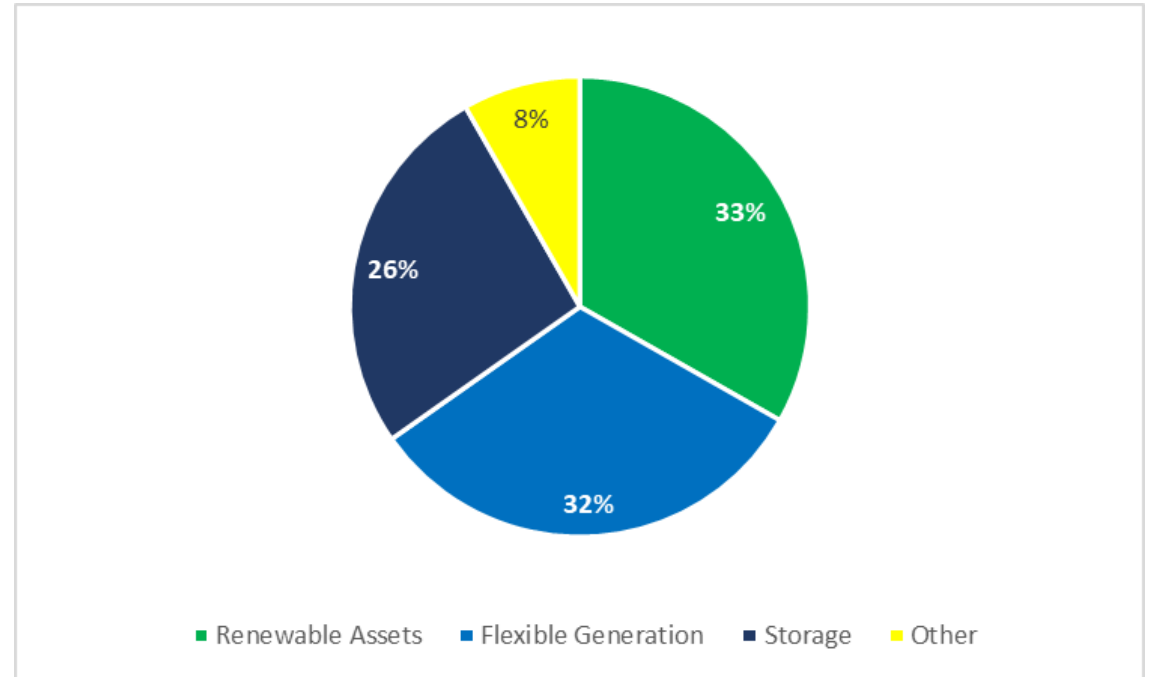
Generation Capex



Generation Total Investment (incl shareholder loans to JVs)



Generation Total Investment (incl shareholder loans to JV projects)



Customer Solutions (including Electric Ireland)

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

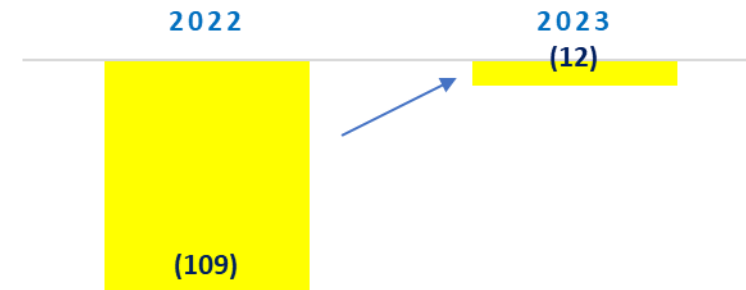
Business Highlights

- Customer-facing businesses - supply of electricity, gas, energy services, e-transport and wholesale telecoms
- 2023 saw an improvement in operating performance of the Customer Solutions Business mainly driven by improved performance in So Energy (GB). Electric Ireland profitability was lower than 2022 following price reductions during the year where margins tightened to the benefit of end customers
- Irish market share 40% with over 1.5m customer accounts

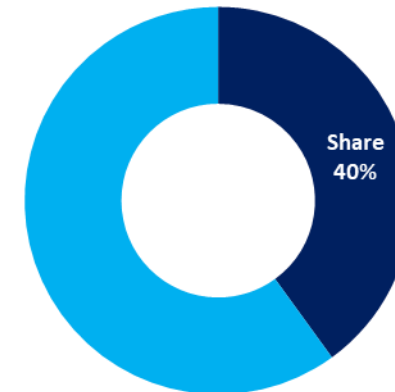
Focus:

