



Energy for
generations

ESB

Investor Presentation

2013 Half-Year Results and Business Update

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November 2013

A decorative graphic at the bottom of the slide consists of a dark blue curved shape on the left that transitions into a large, multi-colored wave-like shape on the right. The wave is composed of several overlapping layers of color: a dark blue base, followed by a medium blue, a light blue, a green, and a yellow top layer.

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Agenda

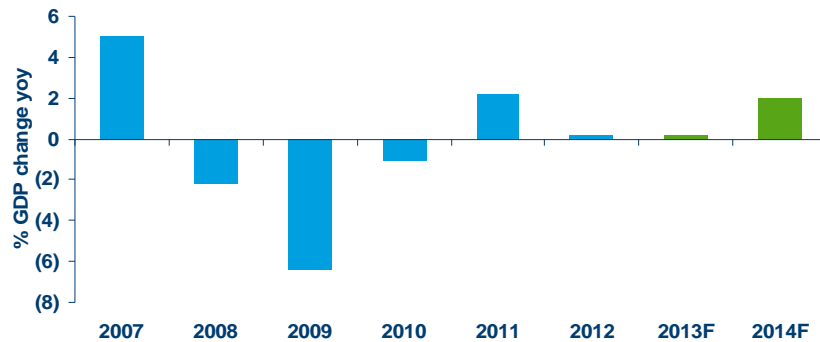


- Macro Environment
- 2013 Interim Financial Results
- Business Unit Performance
- Strategy Update
- Funding and Liquidity
- Summary

Macro Environment

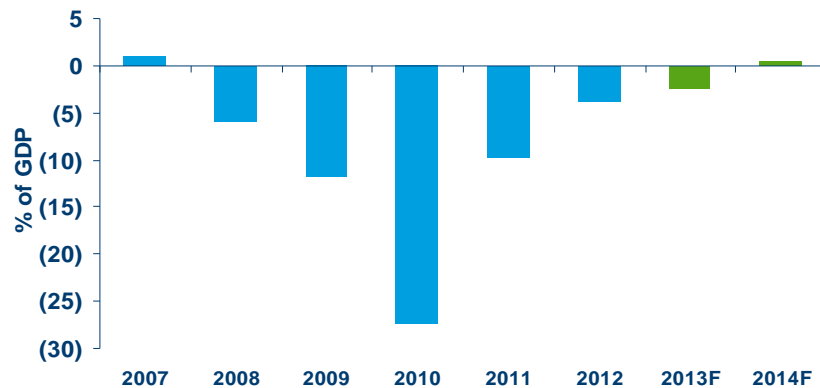


GDP



Source: Central Statistics Office; Department of Finance

Primary Surplus expected 2014



Source: NTMA; Eurostat; Moody's

Ireland

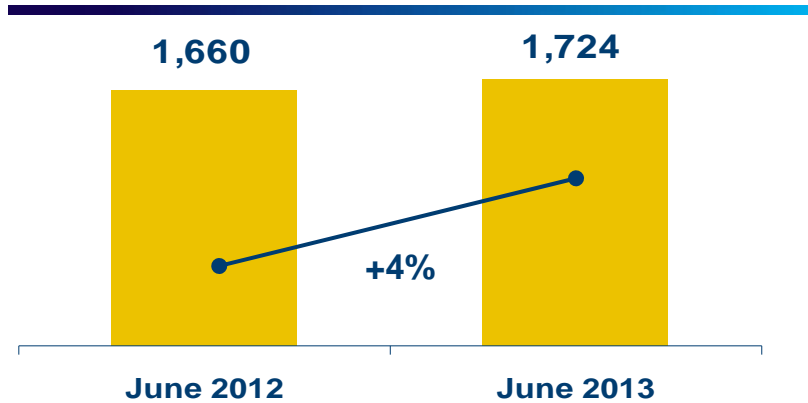
- On course to exit bailout by year-end
- Continued focus on fiscal adjustment
- Sovereign rating outlooks all improved
 - Now BBB+ Positive (S&P) / BBB+ Stable (Fitch) / Ba1 Stable (Moody's)
- 2013 GDP growth forecast similar to 2012
 - Exports impacted by weak eurozone demand
- Gradual recovery in domestic demand
- Consumer confidence & retail sales up
- Employment growth 1.8% y/y
- Continued access to capital markets

