

ESB Investor Update - Financial Results H1 2021

22 September 2021

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GROUP TREASURER



WILLIAM YOUNG

MANAGER, INVESTOR
RELATIONS & CREDIT RATING



H1 2021 Highlights

- ESB delivered improved financial results as it continues its transition to a low carbon energy future
- **EBITDA €742 million; Operating Profit (before exceptional items) €363 million; Capex €435 million; Gearing 51%**
 - *Exceptional items: Net €24m charge; €106 million impairment of Neart na Gaoithe (offshore wind) offset by €82 million gain on disposal of 47% stake in Tilbury waste energy project*
- Easing of **COVID-19** restrictions: recovery of electricity demand and capital work programmes.
- **Networks:** Regulated Networks Businesses in Ireland contributed 71% of Group EBITDA supported by established and transparent regulatory frameworks.
- **Generation & Trading:** Continuing investment in low carbon renewable generation with a market share of 33%.
- **Customer Solutions** (including Electric Ireland): Competing effectively with an Irish market share of 36%.
- **Strong Liquidity** position of €1.7 billion at 30 June 2021; **Credit ratings** reaffirmed A- / A3.
- **Climate Action Progress:** ESB strategy is aligned with the Irish Government's Climate Action Plan which is targeting significant increases in renewables and the electrification of heat and transport.
- **Paddy Hayes** succeeded Pat O'Doherty as Chief Executive.



ESB – Brighter Future Strategy

Leading the Transition to Reliable, Affordable, Low-Carbon Energy

Strategic Objectives

- 5 Strategic Objectives



Put customers' current and future needs at the centre of all our activities



Produce, connect and deliver clean, secure and affordable energy



Develop energy services to meet evolving market needs



Grow the business while maintaining ESB's financial strength



Deliver a high-performance culture that supports innovation and collaboration

Investment Focus

- Core markets Ireland & UK
- Smart reliable networks
- Low carbon generation

Climate Action Plan (CAP)

- ESB Strategy is fully aligned with Government of Ireland CAP
 - Target of 70% of electricity from renewable sources by 2030
 - Targeting c. 1 million EV's by 2030
 - 600k heat pumps to be installed by 2030

Strategic Performance Indicators (SPIs)

INDICATOR	METRIC	2030 TARGET
Scale Across the Value Chain	EBITDA €Bn's	>€1.9 billion
Market Shares	%	>30% SEM Generation c. 40% SEM Supply ≥40% SEM System Services
Carbon Intensity of the Electricity ESB Produce	g CO ₂ /kWh	≤200g CO ₂ /kWh
Scale of Low-Carbon Energy Connected to our Networks	GW of Renewables Connected	5 GW in ROI 2 GW in NI
Strong Investment Grade Credit Rating	Rating Equivalents	BBB+ on a stand-alone basis
Return on Capital	ROCE (%)	ROCE >WACC
Employee Engagement	Employee Survey Engagement Score	7.3
Safety Culture	Lost Time Incidents (LTIs)	0 LTIs

How ESB is Leading the Transition

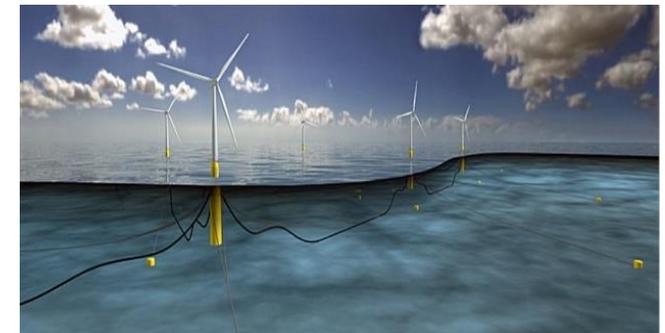
Generation & Trading:

- Announcement of "Green Atlantic" - transformation of the Moneypoint coal site into a Green energy hub
- Development of synchronous compensator at Moneypoint
- 1 GW of renewable generation in operation following commissioning of ESB's largest onshore wind farm at Grousemount (ROI); construction ongoing on the 448MW Neart na Gaoithe (GB) offshore wind project
- Competition approval given for joint venture with Coillte to develop 1,000 MW of renewable projects
- ESB's 2 peat stations ceased generating in December 2020



Networks:

- ESB Networks Price Review 5 (2021-2025) aligned with Ireland's Climate Action Plan (2019)
- National Smart Metering Programme (NSMP) rollout continues (almost 450k now installed)
- 6.4 GW of renewable generation connected to the national grid (All-Island)



