EP Infrastructure

2018 Results Call

17 April 2019

Gary Mazzotti, Vice Chairman of the Board of Directors
Filip Bělák, Finance Director

www.epinfrastructure.cz

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- The Information should be read in conjunction with the "Consolidated annual report for the year 2018" as published on www.epinfrastructure.cz.

Presenting team

Gary Mazzotti
Deputy Chairman of EPIF Management Board
- *Independent Management Board member*
- *31 years of experience*
- *Serves on boards of other EPIF's entities*

Filip Bělák
Finance Director
- *16 years of experience*
- *Serves on boards of other EPIF's entities*
- *Also serves as CFO of EP Energy*

Agenda

1) **Executive summary**
2) Group performance
3) Financial profile update
4) Business segment highlights
5) Subsequent events & Summary
6) Appendix

Executive summary

- **EP Infrastructure** ("**EPIF**" or "the **Group**") is a leading Central European group which operates traditional energy infrastructure assets
- EPIF's core activities remain transmission, distribution and storage of gas, distribution of electricity and provision of district heating
- EPIF assets are predominantly located in low risk and fast growing economies of Slovakia and the Czech Republic along with newly acquired assets in Germany
- EPIF's asset strategy remains to be **regulated and/or long term contracted and to convert substantially higher part of its operating result into free cash flow**
- In 2018 EPIF reached consolidated **sales** of **EUR 3,106 million** (EUR 3,104 million in 2017)
- **Adjusted EBITDA**[2] of **EUR 1,466 million** (EUR 1,461 million in 2017)
- **Proportionate Net Leverage Ratio**[3] of **4.21x Adjusted EBITDA**
- **Free Cash Flow**[4] **of EUR 1,055 million** (EUR 1,040 million in 2017) and
- **Group Cash Conversion Ratio**[5] at approx. **72%** (71% in 2017)

EP Infrastructure Group strategy of predictable and stable returns based on a diversified Group structure of regulated or long term contracted business's remains in place and is highlighted again by a very pleasing set of financial results for the twelve months ended 31 December 2018

1. All figures in the presentation calculated on **fully consolidated basis**, unless explicitly stated otherwise
2. **Adjusted EBITDA („Adj. EBITDA")** represents operating profit plus depreciation of property, plant and equipment and amortisation of intangible assets less negative goodwill (if applicable), adjusted for selected items. For more details see slides 29 and 30
3. **Net Leverage Ratio** represents Net Debt divided by Adjusted EBITDA. **Proportionate Net Leverage Ratio** represents Net Leverage Ratio, taking into consideration the proportionate ownership of EPIF in its subsidiaries. For Net Debt definition see slide 32
4. **Free Cash Flow** represents Cash generated from operations, disregarding Change in restricted cash, less Income tax paid and Acquisition of property, plant and equipment and intangible assets (without emission allowances) as presented in the consolidated statement of cash flows of the Group
5. **Group Cash Conversion Ratio** represents Free Cash Flow divided by Adjusted EBITDA

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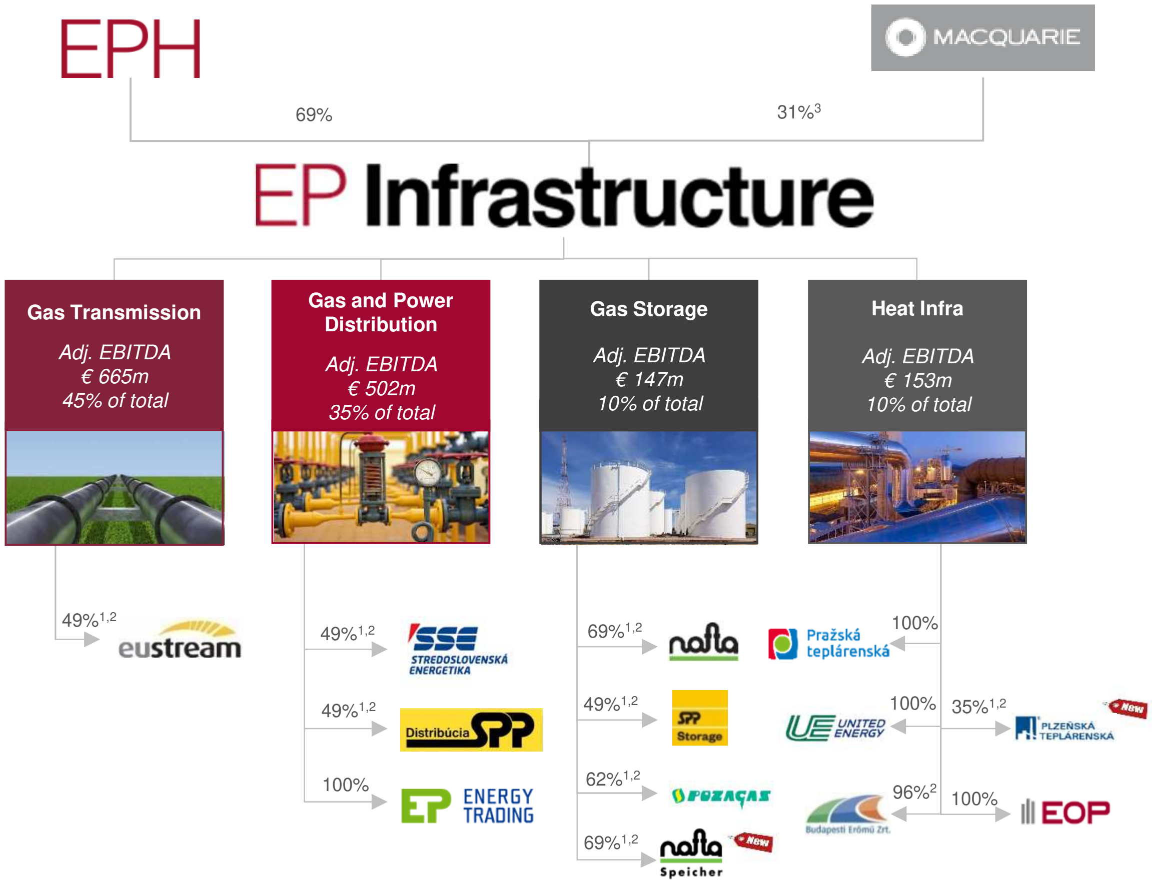
EPIF Group overview