2013 Interim Financial Results

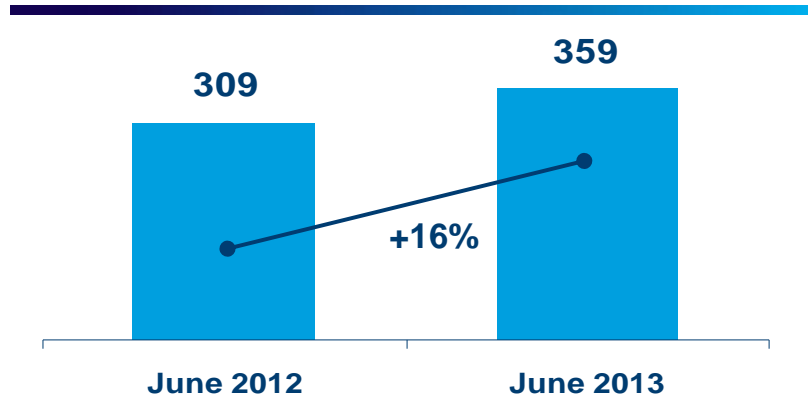
June 2013 Financial Highlights



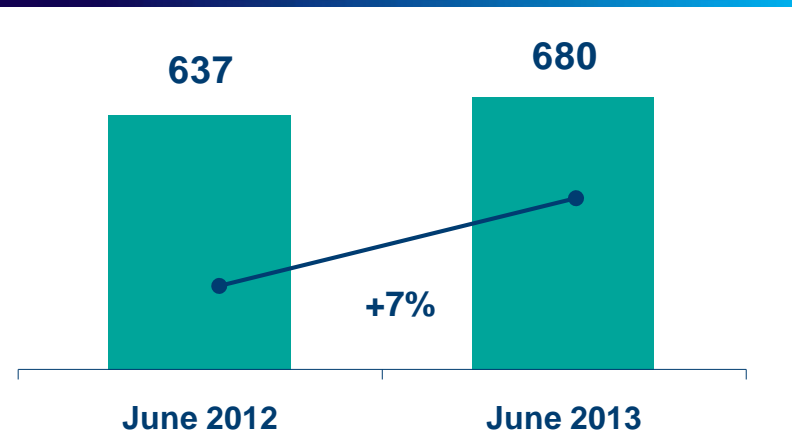
Revenue (€m)



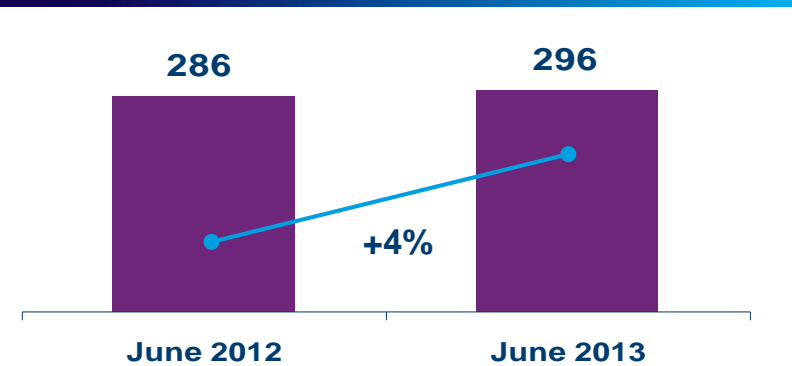
Operating Profit (€m)



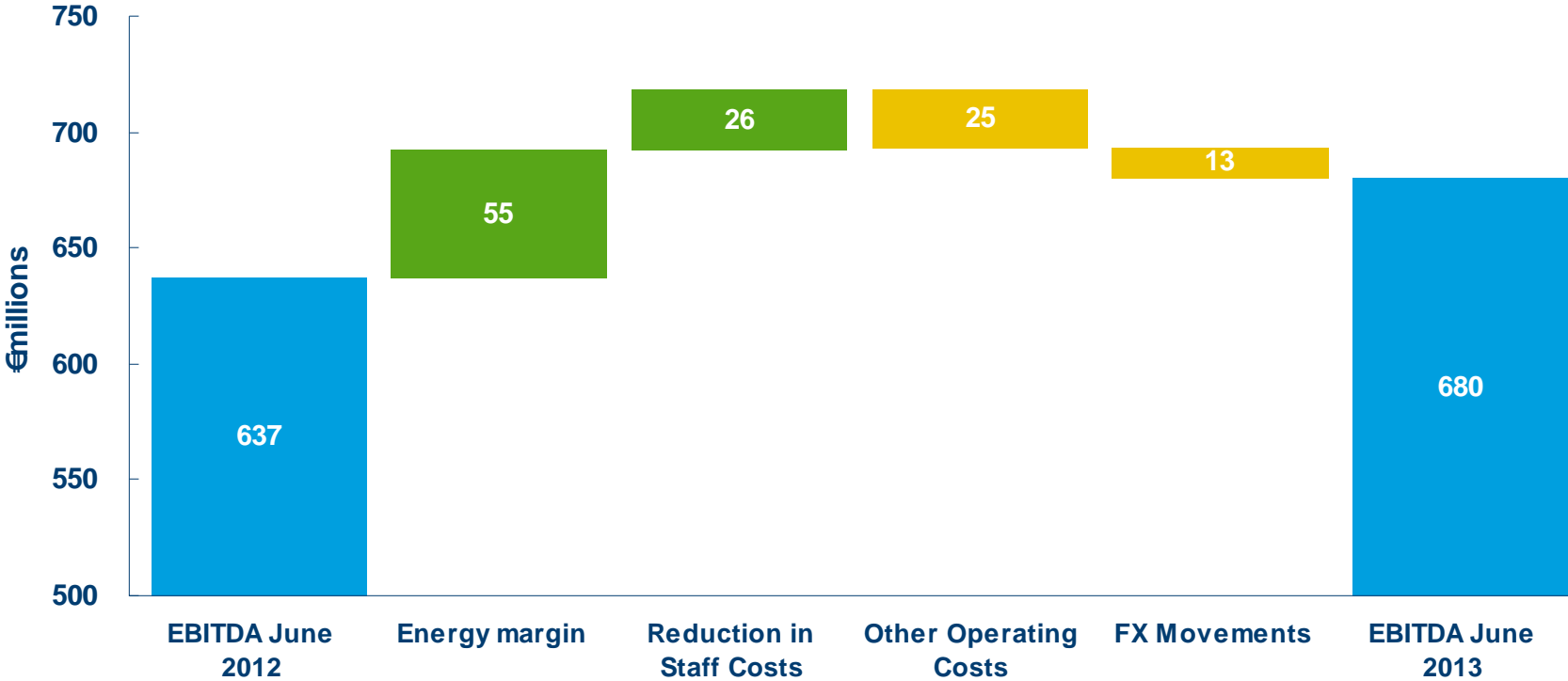
EBITDA (€m)