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

Operating Profit/(Loss) (€m)



SEM Market Share



Funding & Liquidity

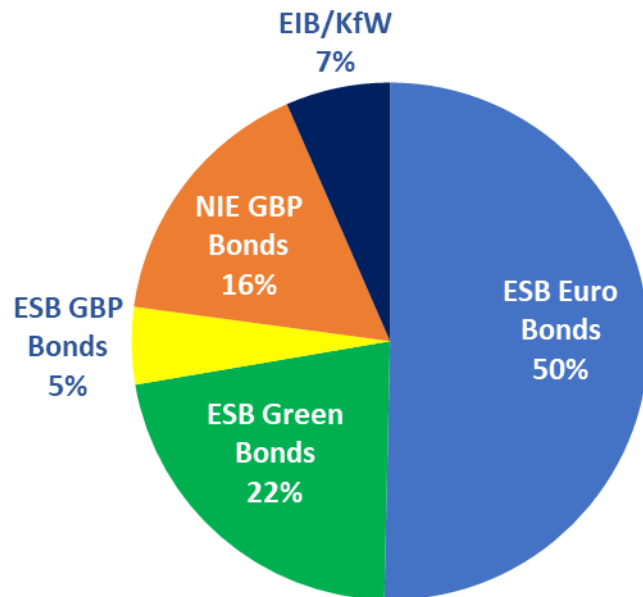


Energy for generations



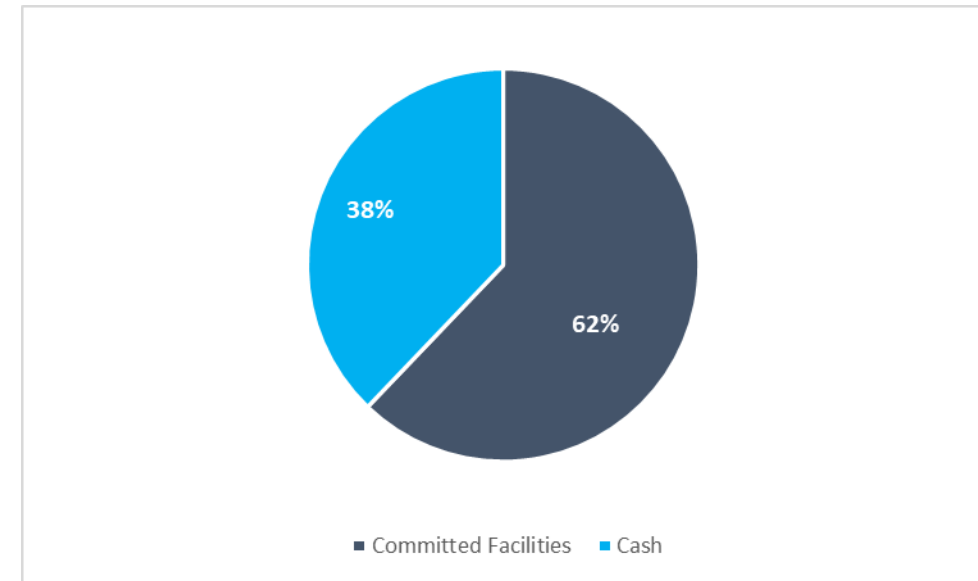
ESB Group Debt and Liquidity

Group Debt 31 December 2023 - €7.7 billion



- During 2023 ESB raised three separate bonds amounting to over €1.3bn including a €500m Green Bond