EPIF group overview

- EPIF is an essential and diversified infrastructure group in the EU. EPIF owns and operates its critical infrastructure assets in stable and developed markets of Slovakia (A+ / A2 / A+)[10] and the Czech Republic (AA- / A1 / AA-)[10] and Germany (AAA/Aaa/AAA)[10]
- All major EPIF assets have stable and resilient cash flows, leading market positions and a track record of operational excellence
- EPIF's assets are strategic and vital for the region and transmit natural gas to the EU countries; major subsidiaries are co-owned by the Slovak government, whereby EPIF keeps management control over all its subsidiaries
- The Group consists of four principal segments: Gas Transmission, Gas and Power Distribution, Gas Storage and Heat Infra

(€mn)	2018	2017	2016
Adj. EBITDA[4]	1 466	1 461	1 462
Free Cash Flow[6]	1 055	1 040	935
Group Cash Conversion Ratio[7]	72%	71%	64%
Prop. Net Debt[9]	3 447		
Prop. Net Leverage Ratio[8]	4.21x		
Prop. Pro Forma Net Leverage Ratio[10]	4.10x		

1. Includes management control and represents fully consolidated entity
2. Minority shareholders are: Slovak government (Pozagas, eustream, SPPD, SSE), Slovak government and other minor shareholders (Nafta, Nafta Speicher), City of Pilsen (Plzeňská teplárenská) and FÖTAV, City of Budapest and other minor shareholders (BERT)
3. MIRA Co. and several other institutional co-investors co-own the Holding Company ("MacCo"); MIRA has the controlling rights and the MacCo is the only party to the SHA with EPH
4. Adjusted EBITDA („Adj. EBITDA") represents operating profit plus depreciation of property, plant and equipment and amortisation of intangible assets less negative goodwill (if applicable), adjusted for selected items. For more details see slides 29 and 30
5. S&P / Moody's / Fitch
6. Free Cash Flow represents Cash generated from operations, disregarding Change in restricted cash, less Income tax paid and Acquisition of property, plant and equipment and intangible assets (without emission allowances) as presented in the consolidated statement of cash flows of the Group
7. Group Cash Conversion Ratio represents Free Cash Flow divided by Adjusted EBITDA
8. Net Leverage Ratio represents Net Debt divided by Adjusted EBITDA. Proportionate Net Leverage Ratio represents Net Leverage Ratio, taking into consideration the proportionate ownership of EPIF in its subsidiaries.
9. For Net Debt definition see slide 32. Proportionate Net Debt represents Net Debt, taking into consideration the proportionate ownership of EPIF in its subsidiaries
10. Pro Forma Net Leverage Ratio represents Net Debt divided by Pro Forma Adjusted EBITDA (for details see slides 29 and 30). Proportionate Pro Forma Net Leverage Ratio represents Pro Forma Net Leverage Ratio, taking into consideration the proportionate ownership of EPIF in its subsidiaries. For Net Debt definition see slide 32

Large and diversified portfolio of strategically-important infrastructure assets, under stable regulatory environment and/or long-term contracts