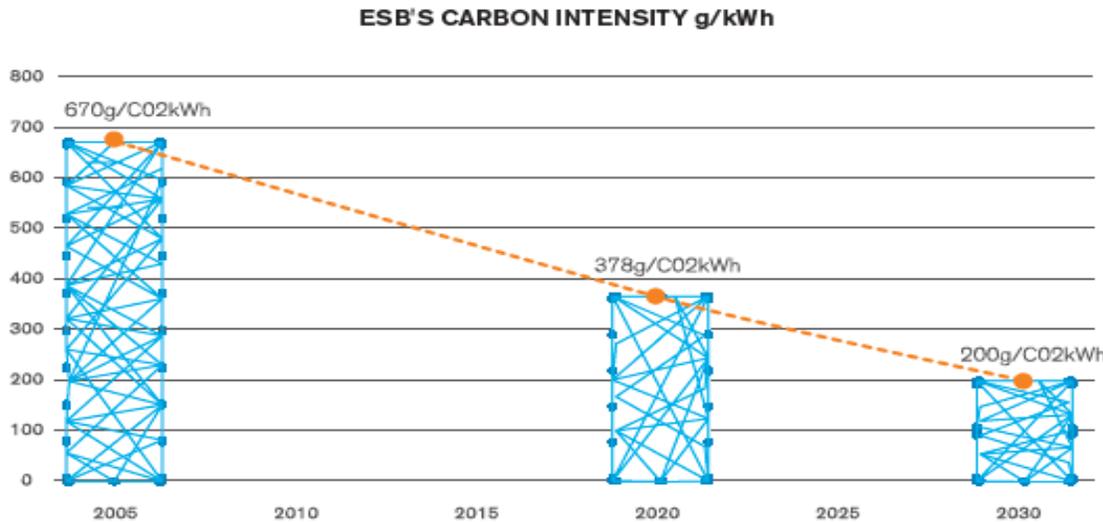
Customer Solutions:

- Electric Vehicle (EV) infrastructure upgrade continues
- 100% green tariffs offerings
- Joint Venture "Electric Ireland Super Homes" announced with TEA to deep retrofit 35k homes by 2030



ESG Progress & Reporting

- 2020 Sustainability Report
- Carbon intensity* in 2020 of 378 g/kWh (44% improvement since 2005)
- CDP Score Improvement - "A " listed
- Gender pay gap and human rights assessment published for first time



esb.ie/tns/brighter-future/sustainability-in-esb

*reported annually

CDP SCORE REPORT - CLIMATE CHANGE 2020

ESB Group

Region	Europe
Country	Ireland
Questionnaire	Electric utilities
Activity Group	Thermal power generation

The CDP Score Report allows companies to understand their score and indicate which categories require attention to reach higher scoring levels. This enables companies to progress towards environmental stewardship through benchmarking and comparison with peers, in order to continuously improve their climate governance. Investors will additionally receive a copy of the CDP Score Report upon request. For further feedback please contact your account manager or your key CDP contact.

Your CDP score



Average performance



Thermal power generation



Europe



Global Average

- ESB has committed to put Science based targets in place
- Preparation for EU Taxonomy reporting underway