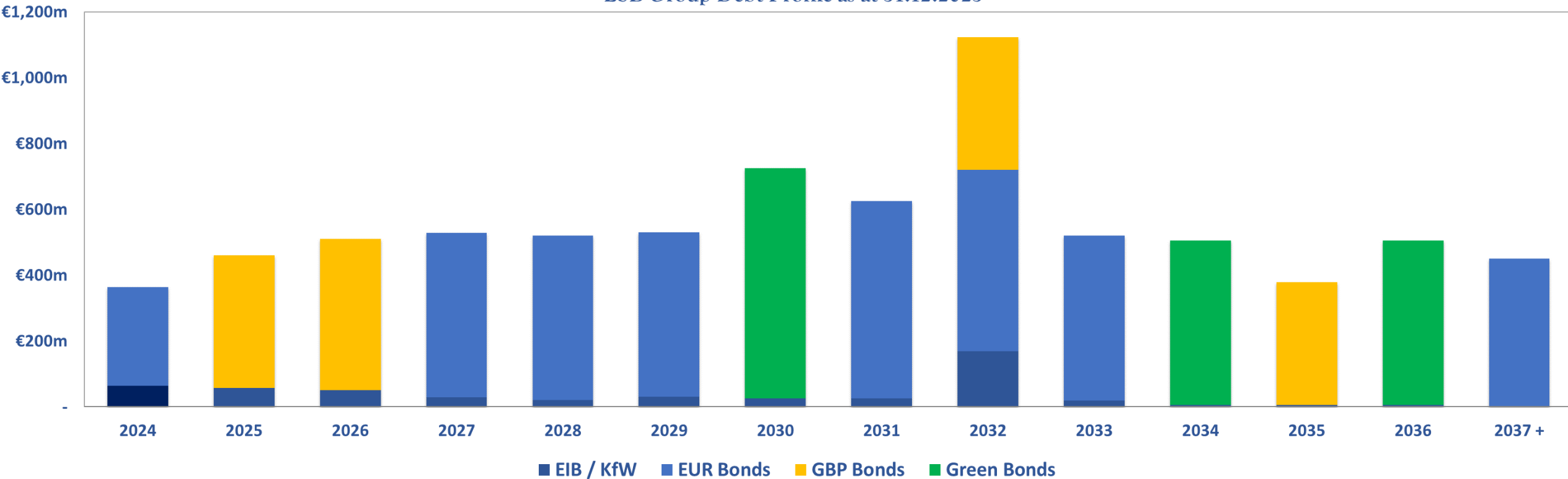
Available Liquidity 31 December 2023 - €3.7 billion



- €1.4 billion SSL RCF with 13 banks (Feb 2027)
- €0.9 billion RCF with 6 banks (Jun 2024)
- €1.4 billion cash

Debt Repayment Profile as at 31 December 2023

ESB Group Debt Profile as at 31.12.2023



Note: Excludes Joint Venture Debt

S&P Global Ratings

A-

(Stable Outlook)

MOODY'S INVESTORS SERVICE

A3

(Stable Outlook)

Credit Strengths

*“ Consistently strong financial metrics underpinned by prudent financial policy ” **

*“ Stable and predictable regulated networks projected to generate around two-thirds of EBITDA ” ***

*“ Capacity revenues and renewable support mechanisms that give good visibility on a significant portion of the group's generation earnings ” **

*“ Generation and trading carbon intensity targeted to reach 140 grams per kilowatt-hour (g/kWh) by 2030 ” ***

It is our intention to maintain a credit rating of BBB+/Baa1 on a stand-alone basis out to 2040