2017
2018

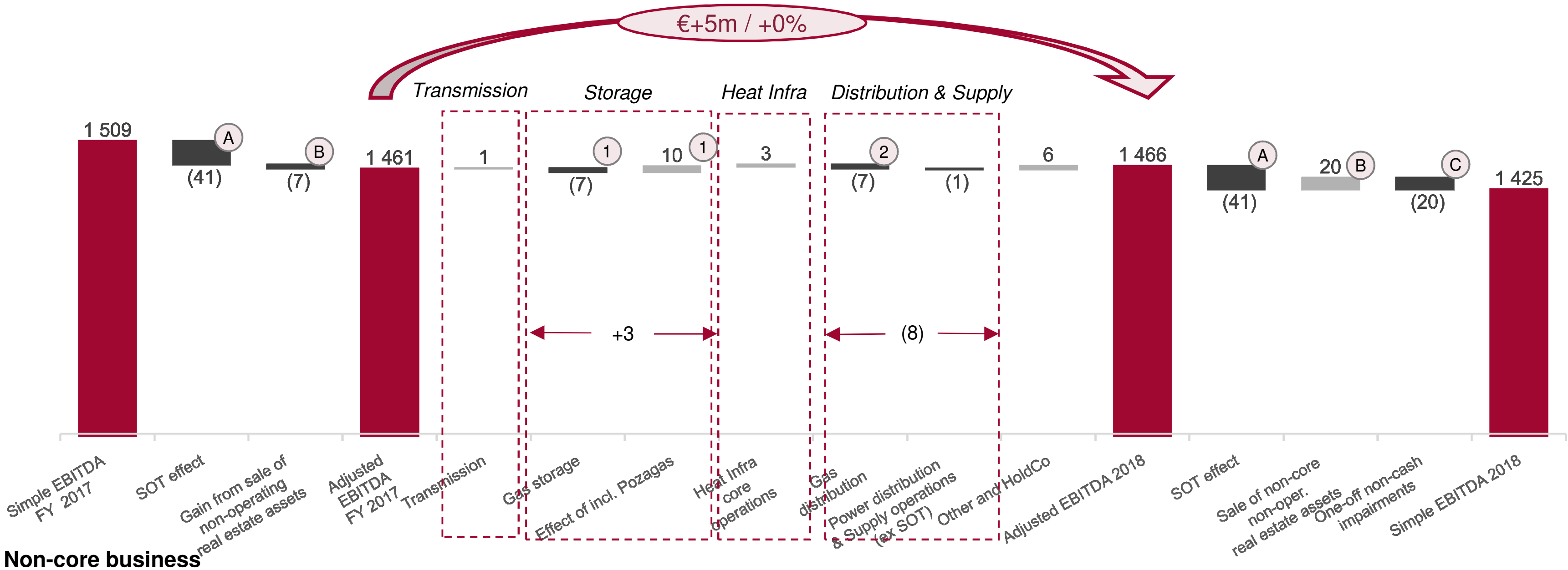
2017 and 2018 comparison

Segment	Adj. EBITDA 2017	Adj. EBITDA 2018	Cash conversion[2] 2017	Cash conversion[2] 2018	Operating KPIs	2017	2018	Business profile
Gas Transmission	€664mm (45 %)	€665mm (45 %)	98%	92%	Gas transmission (bcm)	64,2	59,8	Regulated / long-term contracted
Gas and Power Distribution	€510mm (35%)	€502mm (35%)	85%	84%	Gas and power distribution (TWh): Gas	52,7	51,3	Almost fully regulated; natural monopoly position in distribution business in the region of operation
					Power	6,2	6,3	
Heat Infra	€150mm (10%)	€153mm (10%)	68%	65%	Heat sold (PJ)[3]	22,1	21,2	Predominantly regulated
Gas Storage	€144mm (10%)	€147mm (10%)	97%	96%	Storage capacity (TWh)	40,8	60,8	Predominantly long-term contracted
EPIF (Total for the Group)[1]	€1,461mm	€1,466mm	90%	87%				

1. Total figure includes also other segments of the Group (Other and Holding Results)
2. Cash Conversion represents Adjusted EBITDA less CAPEX (Acquisition of property, plant and equipment and intangible assets (without emission allowances and goodwill) as presented in the Operating segments information in the consolidated financial statements of the Group) divided by Adjusted EBITDA
3. Heat sold does not take into account pro forma heat supplies of merged Plzeňská teplárenská (with pro forma effect total Heat sold was 22.9 PJ for 2018)

Overview of 2018 results
Core operations of the Group remain stable and predictable

Indicative Adjusted EBITDA bridge[1] (m EUR)



Non-core business

- (A) Adjustments for effect of SOT deficit/surplus[2] that is merely a timing difference with EUR 41 million positive effect on 2017 results while EUR 41 million negative effect on 2018 results
- (B) Gain from sale of non-core non-operational real estate assets with the one-off effect of EUR 7 million in 2017 and EUR 20 million in 2018
- (C) One-off items related to impairment of PPE and Goodwill of EUR 20 million where majority related to impairment charged as a result of commercial negotiation with the City of Pilsen in relation to a merger of Plzeňská energetika with Plzeňská teplárenská ("PLTEP"), which was completed on October 31 2018 with EPIF having 35% shareholding and a management control in successor company PLTEP

Core business

- (1) Decline in Storage operations is primarily due to non-recurring gain from sale of unused cushion gas realized in 2017 and other individually minor matters. On the other hand, 2017 Group results do not include EBITDA of Pozagas where the controlling share was acquired in December 2017 and was fully consolidated since then
- (2) Gas and Power Distribution segment results for 2018 are lower by EUR 7 million due to cold weather pattern in January 2017, which was not anticipated by gas shippers that made bookings on underlying assumption of rather mild winter in recent years. As a result, gas suppliers, customers of SPPD, were forced to book additional distribution capacity at significantly higher price, which had exceptionally positive effect on SPPD's 2017 performance

1. Figures might not add up due to rounding
2. System Operations Tariff („SOT") mechanism explained on slide 19

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Financing strategy of EPIF Group

- We currently aim to:
  - To continue to diversify sources of financing available to the group and **keep 50 – 70% of debt exposure in bonds** (or similar products, subject to market conditions)
  - increase average duration of the debt in EPIF Group while optimizing the interest cost
- The targeted financing structure of EPIF Group is presently based on the following cornerstones:
  - Financing of the Group is expected to be based on two pillars: SPPI and EPIF (parent company of the group) with **EPIF´s share on the financing around 70%** to be reached **at the end of 2019** after refinancing of EP Energy ("EPE") bond of EUR 496 million
  - Overall Proportionate Net Leverage Ratio of the Group to be below 4.5x (strongly supported by dividend lock-up covenant at 4.5x) while EPIF's **track record navigates around 4.3x**
  - SPP-I group financing with **historical net leverage around 2.0x** EBITDA against a leverage upper limit as agreed in the SHA of 2.5x
  - Repayment of EPE financing (bonds maturing 2019) latest at maturity and refinance at parent company level (EPIF). We envisage EPE OpCos to become and remain almost debt-free once the bonds have been refinanced at EPIF level. Refinancing on the EPIF level is expected via a combination of bank loans, Schuldschein, private placement and own funds (depending on market conditions)
  - Low leverage at SPP-I and repayment of EPE bonds (i.e. direct contribution of EPE assets to EPIF) structurally supports a greater proportion of financing at parent level (EPIF). OpCos debt is expected to represent approx. 30% of total proportionate debt of EPIF group
  - It is the management's and the shareholder's **strong intention to maintain an investment grade** profile at all times. This has been stated clearly in the shareholder's agreement as well

Conservative capital structure and financial policy strongly supported by the shareholders

Summary capital structure

Fully consolidated basis (€mm)	31 December 2018
Gross debt[1]	4,787
Cash	416
Net debt	**4,371**
Adjusted EBITDA 2018[4]	1,466
Net debt / Adjusted EBITDA[4]	**2.98x**