FINANCIAL REVIEW

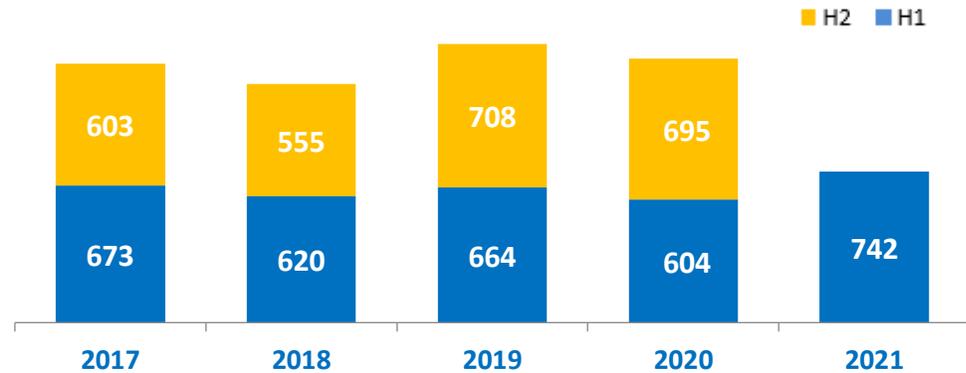


Energy for
generations

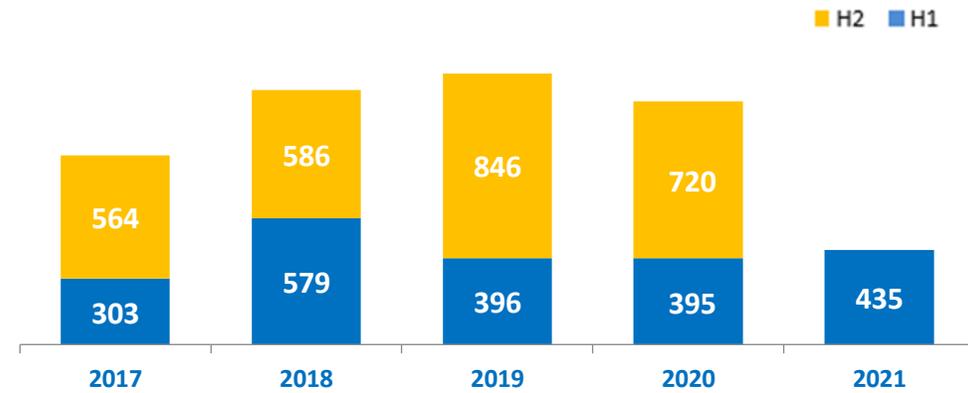


Consistent Financial Performance

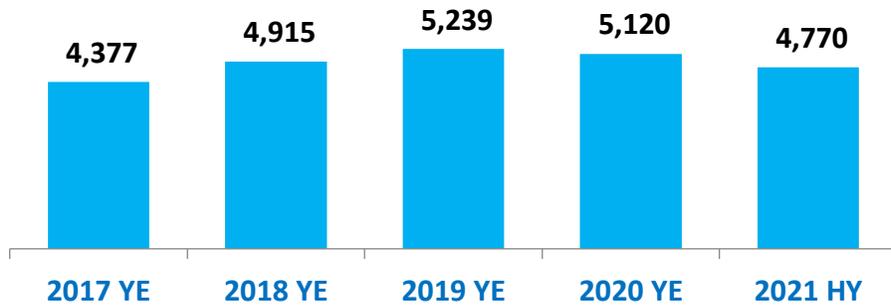
EBITDA (€m)



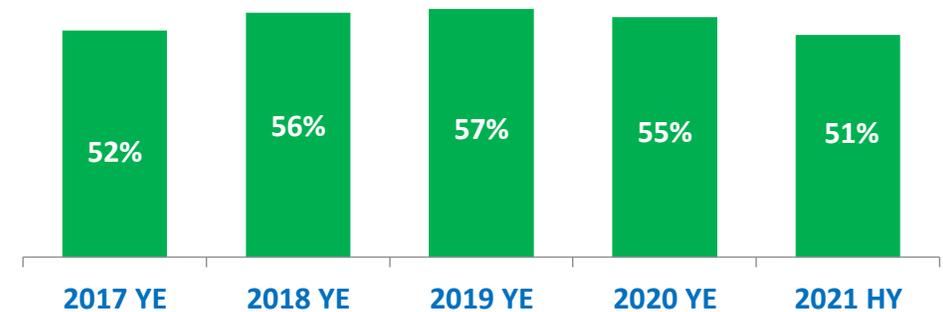
Capital Expenditure (€m)*



Net Debt (€m)



Gearing (%)



- 2017 capex is net of capital contributions (Avg €150 p.a)
- 2018 - 2021 capex is gross of capital contributions

H12021 Financial Highlights

<u>Highlights</u>	<u>H1 2021</u>	<u>Change vs H1 2020</u>	<u>Commentary</u>
EBITDA	€742m	+€138m	Increased energy margin, FX gains and lower opex
Capex	€435m	+€40m	€372m in regulated businesses
Gearing	51%	-6%	
Liquidity	€1.7 billion	-	
Credit Ratings	A-/A3	-	Ratings with both agencies re-affirmed in 2021

Points of Note

Exceptional items	<p><u>H1 2021</u></p> <ul style="list-style-type: none"> • €82m gain following the disposal of 47% stake in Tilbury waste energy project (UK) • €106m non-cash impairment charge in Neart na Gaoithe offshore wind investment <p><u>H1 2020</u></p> <ul style="list-style-type: none"> • €177m impairment charge on Carrington gas plant in GB (1.4% of total asset base)
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BUSINESS REVIEW