Capital Expenditure (€m)



EBITDA Movement – June 2013 vs June 2012



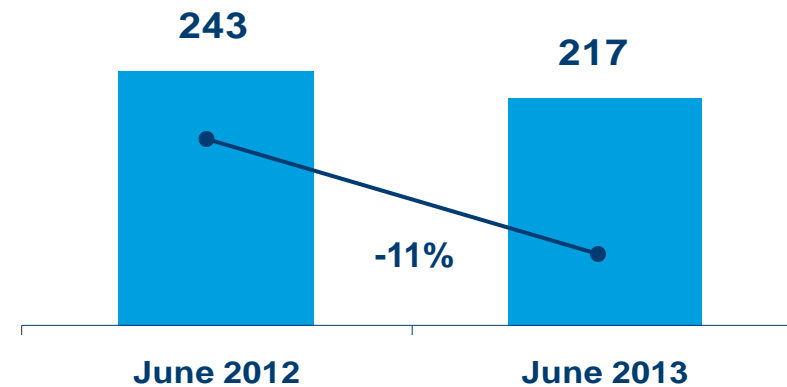
Reducing Cost Base



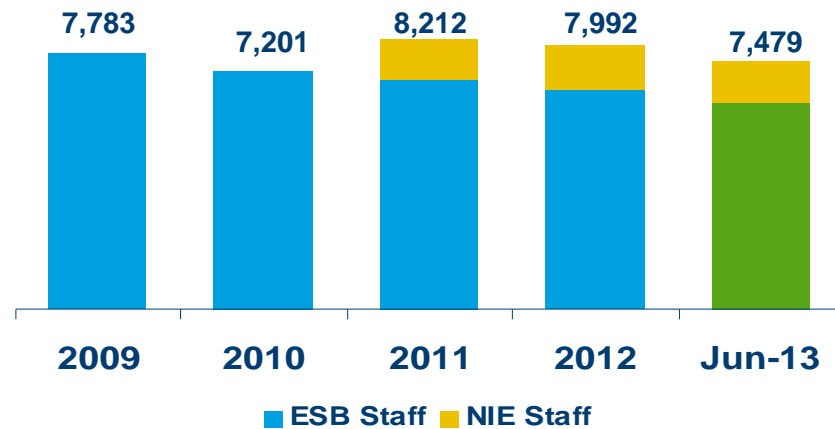
Cost Savings (€m)

	Target	Achieved end 2012
5 Year Savings Target	280	
- Payroll		150
- Non-Payroll		60
Total	280	210

Payroll (€m)



ESB Group Headcount



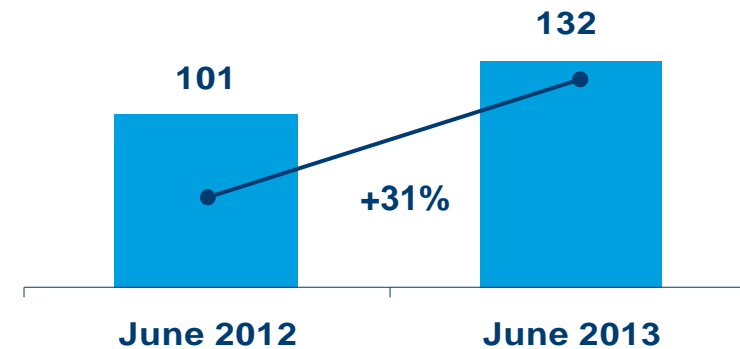
- Benefits of Voluntary Severance scheme in 2012 starting to flow through
- Staff costs for first six months of year down €26m (11%) on 2012
- Staff numbers in core ESB business down 1,500 in five years