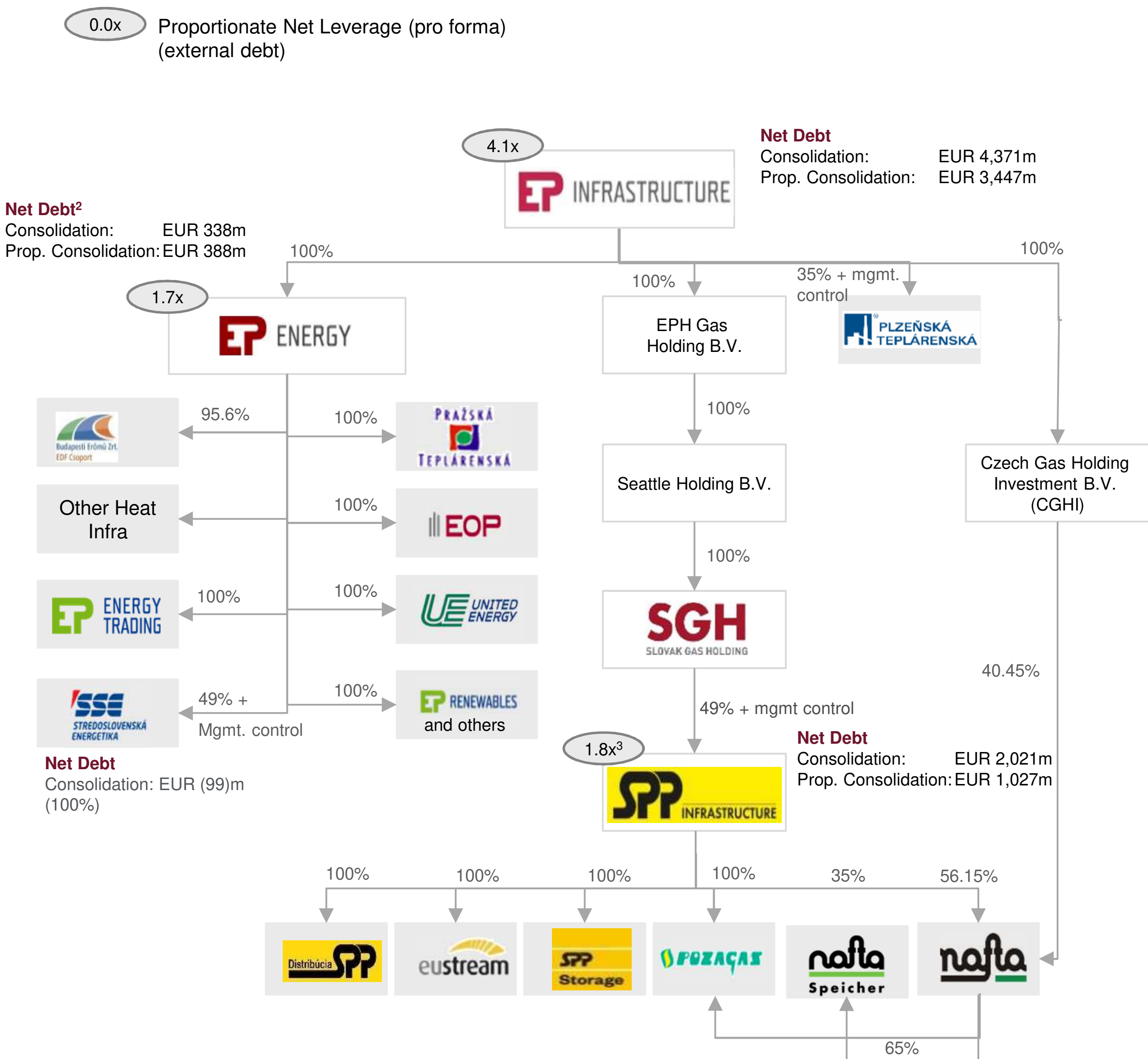
Proportionately[2] consolidated basis (€mm)	31 December 2018
Gross debt[1]	3,700
Cash	253
Net debt	**3,447**
Adjusted EBITDA 2018[4]	818
Net debt / Adjusted EBITDA[4]	**4.21x**
Pro-forma Adjusted EBITDA[5]	840
Net debt /Pro-forma Adjusted EBITDA	**4.10x**

EPIF financial policy

- EPIF has a stable financial policy established in the Shareholders' Agreement between EPH and MIRA further emphasized by the dividend lock-up covenant of 4.5x Net Debt/EBITDA (on proportionate basis)
- EPIF is committed to maintaining a financial profile consistent with investment-grade ratings
  - Currently rated BBB by S&P's / Baa3 by Moody's / BBB- by Fitch, all with stable outlook
  - In addition to EPIF's overall leverage distribution limit, there are limitations on leverage at operating subsidiaries
    - At SPP-I and SSE, Net Debt/EBITDA limited to 2.5x under shareholders' agreement with the Slovak state
    - At EP Energy, Proportionate Net Debt/EBITDA currently 1.7x[3], however the management expects that the EP Energy group shall be largely free of external debt after the EP Energy 2019 bonds are settled (in Q4 2019 at the latest)
  - Potential bolt-on acquisitions only if consistent with EPIF's conservative financial policy. Investment policy fully in line with financial profile of the group and having in mind the target to maintain investment grade profile
- EPIF's financial policy is supported by robust corporate governance, reinforced by MIRA's strong minority shareholder rights in the Shareholders' Agreement

1. Represent principal owed and financial lease, disregarding accrued interest and unamortized fees
2. Calculated by taking into consideration the proportionate ownership of EPIF in its subsidiaries
3. 2018 disregarding intra-group loans (loan EUR 250 million from EPIF)
4. Adjusted EBITDA („Adj. EBITDA“) represents operating profit plus depreciation of property, plant and equipment and amortisation of intangible assets less negative goodwill (if applicable), adjusted for selected items. For more details see slides 29 and 30
5. Pro-forma Adjusted EBITDA represents operating profit plus depreciation of property, plant and equipment and amortisation of intangible assets less negative goodwill (if applicable), adjusted for selected items and including pro-forma effect of acquisitions of Plzeňská teplárenská and NAFTA Speicher. For more details see slides 29 and 30

Capital structure overview as at 31 December 2018 – external debt



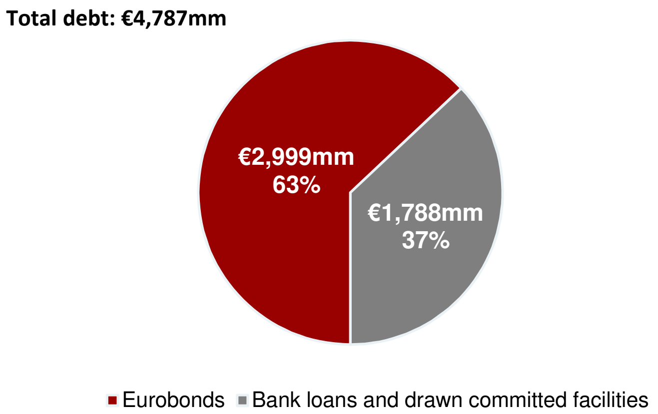
1. Preliminary numbers prior audit
2. Excluding EPIF loan of EUR 250 million
3. Proportionate Net Leverage (pro-forma) of SPPI reflects shareholding of SPPI in its subsidiaries