Energy for
generations



Operating Environment

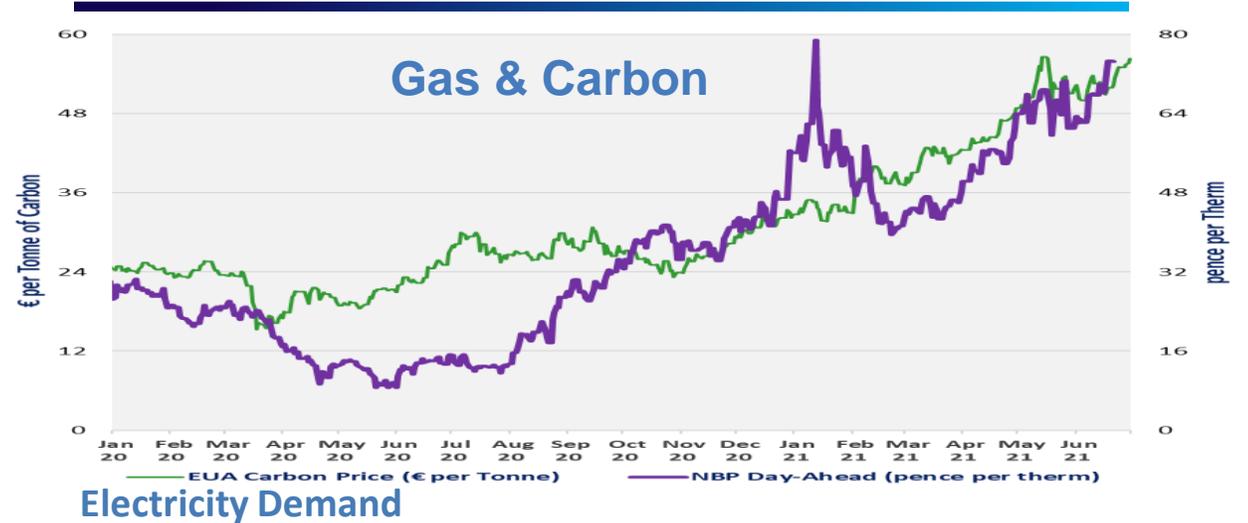
Ireland

- Irish GDP +3.4% 2020, +8.3% 2021F
- Strong Irish sovereign rating : AA- (S&P) and A2 (Moody's)
- SEM electricity demand growth forecast by Eirgrid
- Commodity prices continue to be volatile in H1 2021
- Lower wind + plant outages also contributing to higher wholesale energy prices

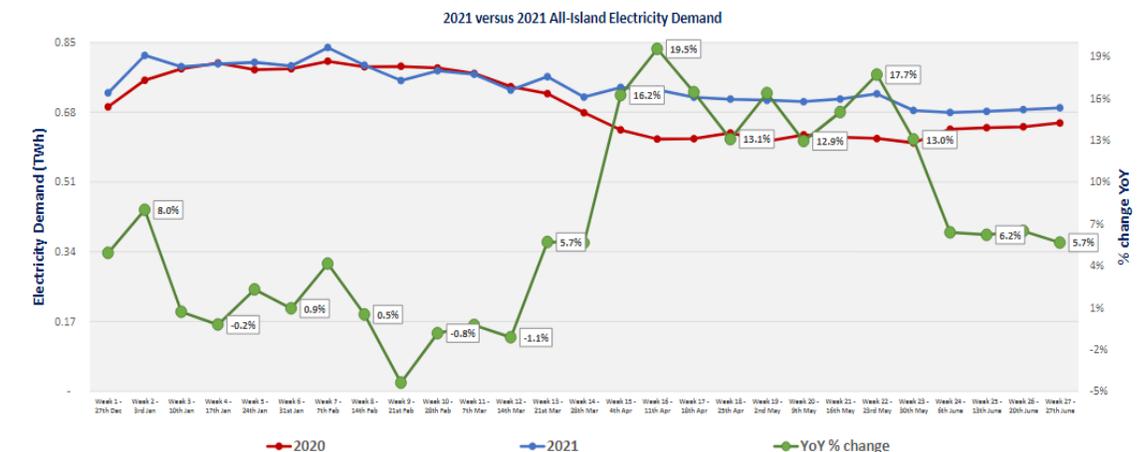
Great Britain

- UK GDP -9.9% 2020, +7.25% 2021F
- Sterling assets matched with sterling funding
- SEM underpinned by pre-existing legislation in NI and ROI