Business Unit Performance

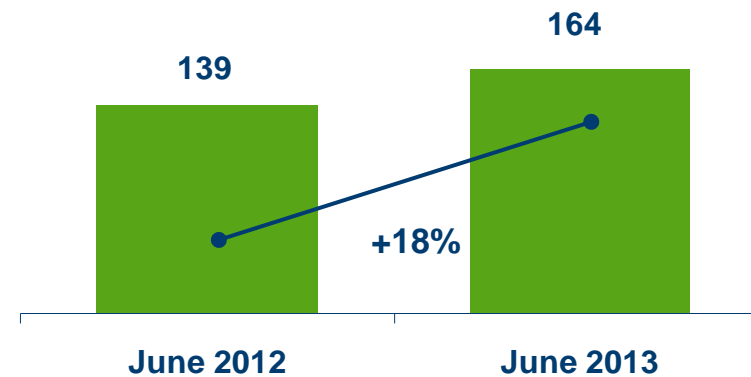
Highlights

- Regulatory movements contributing to H12013 profits
- Savings in payroll and other costs
- PR3 Price Control provision for mid-term return review
- October 2013 - Preliminary Consultation Paper issued by Regulator
 - Proposes reduced return for 2014-15
- Final judgement by end 2013

Operating Profit (€m)



Capital Expenditure (€m)



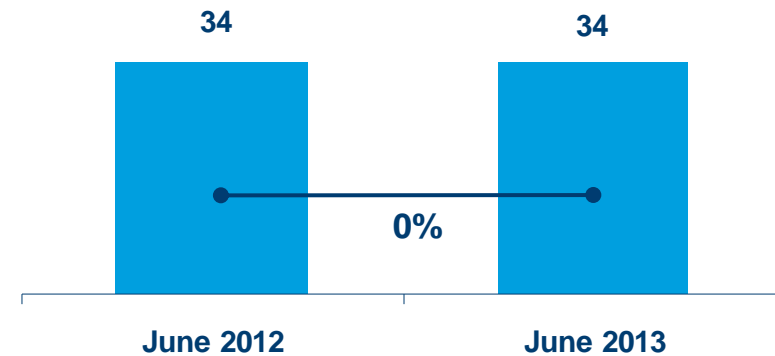
Northern Ireland Electricity



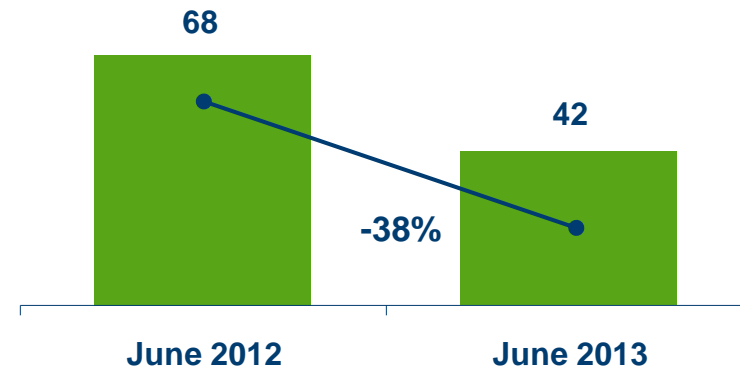
RP5 Price Control Status

- April 2013 - NI Regulator's Determination rejected by NIE
- Referred to UK Competition Commission for determination
- Commission Timetable:
 - Preliminary Judgement end November 2013
 - Final Determination February 2014

Operating Profit (€m)



Capital Expenditure (€m)