Key highlights

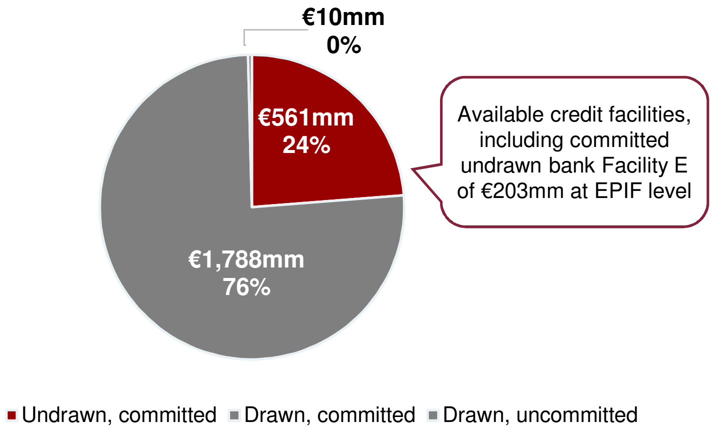
- Being a parent company, EPIF has very strong access to all cash flow generated across the group:
  - Ultimately fully unencumbered access to the cash flows generated by EP Energy OpCos, which will all be virtually debt-free
  - Current bonds on EP Energy will be refinanced at EPIF level in 2019, which means that this structural subordination for EPIF is only temporary
  - Modest level of debt around 2.0x will remain at SGH group entities, which allows for comfortable dividend upstreaming versus the shareholders' agreement (SHA) with a threshold at 2.5x
  - EPIF proportionately consolidated group is subject to 4.5x dividend lock-up, limiting distribution from EPIF to its shareholders

Gross debt overview as of 31 December 2018

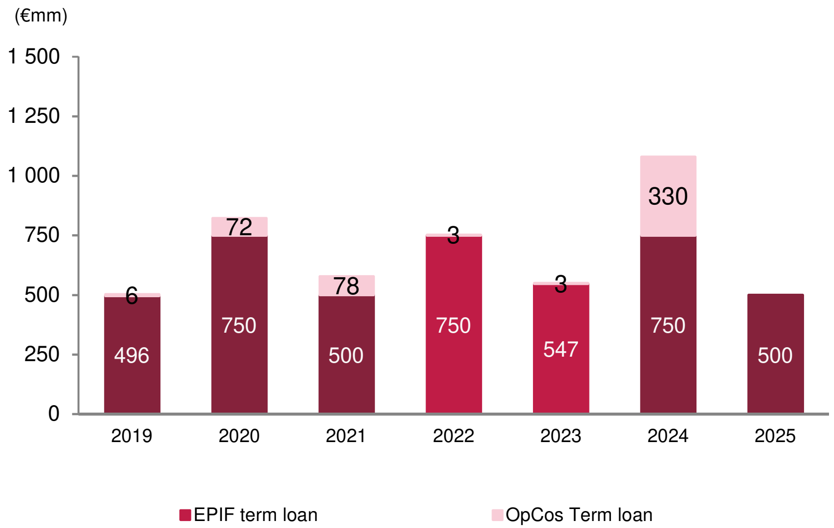
Bank and bond debt breakdown by instrument



Utilization of bank financing



Debt maturity profile[1, 2]



1. Reflecting refinancing of NAFTA loan of EUR 250m, which maturity was extended in January 2019 until 2024
2. Including purchase of EPE 2019 Notes as part of collateral sale offer in April of EUR 3m

Commentary

- Almost all debt is €-denominated
- EPIF expects to continue in its strategy of improvement of its maturity profile and financing costs
- Refinancing of EPE Bonds

  The Group will refinance EUR 496M[2] of EPE Bonds on the EPIF level by a combination of external financing and own funds
- On 31 December 2018 the EPIF Group had EUR 441M (full) of undrawn revolving credit lines. In addition, SPPD and Eustream have committed and undrawn term loans for CAPEX granted by EIB currently expected to be drawn in amount of EUR 60m (due 2029; bullet), EUR 60m (due 2027; bullet) resp.

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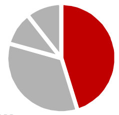
Gas Transmission: key highlights



Adj. EBITDA 2018[2]: EUR 665 million

1 *Key strategic asset for Slovakia and the EU*

- Sole gas transmission system operator (TSO) in Slovakia and owner of all transmission infrastructure
- Almost **half of the European import capacity from Russia**. The largest and most used natural gas import route to Ukraine from Western Europe
- Key **strategic assets for Slovak government** (51% ownership, A+ / A2 / A+[1]) and one of the largest contributors to the state budget
- Trend of increasing need for Russian gas in Europe because of decrease of domestic production and anticipated growing gas consumption
- Support from Slovak government while negotiating with major stakeholders
- Eustream began with construction of SK-PL interconnector. This strategic project is heavily subsidized by the EU and scheduled to commence operations in 2021

2 *Stable and fully EU compliant regulatory environment*

- **Tariffs are set** by the regulator **for 5 year period** (2017-2021) in accordance with methodology of comparison of the international transmission tariffs (so called benchmarking system)
- Transmission fees of the long-term contracts are fixed for the lifetime of every contract

3 *100% ship-or-pay contracts and majority of capacity contracted for upcoming years*

- **100% ship-or-pay contracts** assure stable revenue streams over time due to fixed prices
- Approximately **50% of annual current capacity booked until 2028** by a major Russian shipper
- Results of a non-binding market survey held in December 2016 showed **strong interest for Eustream's transit capacities until December 2043 (in case NS2 is implemented)**
- Other long term contracts signed with counterparties with strong credit standing and excellent credit history

4 *Highly cash generative business with limited maintenance capex needs and sound financial performance and outlook*

- Optimally maintained, well developed pipelines and facilities
- EUR 665m Adj. EBITDA 2018[2], with **high Cash Conversion**[3] of 92%, while EUR 664m Adj. EBITDA[2] 2017, with Cash Conversion[3] of 98%. Decline in Cash Conversion is caused by commencement of development projects (esp. SK-PL Interconnector)
- Eustream 2018 results driven by long-term ship-or-pay contracts
- Lower volumes of transmitted gas and associated lower volume of gas-in-kind received almost fully compensated by higher gas prices realised
- Conservative leverage cap of 2.5x net debt / EBITDA set by the shareholder agreement (SHA) with Slovak government
- Standalone credit rating: Baa2 by Moody's / A- by Fitch, outlook stable