Commodity Price Movements 2020/2021



Electricity Demand

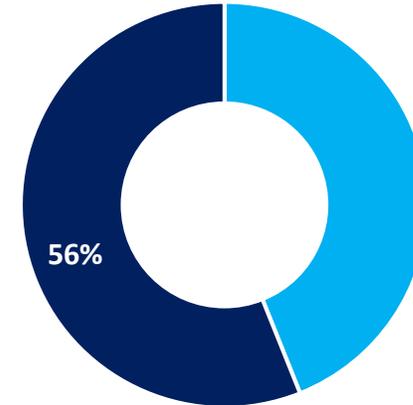


Business Strategy - Smart Reliable Networks to Support Decarbonisation

Business Highlights

- 56% of Group EBITDA and 54% of Group Assets
- Operating Profit increased with easing of COVID-19 restrictions and regulated tariff increases
 - recovery of demand and capital programmes
- Capex has recovered from the negative impact that COVID-19 had in H1 2020 with increased spend on SMART meters, Dist and Trans
- Regulated Asset Base (RAB) - €8.6bn
- PR5 Revenue Determination (2021-2025)
 - €4.4 billion capex programme
 - WACC 3.8% pre-tax real¹
- **Focus:**
 - PR5 delivery

H1 2021 ESB EBITDA - €742m / ESB Networks EBITDA - €416m



Operating Profit (€m)

Capital Expenditure (€m)



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

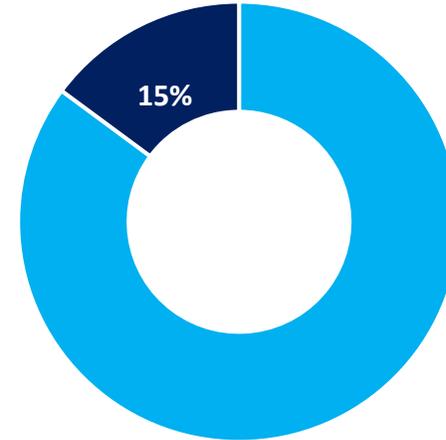
Northern Ireland Electricity (NIE) Networks

Business Strategy - Smart Reliable Networks to Support Decarbonisation

Business Highlights

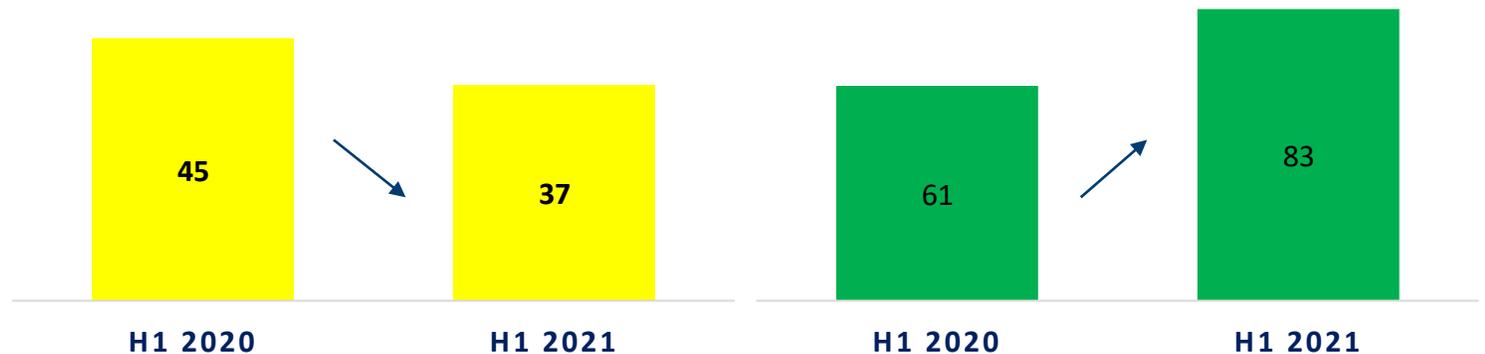
- 15% of Group EBITDA and 16% of Group Assets
- Operating Profit has decreased due to lower PSO income offset by higher regulated tariffs and volumes
 - demand and capital activities have recovered from the negative impact of COVID-19 in H1 2020
- Capex increase reflects the recovery from the negative impact of COVID-19 in H1 2020
- Regulated Asset Base - €1.9bn / £1.7bn
- RP6 revenue determination (Oct '17 – Mar '24)
 - RP6 WACC 3.14% vanilla real¹ (3.8% pre-tax real)
- **Focus:**
 - RP6 Implementation

H1 2021 ESB EBITDA - €742m / NIE Networks EBITDA - €110m



Operating Profit (€m)

Capital Expenditure (€m)



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

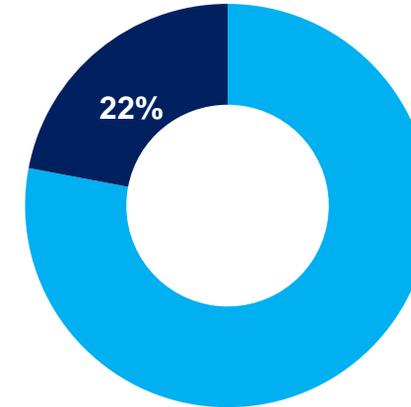
Generation & Trading (GT)