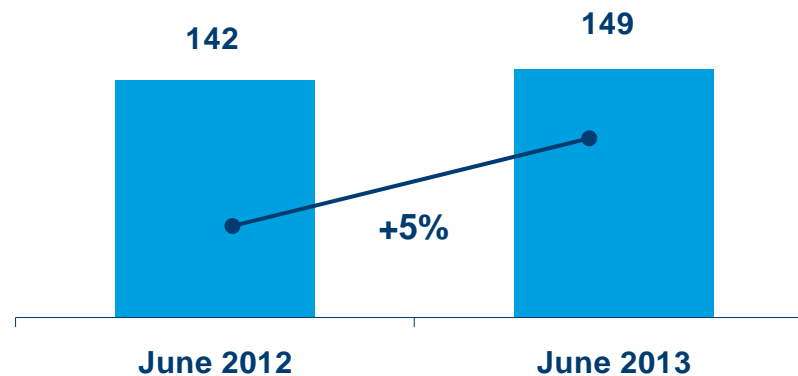
Generation & Wholesale Markets



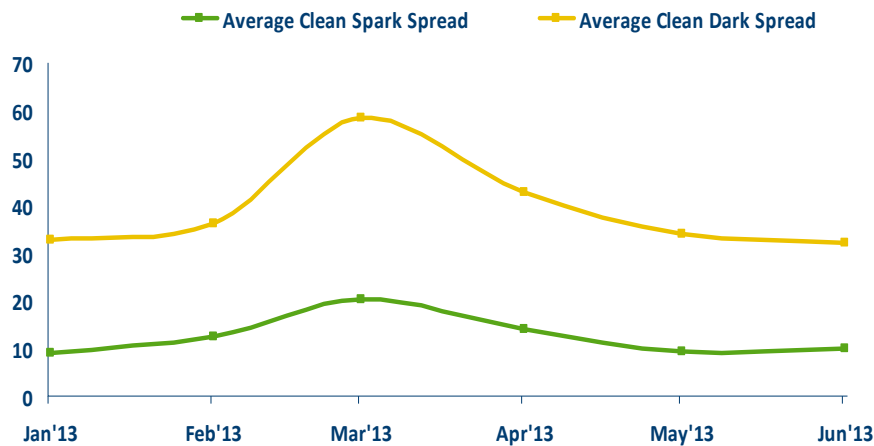
Highlights

- Profit up 5% year-on-year
- Payroll and other savings flowing through
- Carrington project on schedule

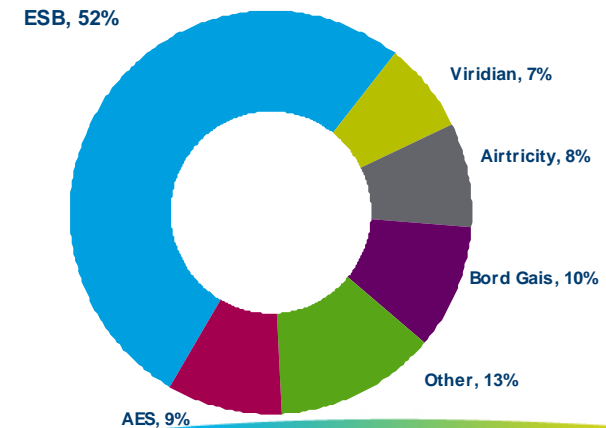
Operating Profit (€m)



Market Spreads €/MWh



Generation Market Share



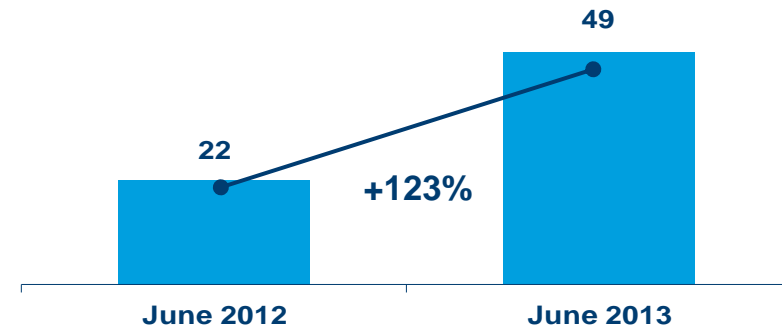
Electric Ireland



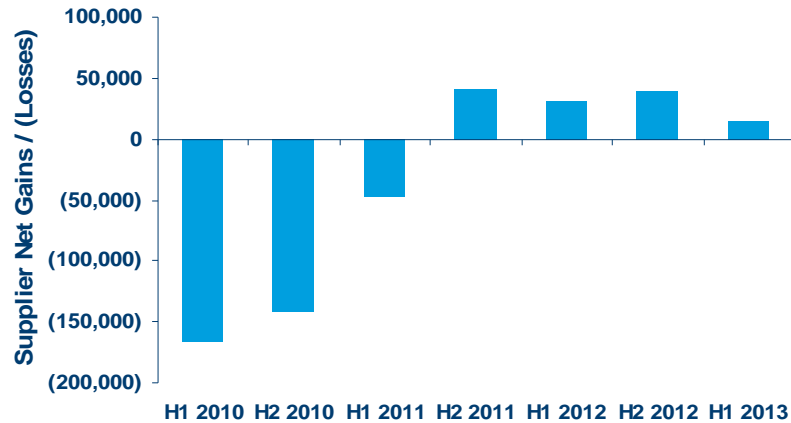
Highlights

- Increase in average consumption
- Marginal increase in customer numbers
- Net margin 4.7% (2.3% June 2012)
- Market Share 37%

Operating Profit (€m)