Outlook – 5 Year Plan



Energy for generations



5 Year Plan



Northern Ireland Climate Policy Geopolitics & Security of Supply



Interest Rates



OPPORTUNITIES & CHALLENGES

Electrification progress



Supply Chain & Consent



Offshore Auctions & Policy



Climate Change



IBP 2024-2028

2028

Decarbonised Electricity

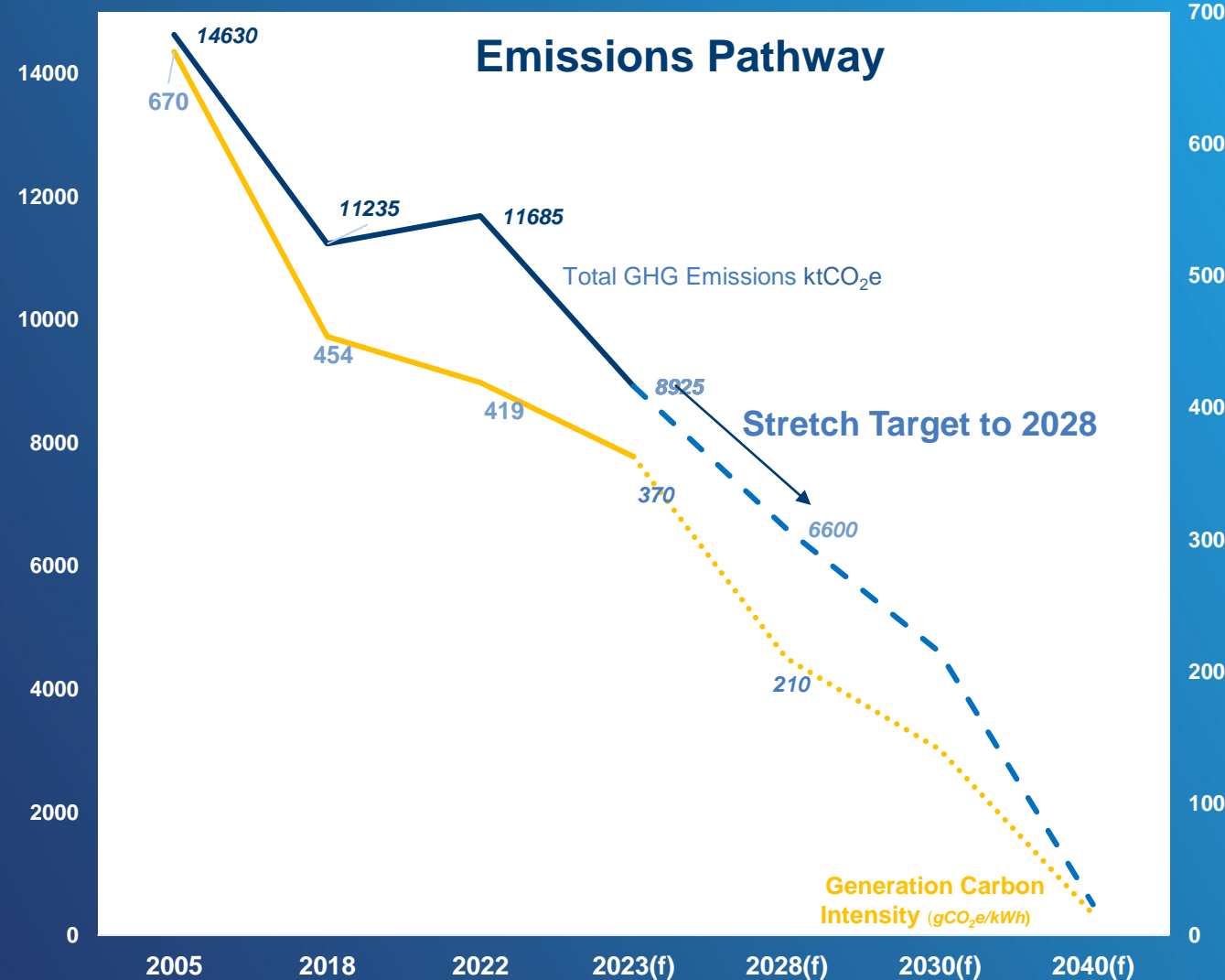
- 3GW Renewables
- 21.5 GW RES connected to Network on Island of Ireland (in alignment with national policy targets where appropriate)
- 44% of Generation output from zero carbon sources