Business Strategy – Transition to Low Carbon Generation Portfolio

Business Highlights

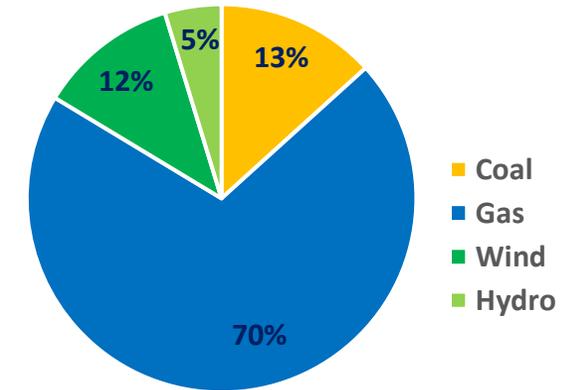
- 22% of Group EBITDA and 22% of Group Assets
- Increase in Operating Profit* reflects lower opex costs and higher energy margin
- Increase in energy margin is primarily due to higher spreads and volumes in the GB market
- Capex is broadly in line with H1 2020
- 1 GW of renewable energy in operation with a further 224MW in construction
- All-Island SEM market share 33% by volume
- Launch of Green Atlantic in H1 2021
- **Focus:**
 - Build pipeline of renewable projects
 - Continue to prepare for future RESS auctions

H1 2021 ESB EBITDA - €742m /
GT EBITDA - €163m

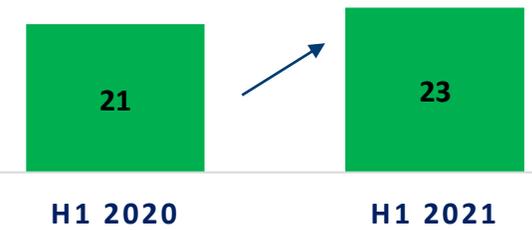
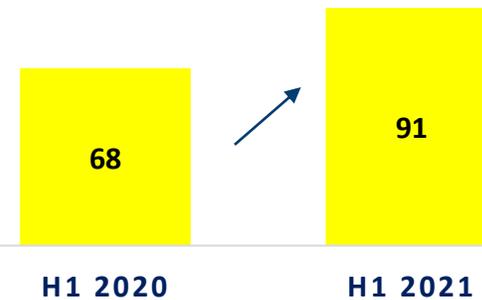


Operating Profit (€m)*

Fuel Mix:
SEM & GB Generation



Capital Expenditure (€m)



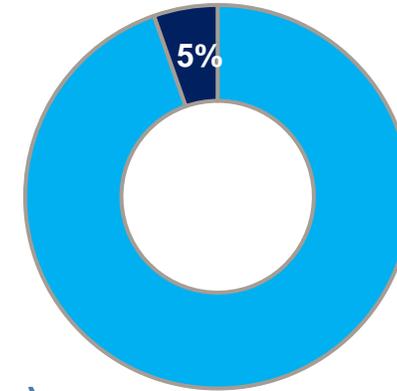
Customer Solutions (including Electric Ireland)

Business Strategy – Competitive Offerings & Excellent Customer Service to Meet Customer Needs

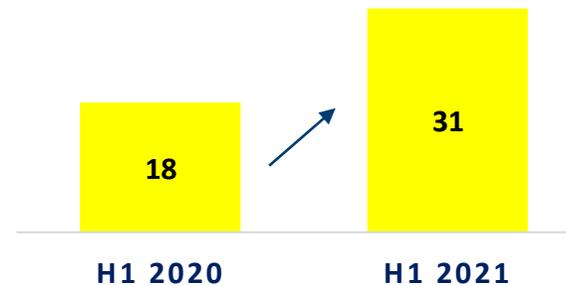
Business Highlights

- Customer-facing businesses - supply of electricity, gas, energy services, e-transport and wholesale telecoms
- Customer Solutions contributed 5% of Group EBITDA
- Operating Profit has increased due to higher energy margins
 - reflects timing of price changes and hedging of energy costs
- Irish market share 36% with 1.3m customer accounts
- ESB Energy (GB) customer accounts: 160k at the end of H1 2021
- In August 2021 ESB acquired “So Energy” in GB as part of the growth strategy for the GB business
- **Focus:**
 - Meet customer energy needs through value driven solutions at appropriate margins