1. S&P / Moody's / Fitch
2. For definition of Adjusted EBITDA please see slides 29 and 30
3. Cash Conversion represents Adjusted EBITDA less CAPEX (Acquisition of property, plant and equipment and intangible assets (without emission allowances and goodwill) as presented in the Operating segments information in the consolidated financial statements of the Group) divided by Adjusted EBITDA

Gas and Power Distribution (I/II): SPPD key highlights

Adj. EBITDA 2018[2]: EUR 502 million

1 Regulated monopoly in the gas distribution market in Slovakia

- Regulated **natural monopoly** of gas distribution in Slovakia with approx. 98% market share[1]
- Key strategic asset with limited headroom for new entrants and second highest gas penetration in Europe (94%)
- Customers primarily top gas suppliers with lower credit risk than households
- Obligation for all new customers to connect to SPPD's existing distribution network

2 Stable and established regulatory regime

- Relatively long regulatory period enabling SPPD to retain achieved benefits
- **Stable distribution tariff** set by the regulator for the whole regulatory period 2017 – 2021 with only minor changes possible (includes higher fixed portion of revenue)
- The same EU compliant regulation principles have been in place since 2009

3 Strong gas market fundamentals and performance track record

- **Stable distribution volumes** between 4.5 and 5.0 bcm per year during the last 5 years (except for 2014 due to warm winter)
- While having revenues relatively stable, Adj. EBITDA[2] and performance has been improving due to **continuous focus on cost control and efficiencies**. Year 2017 experienced increase in gas consumption due to cold weather conditions while 2018 was worse however still better than a long term average therefore results are slightly lower than in 2017
- Consistently low levels of gas losses and excellent safety results in operations

4 Stable and predictable cash flow generation and modern asset base

- **Track record of strong Cash Conversion**[3] in the Gas and power distribution segment, reached 84% in 2018 (2017: 85%)
- Low investment requirements due to modern network facilities and recent implementation of CAPEX optimisation initiatives. Majority of the network was built between 1990 and 2000
- Limited expansion CAPEX as network connection costs born by residential customers
- Standalone rating: Baa2 by Moody's / A- by Fitch, outlook stable

5 Part of well invested infrastructure group (SPP-I) with supportive shareholders

- Part of leading gas infrastructure group with critical position within Slovakia
- While EPH has a successful track record in management of energy assets, the Government supports SPPD's interests locally due to its strategic scale
- Conservative leverage cap of 2.5x net debt / EBITDA set by the SHA

1. Based on gas distributed (source: RONI, 2015 annual report)
2. For definition of Adjusted EBITDA please see slides 29 and 30
3. Cash Conversion represents Adjusted EBITDA less CAPEX (Acquisition of property, plant and equipment and intangible assets (without emission allowances and goodwill) as presented in the Operating segments information in the consolidated financial statements of the Group) divided by Adjusted EBITDA

Gas and Power Distribution (II/II): SSE key highlights

Gas Transmission
Distribution
Heat Infra
Gas storage

Adj. EBITDA 2018[2]: EUR 502 million

Stredoslovenská distribučná
SSE STREDOSLOVENSKÁ ENERGETIKA

1 ***#1 electricity distribution company in its region of operation (natural monopoly)***

- **Monopoly distribution company** in its region of operation[1]
- Critical distribution asset in Slovakia with network length of ca 35,000 km
- Diversified customer base of c. 750,000 electricity off-take points

2 ***Stable and established regulatory regime***

- **Stable distribution tariffs** approved by the regulator for the whole regulatory period 2017 – 2021 with only minor changes possible
- SSD receives **stable and predictable returns from its regulated business**
- **SOT issue** that causes fluctuation in results is **expected to be solved from 1 January 2020** (see next slide for details)

3 ***Strong operational performance***

- **Stable distribution volumes** around 6 TWh per year with 6.3 TWh in 2018 (2017: 6.2 TWh)
- Strong process, cost and work efficiency improvements, regulated opex outperformance
- Consistently achieving low levels of distribution losses and meeting reliability indicators set by the regulator

4 ***Proven track record of cash-flow generation***

- **Track record of strong and stable Cash Conversion**[3] in the gas and power distribution segment, reached 84% in 2018 (2017: 85%)
- **Stable core business Adjusted EBITDA**[2] with moderate increase potential due to cost optimization and efficiency driven initiatives
- Stable investment requirements primarily to the backbone and high voltage infrastructure. Substantial part of reconstructions and development investments realised by own sources that allows for higher productivity and efficiency in general
- SSE is **almost unlevered**
- Leverage capped in SHA with Slovak government by 2.5x EBITDA

1. Refers to SSD which contributed the vast majority of SSE's Adj. EBITDA in 2017. Other SSE activities consist primarily of electricity supply
2. For definition of Adjusted EBITDA please see slides 29 and 30
3. Cash Conversion represents Adjusted EBITDA less CAPEX (Acquisition of property, plant and equipment and intangible assets (without emission allowances and goodwill) as presented in the Operating segments information in the consolidated financial statements of the Group) divided by Adjusted EBITDA

SOT regulatory mechanism overview

SOT Gap current mechanism overview

- Under the applicable legislation, SSD, SSE's subsidiary, is legally bound to connect producers of green energy, if they comply with requirements set by the Regulator and to purchase the green electricity generated, which is used to cover network losses. The purchase tariff for green energy is set by the Slovak Regulatory Office for Network Industries („RONI“) for each year and usually at higher than market prices in support of renewable energy sources in the Slovak Republic and is compensated through a special regulated tariff charged to end customers, the **System Operations Tariff („SOT“)**. However, differences and fluctuations in power consumption by end customers and power generation by renewable sources are causing a mismatch between the amounts of subsidies paid and the compensation received through SOT and it results in accumulation of deficit by the SSE Group
- As of 31 December 2018, the total amount due from the system resulting from the temporary system imbalance reached EUR 236 million, which is assumed to be fully recognised on SSD's balance sheet in course of 2019 and 2020 (and collected latest by 2021), according to current Regulatory Framework (specifically the Coll. 309/2009 paragraph 5, section 1)