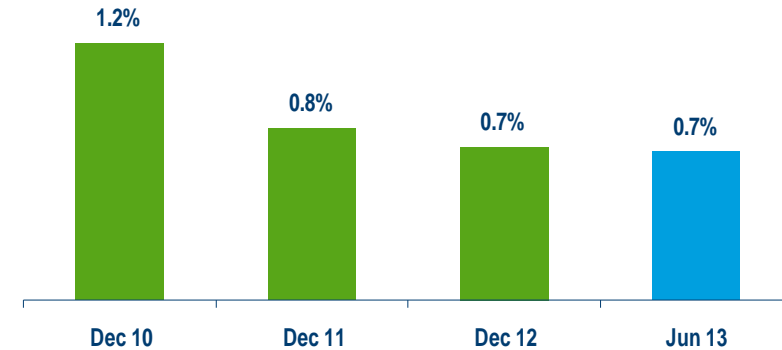


June 13 - Net Gain 15,000 Customers



Gas and Electricity. Source CER

Bad Debts as % of Group Revenues



Strategy Update

Dividend Policy Changes



- July 2013 – Government requests:
 - Revised dividend policy proposal
 - Additional dividend of €65m in 2013
- October 2013 – New dividend policy agreed with Government and approved by Board
 - Provides clarity and certainty for medium term
- Minimum ESB credit rating of BBB+ agreed as a key policy objective with Government
- Revised dividend policy parameters:
 - Target of 40% of adjusted PAT to apply from 2017
 - Gradual transition to higher payout
 - Move to interim dividend model from 2013
- Policy to apply until at least end of decade

Sale of Non-Strategic Generation Capacity



- October 2012 – Agreement with Government:
 - Up to €400m special dividends payable by end-2014
 - Funded from sale of non-strategic generation capacity
- ESB balance sheet and financial metrics to be protected
- February 2013 – Marchwood (UK) and Bizkaia Energia (Spain) sale process announced
- October 2013:
 - Preferred bidder for Marchwood selected
 - Bizkaia sale progressing
 - Sale process for Lough Ree Power (91MW) & West Offaly Power (235MW) (Ireland) announced



Pension

- Majority of staff are in main pension scheme
- Not a typical 'Balance of Costs' Scheme
 - Defined benefits to members
 - No legal obligation on ESB to fund deficits
- No ongoing actuarial deficit
- Dispute with ESB Group of Unions
 - High Court proceedings taken by four staff
 - Ballot for Industrial Action later this year
- ESB intends to fully defend proceedings
- ESB satisfied that accounting treatment is correct