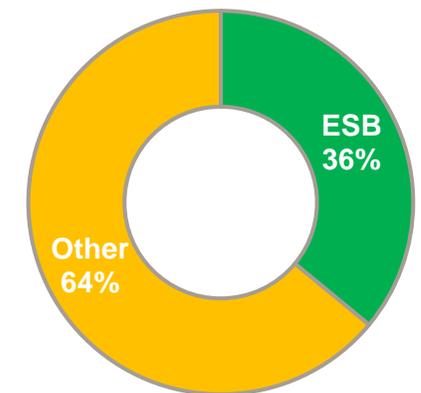
H1 2021 ESB EBITDA - €742m / Customer Solutions EBITDA - €40m



Operating Profit (€m)



SEM Market Share

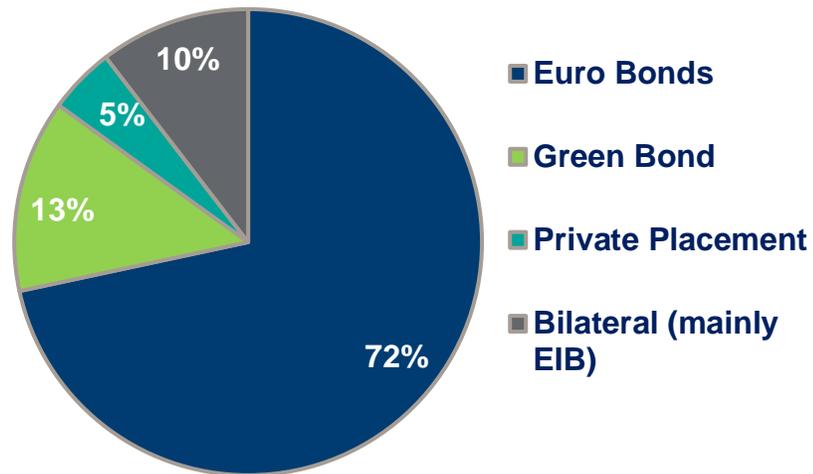


Funding & Liquidity



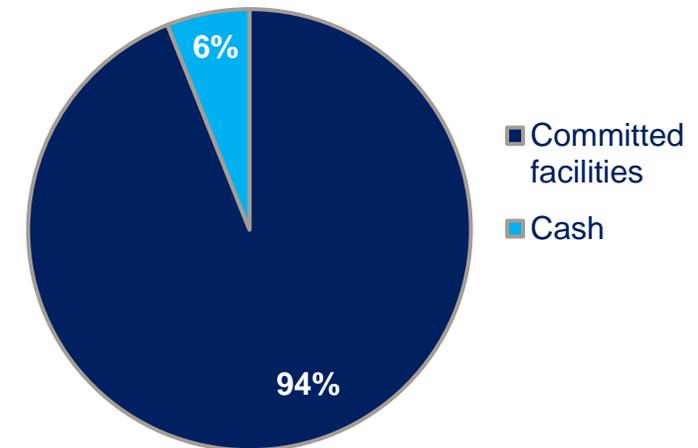
ESB Group Debt – Diversified Funding Liquidity