Recent development

- As the SOT system has created a deficit, EPIF together with other market participants have been expecting changes in regulatory environment in a way so that no temporary imbalance between SOT relevant revenues and expenses is further incurred at distribution companies (DSOs). There is a very recent development and thus **improved visibility on the SOT situation**. In the middle of August, Slovak government approved the legal act relating to SOT (amendment to the Slovak Renewable Energy Sources Act) drafted by Slovak Ministry of economy („ME“). Parliament approved the change later in the year and in November the final version of legal act relating to SOT (amendment to the Slovak Renewable Energy Sources Act) was published in Official Journal
- The legal act relating to SOT includes all major attributes that were promised on a meeting between all three Slovak distribution companies and Ministry of Economy. Primarily, the legal act envisages that the **SOT clearing duty is going to be transferred from the distribution companies** to a state owned body, in this case OKTE a.s., **from 1 January 2020** (i.e. zero P/L impact of SOT at DSOs in 2020 and following years). From the accounting and cash flow perspective, EPIF expects the SOT deficit to be fully recognised on SSD balance sheet in course of 2019. Settlement of the receivable is foreseen to occur during the course of 2020 and 2021 at the latest

Heat Infra: key investment highlights

Adj. EBITDA[1] 2018: EUR 153 million
Pro Forma Adj. EBITDA[1] 2018: EUR 177 million

1 Leading market positions in the countries and regions of operation

- **Largest Czech district heating infrastructure** and heat supplier
- Through its Hungarian operations, **largest heat producer in the city of Budapest**
- Additional potential for small bolt-on acquisitions such as a merger of Plzeňská energetika and Plzeňská teplárenská as a result of which EPIF has 35% shareholding and management control in the merged entity. Merger was completed on 31 October 2019

2 Robust district heating systems producing low cost heat mainly for households

- Ownership of approximately 1,500 km of district heating pipelines supplying heat to large number of municipal and residential customers
- The system of PT is one of the largest in the EU in terms of length / customers
- The direct contracts with final consumers in cities and full ownership of distribution network makes from our CHPs standard utility business

3 Favorable regulatory environment supporting cogeneration and district heating

- **Significant support for cogeneration assets from both national and EU legislation**
- **Highly efficient cogeneration** with strict emission limits helping to meet country's energy efficiency and environmental protection goals

4 Stable returns and high entry barriers

- District heating is a regulated business with **very high barriers to entry** due to limited possibility to replicate the existing heating systems
- Business **resilient to economic cycles**
- The segment reports reasonably solid Cash Conversion[2] of 65% for 2018 (2017: 68%)

5 Electricity produced in cogeneration mode with strong contribution from ancillary services

- All plants are cogeneration plants, i.e. operate in a mode of combined heat and power production with high overall efficiency
- Significant share of power revenues from grid balancing services

1. For definition of Adjusted EBITDA and Pro Forma Adjusted EBITDA please see slides 29 and 30
2. Cash Conversion represents Adjusted EBITDA less CAPEX (Acquisition of property, plant and equipment and intangible assets (without emission allowances and goodwill) as presented in the Operating segments information in the consolidated financial statements of the Group) divided by Adjusted EBITDA

Acquisition of Plzeňská teplárenská

Key highlights

- On 31 October 2018 Plzeňská energetika merged with Plzeňská teplárenská and the EPIF Group gained 35% and management control in successor company
- Before the merger Plzeňská teplárenská operated heat distribution network in Pilsen of 433 km with 2 421 offtake places (mostly residential)[1]
- Heat installed capacity of over 500 MW and power installed capacity of over 160 MW where approximately 15% of both is represented by biomass and waste incinerator boilers
- Pro-forma Adjusted EBITDA[2] of merged entity for 2018 was EUR 40 million with heat supplied 3.1 PJ and power produced 605 GWh
- Merger expects to bring (a) synergies due from managing both major sources of heat in Pilsen, (b) decrease in planned CAPEX needed to comply with environmental regulation and (c) granted full access to residential customers in Pilsen

1. Data based on 2017 Annual report of Plzeňská teplárenská
2. For definition of Pro Forma Adjusted EBITDA please see slides 29 and 30

Gas Storage: key investment highlights

Adj. EBITDA[1] 2018: EUR 147 million
Pro Forma Adj. EBITDA[1] 2018: EUR 173 million

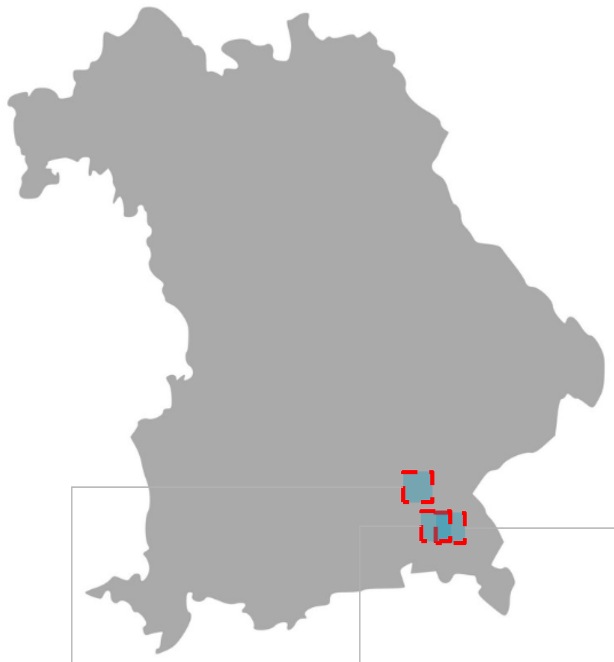
1 Market leader in the CE region and Slovakia with significant position in Bavaria	❑ **Market leader** (24.8% share) in terms of capacity in the gas storage market **in the CE region** (the Slovak Republic, the Czech Republic and Austria) ❑ Monopoly gas storage operator in Slovakia, with 100% market share ❑ Significant market position in Bavaria through acquisition of storage assets (NAFTA Speicher) at the end of 2018 (19.9 TWh)
2 Strategically located asset	❑ **Connection to the Central European gas routes** ❑ Interconnection with and ability to deliver to the VTP Austria / CEGH gas hub
3 Medium and long-term contracts, Stable and predictable cash flow generation and modern asset base	❑ Currently 71% of **capacity contracted on a long-term basis** until 2019/20, 55% until 2025/26 and 42% until 2026/27 (shares as of end of 2018) supporting stable performance (incl. NAFTA Speicher) ❑ **Moderate investment needs** due to modern facilities and strong cost control on opex side ❑ Track record of **superb Cash Conversion**[2] - 96% in 2018 (2017: 97%)
4 No price regulation	❑ No price regulation[3] ❑ Long-term contracts usually include price adjustment formulas reflecting inflation and have a store-or-pay principle ❑ Short-term contracts mainly based on winter-summer spreads
5 Further opportunities generating value	❑ Strategic storage for security of supply needs ❑ Additional operational synergies and initiatives within the EPIF Storages ❑ Direct connection of SPP Storage to Czech transmission system planned ❑ **Use of innovative products** with a potential upside in energy storage