Resilient Infrastructure

- Investment in Electricity Network
- + €5bn in RAB by 2028

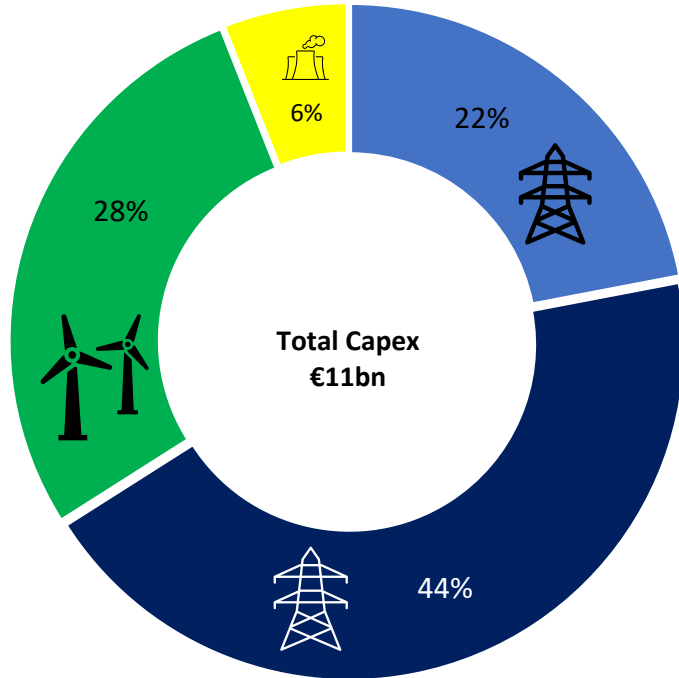
Empowered Customers

- 2.4 million smart meters installed
- 1,765 EV chargers
- 13.5k home retrofits



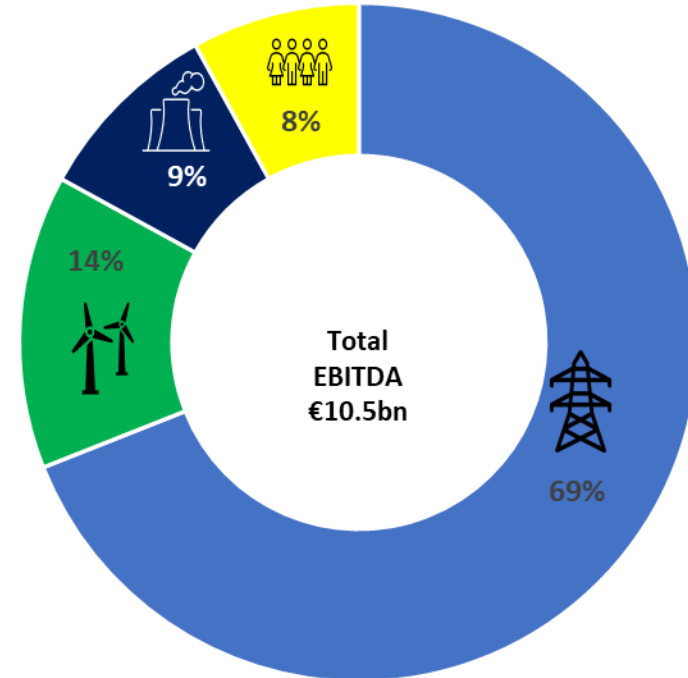
Financial Metrics 2024-2028

Capex



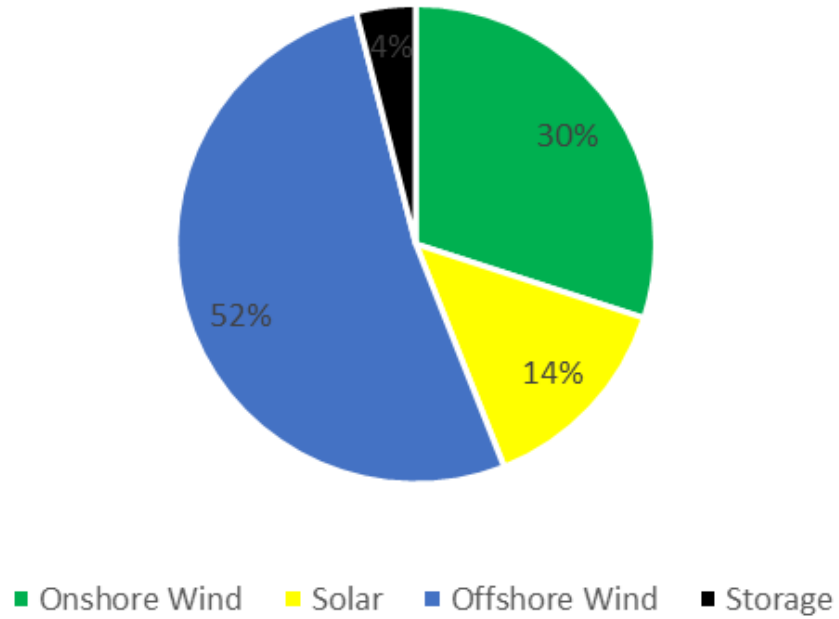
■ Transmission ■ Distribution ■ Renewable ■ Thermal