Group Debt 30 June 2021 - €5.2 billion



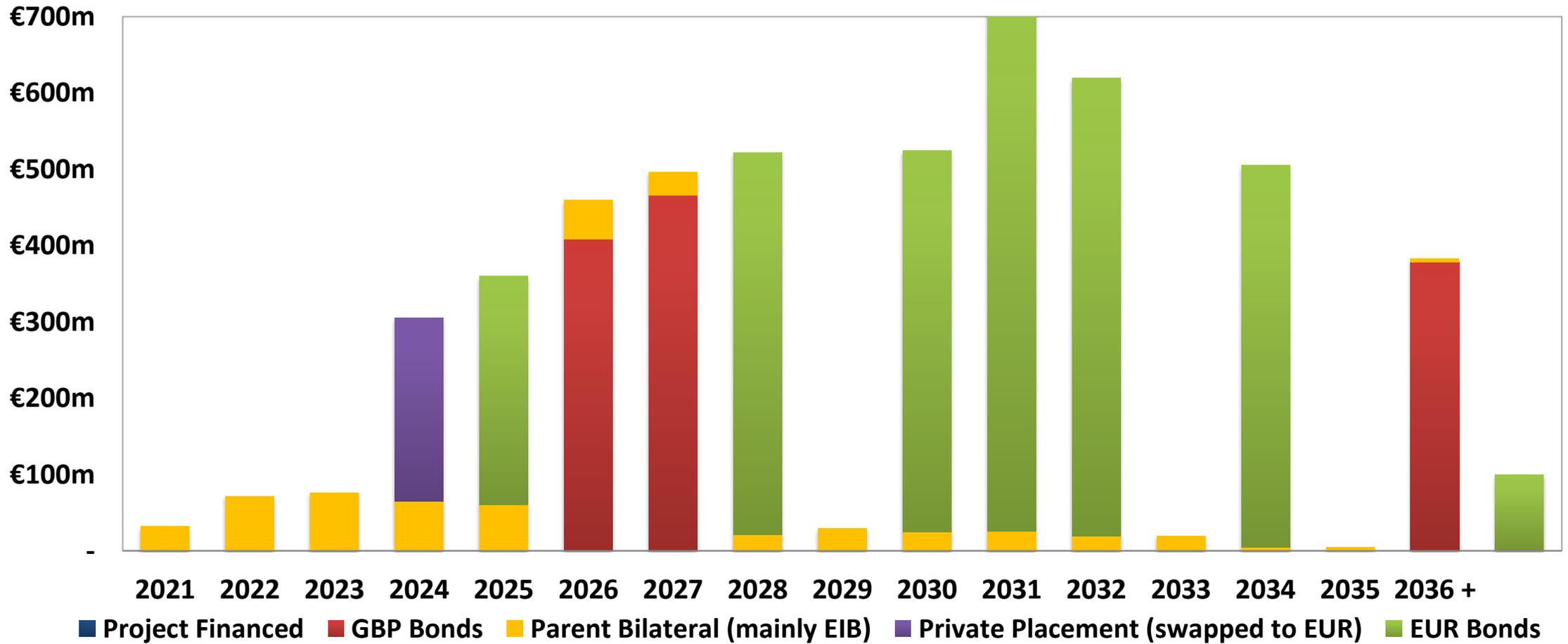
- RPI Swap Portfolio (GBP £550m) refinancing – April 2021

Available Liquidity 30 June 2021 - €1.7 billion



- €1.4 billion SSL RCF with 14 banks (Feb 2026)

Debt Repayment Profile as at 30 June 2021



Note: Excludes Joint Venture Debt

S&P Global
Ratings

A-

(Stable Outlook)
Long Term Rating

MOODY'S
INVESTORS SERVICE

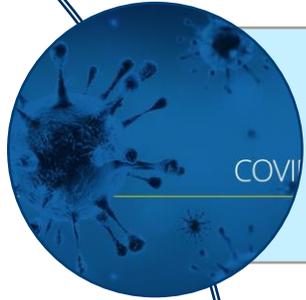
A3

(Stable Outlook)
Long Term Rating

Outlook & Summary



Energy for generations



Improved financial performance in H12021 with operating profit before exceptional items of €363 million and EBITDA of €742 million.



ESB's strategy is to lead the transition to a low carbon energy future and aligns with the Irish Government's Climate Action Plan.



Ongoing focus on strategy delivery while ***maintaining financial strength***.

Key Credit Strengths

Leading Irish Energy Utility

- 96% Irish Government owned
- Markets — Ireland and Great Britain
- Owns all networks in ROI and NI
- Irish electricity market: 33% share of generation and 36% share of supply HY 2021



Stable Business Profile

- Regulated electricity networks businesses in Ireland accounts for 70% of Group Assets and 71% of Group EBITDA at H12021
- Supported by established and transparent regulatory frameworks regarded as robust by credit rating agencies



Consistent Financial Performance

- Average EBITDA €1.3bn & Gearing 54% (2016–2020)
- Diversified funding and strong liquidity position
- Credit ratings of A- and A3



OUR SUSTAINABILITY TIMELINE



First Windfarm 1998

2001 - 2009 Renewal of Distribution Network to a Smart Network

2001

2009

2000

2008

2009

First Sustainability Report

First CDP disclosure



First cross border EV charging network



2011

2018

- Launch of Dingle active network and community energy area
- First offshore windfarm investment

ESB becomes a CDP 'A' listed company

- Nos. 27 & 28 Fitzwilliam fossil-free office buildings
- Electric Ireland-SuperHomes Retrofit Partnership



2020

2021

2028

Moneypoint Green Atlantic Floating Offshore Windfarm operational



2030



- 2030 Targets
- 50% reduction in CO₂ per electricity unit
 - 35,000 deep home retrofits completed
 - 50% reduction in CO₂ of buildings and fleet CO₂

Eurelectric Ambition: Net Zero 'well ahead of 2050'
National Carbon Neutrality commitment by 2050'



Launch of SIRO

ESB's Brighter Future Strategy · Launch of low carbon economy study.

2015

2017

Investment in Oriel and Clogher Head windfarms

Smart meter roll-out

PR5 Networks 5-year plan for smarter networks to support Ireland's climate targets.

2020



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