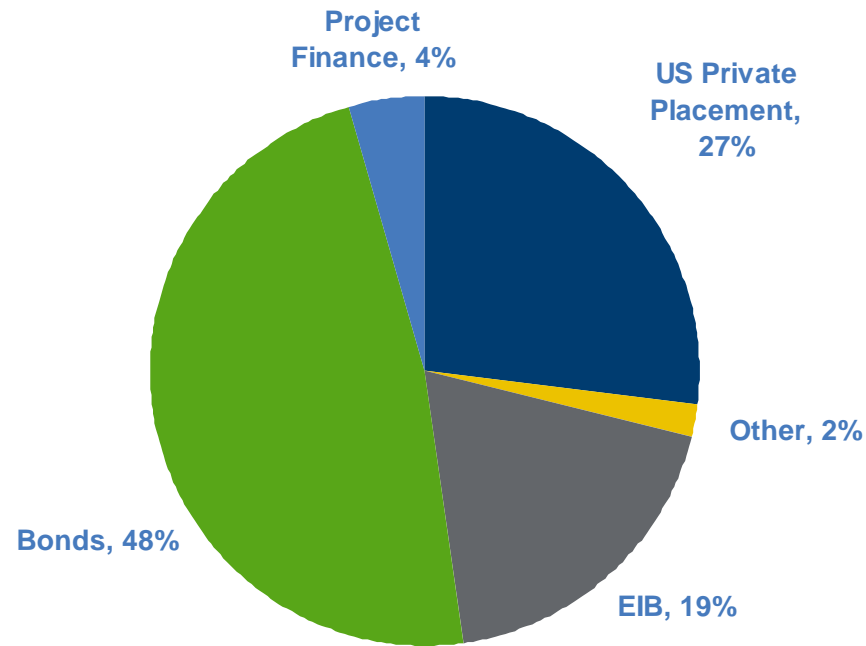


Funding & Liquidity

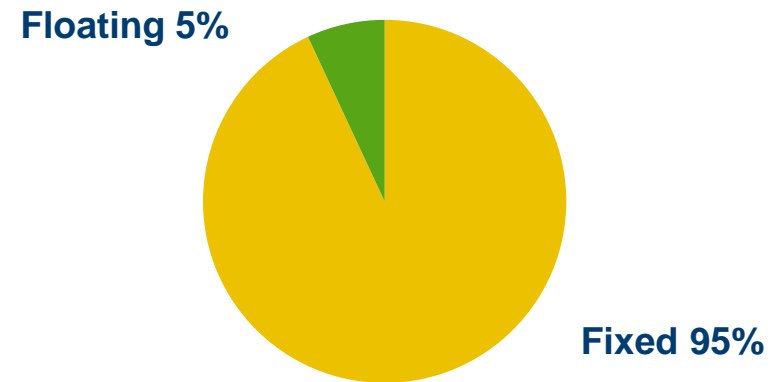
ESB Funding



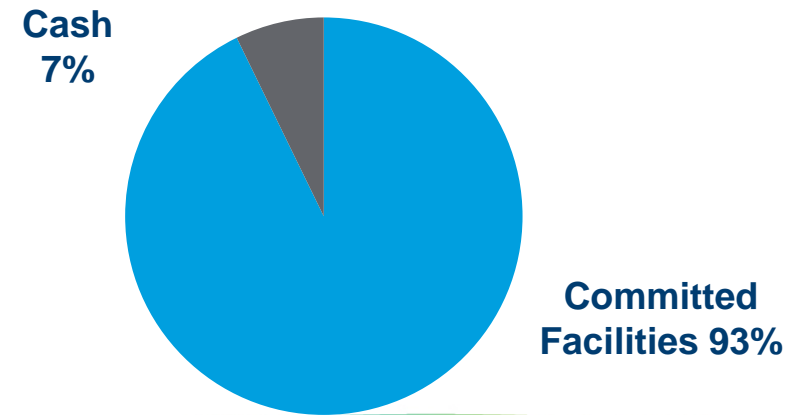
Group Debt June 2013 - €4.3bn



Interest Rate Management - June 2013

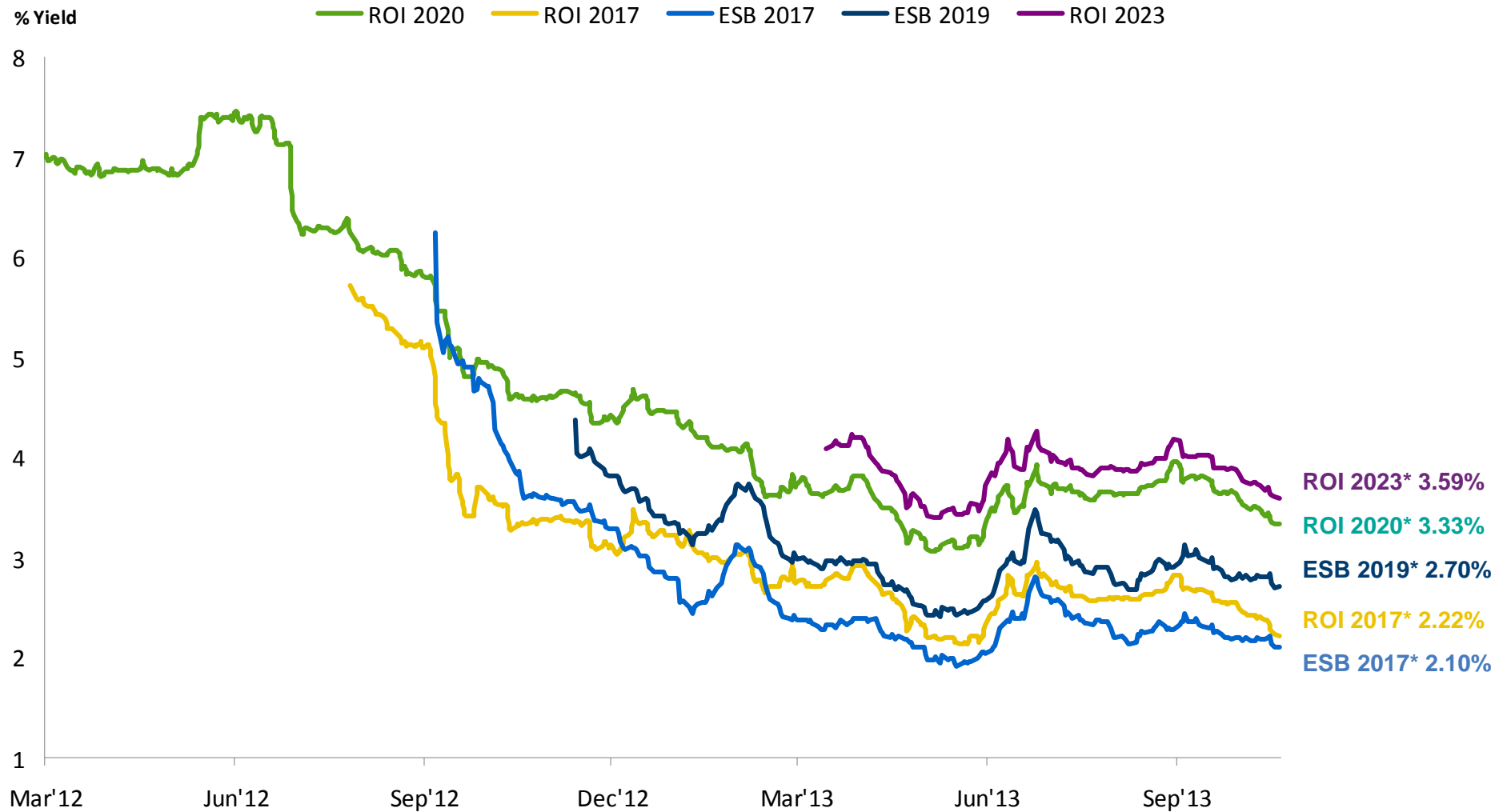


Available Liquidity - €1.7bn



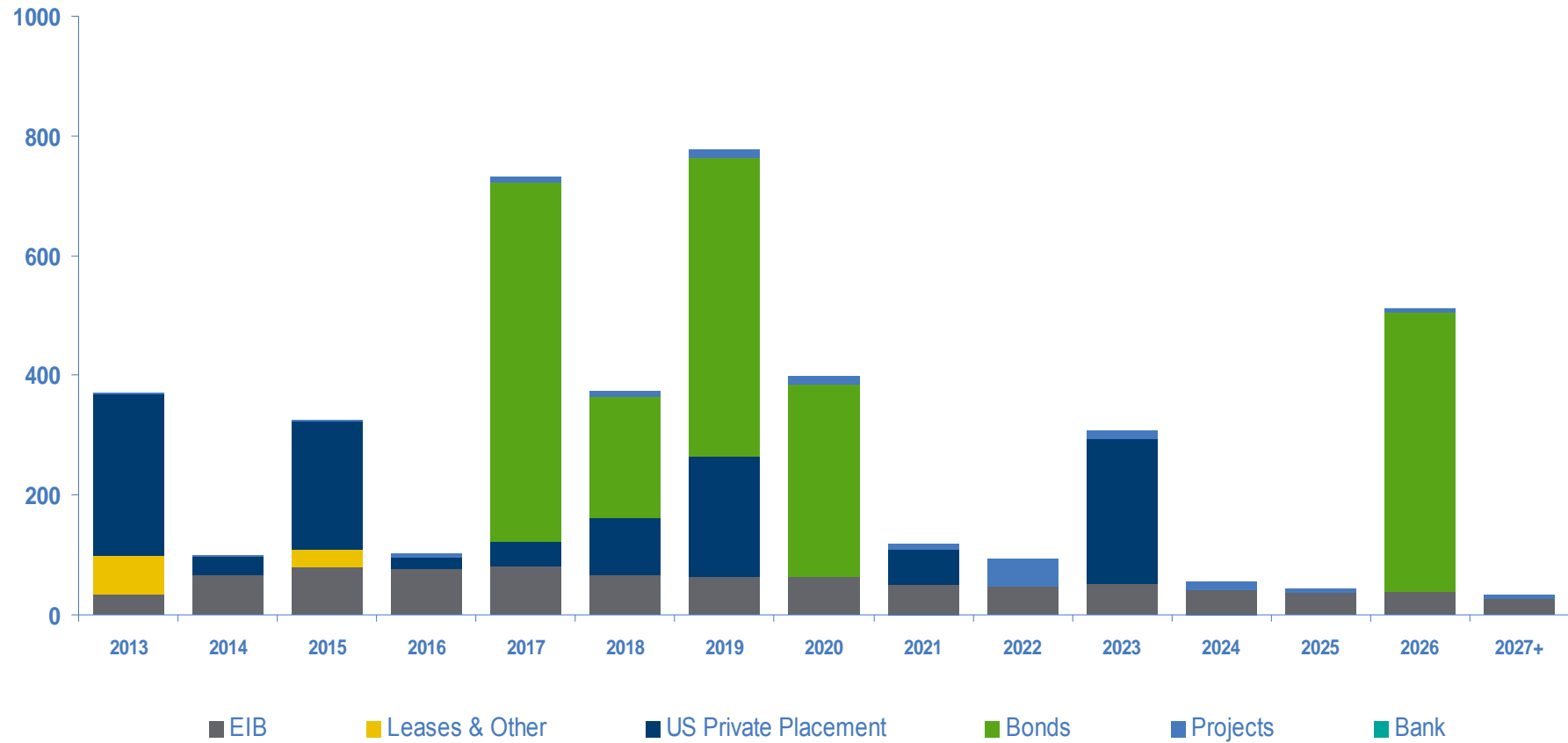
RCF Refinanced February 2013 - €1.4bn (undrawn)

Bond yields March 2012 - October 2013



Source: Bloomberg *At 21 October 2013

Debt Maturity – 30 June 2013



• RCF refinancing extends stand-by liquidity to 2018



ESB Credit Ratings



Rating outlook stabilised by Moody's following similar action on Ireland

	Standard & Poor's	Fitch	Moody's*
Current Rating	BBB+ (Stable Outlook) February 2013	BBB+ (Stable Outlook) January 2013	Baa3 (Stable Outlook) September 2013 <i>*Capped at one notch above Republic of Ireland rating (Ba1 Stable)</i>

Summary



Summary



- Continued improvement in macroeconomy
- Change in Moody's Outlook from Negative to Stable welcomed
- Review of Dividend Policy provides clarity and certainty for the medium term
- Minimum ESB Credit Rating of BBB+ agreed as key objective with Government
- Non-Strategic Generation Capacity Disposals on track
- NIE RP5 and ESB PR3 reviews concluded by end Q1 2014

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