EBITDA

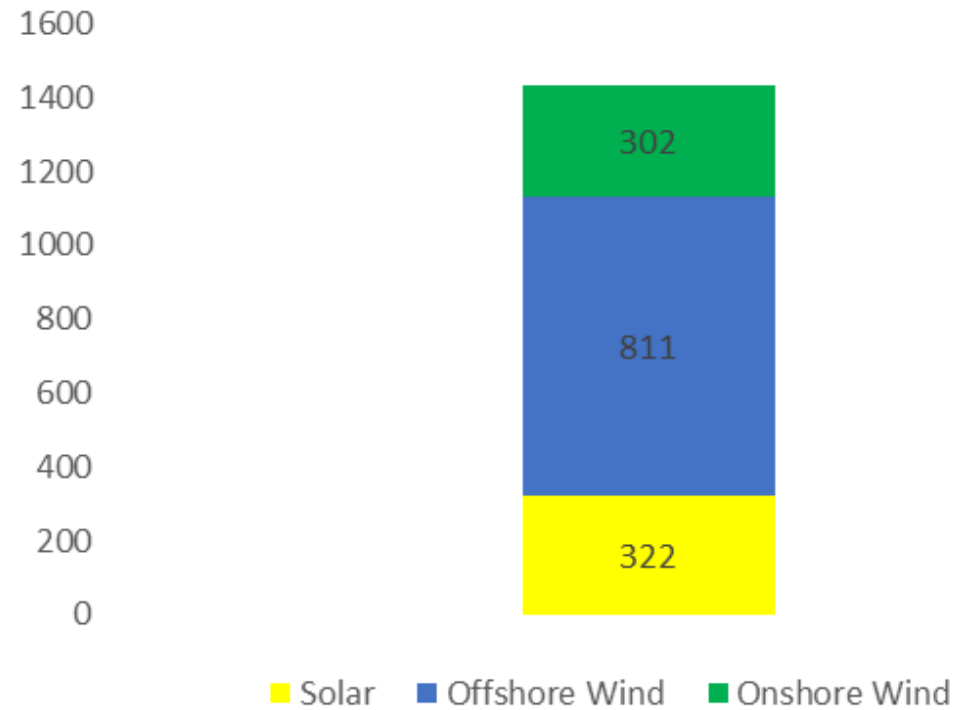


■ Regulated Networks ■ Renewable ■ Thermal ■ Retail & Other

Pipeline by Technology



CFD Awarded/ Under Construction (MW)



Moneypoint – The Future: Green Atlantic

1. Offshore Wind Construction Hub

Facility for the deployment of fixed and floating foundation offshore wind projects



3. Strategic Land Acquisition

Acquire additional land adjacent to site to meet future development needs



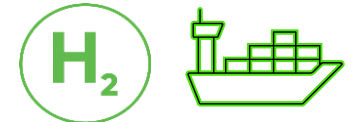
5. Zero Carbon Fuels Dispatchable Generation

Dispatchable generation utilising imported zero carbon fuels (pre-floating wind)



7. Zero Carbon Fuels Production

Dispatchable generation utilising domestically produced zero carbon fuels from floating wind. Fuel export potential.



2. Ash Sale & Landfill Reclamation

Sustainable use of existing resources
Maximise development potential at site



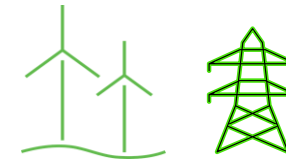
4. Lower carbon Dispatchable Generation

Transitional lower carbon generation solutions to support capacity market



6. Floating Offshore Wind

Commercial scale floating offshore wind under Future Framework auctions to meet 2040 & 2050 Climate Action Plan targets



Moneypoint Security of Supply

GT Asset Management project to convert from coal to oil firing and provide grid security of supply services



Summary



Key Credit Strengths

Leading Irish Energy Utility

- **97% Irish Government owned**
- **Owns all networks in ROI and NI**
- **Irish electricity market: 27% share of generation and 40% share of supply at end 2023**
- **Significant Progress made on Net Zero Strategy to date**

Stable Business Profile

- **Regulated electricity networks businesses in Ireland accounted for 65% of Group Assets and c. 55% of Group EBITDA at end 2023**
- **Supported by established and transparent regulatory frameworks regarded as robust by credit rating agencies**

Consistent Financial Performance

- **Average EBITDA €1.6bn & Gearing 54% (2019–2023)**
- **Diversified funding and strong liquidity position**
- **Credit ratings of A- and A3 from S&P Global Ratings and Moody's respectively**



Richelle Manning

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RELATIONS & CREDIT RATING

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