1. For definition of Adjusted EBITDA and Pro Forma Adjusted EBITDA please see slides 29 and 30
2. Cash Conversion represents Adjusted EBITDA less CAPEX (Acquisition of property, plant and equipment and intangible assets (without emission allowances and goodwill) as presented in the Operating segments information in the consolidated financial statements of the Group) divided by Adjusted EBITDA
3. Price regulation can be introduced in case of Emergency situation

Acquisition of Gas Storage Assets in Bavaria

nafta Speicher

Gas Transmission
Distribution
Heat Infra
Gas storage



Wolfersberg, GE	Inzenham, GE	Breitbrunn-Eggstätt
Storage capacity: 4,099 GWh	Storage capacity: 4,760 GWh	Storage capacity: 11,055 GWh
Injection: 37,93 GWh/day	Injection: 53,76 GWh/day	Injection: 67,2 GWh/day
Withdrawal: 65,03 GWh/day	Withdrawal: 80,64 GWh/day	Withdrawal: 139,78 GWh/day
Start-up year: 1973	Start-up year: 1982	Start-up year: 1996
Depleted field	Depleted field	Depleted field

Key highlights

- The Group acquired Storage assets in Bavaria close to Austrian boarders from DEA and thus gained access to the important German market
- Total capacity of new assets is 19.9 TWh (ca. 8% of German storage capacity)
- 87% of storage capacity is currently contracted until 2022/23 and 76% until 2026/2027
- 2018 Pro Forma Adjusted EBITDA on level of EUR 26 million, declining in 2019/2020 resulting from renegotiation of LT contracts as part of the deal
- Synergies with current business of NAFTA
- Over EUR 40 million in cash acquired with the business
- Net acquisition price below 4x of EBITDA

Source: Company information, Gas Storage Europe as of December 2018

1. For definition of Pro Forma Adjusted EBITDA please see slides 29 and 30

Agenda

1) Executive summary
2) Group performance
3) Financial profile update
4) Business segment highlights
5) Subsequent events & Summary
6) Appendix

Subsequent events (I/II)

Financing and dividends

- In January 2019, **NAFTA** has **extended maturity of its loan facilities** comprising of EUR 175 million term loan and EUR 75 million revolving facility maturing until 2024. Both loans were presented as “current” in the 2018 consolidated financial statements

- On 5 March 2019 **the Group declared a dividend of EUR 143 million** to its shareholders which were paid on 6 March 2019

- On 11 March 2019, EP Energy offered to purchase up to EUR 41,503,059 aggregate principal amount of its €498,650,000 5.875% Senior Secured Notes due 2019 (the “Notes”) to comply with its obligation to make “Collateral Sale Offer” under the indenture governing the Notes. The Collateral Sale Offer related to net proceeds from the sale of 100% of the shares in Plzeňská energetika to its parent company, EP Infrastructure. As result of collateral sale offer **EP Energy purchased Notes in nominal value of EUR 2.75 million**. Following the collateral sale offer completion, EP Energy shall be using the proceeds for its general corporate purposes like, but not limited to, repayment of the indebtedness, capital expenditures, etc.

- In March 2019 **EPIF** mandated Commerzbank AG and Raiffeisen Bank International AG to arrange a **EUR 100 million Schuldschein loan with a possible demand driven increase**. The process is expected to conclude at the end of April 2019 and EPIF shall use the proceeds for general corporate purposes

- On 8 April 2019, **EPIF issued 8-Year Floating Rate Notes due 8 April 2027 in the total nominal volume of EUR 70 million** (ISIN: XS1973579243), which have been admitted to trading on the Third Market operated by Vienna Stock Exchange (the “Issue”). Banca IMI acted as a Sole Dealer on the Issue. EPIF will use the proceeds of the Issue for general corporate purposes

- Aim of the new financing was to further optimize the maturity profile of the EPIF Group, to diversify EPIF’s investors base and also to prepare for the November EP Energy bond refinancing (EUR 496 million[1])

1. Reflecting amount repurchased in April as part of „Collateral Sale Offer“ of EUR 2.75 million.

Subsequent events (II/II)

Environmental, Social and Governance matters

- EPIF views the areas of environmental, social and governance matters as being vital to the overall well-being of the EPIF Group and its stakeholders. **In 2019** for the first time, **the EPIF Group obtained an ESG rating "Average Performer" from the renowned ESG rating agency Sustainalytics**. EPIF is committed to further improve its awareness of the ESG areas, incl. implementation of new ESG policies and disclosures which should prospectively lead to an ESG rating upgrade as well

- **EPIF plans to issue its debut Sustainability report for 2018 during summer 2019**. The Sustainability report is expected to cover a wide spectrum of economic, environmental, social and governance related topics and will enable report users to obtain a comprehensive understanding of the EPIF Group's business and the links between EPIF's strategy and commitment to a sustainable global economy

Summary

- The core operations of EPIF remained **stable and predictable** in 2018. EPIF Group **2018 historical consolidated sales** reached **EUR 3,106 million,** being consistent with 2017. **Adjusted EBITDA** for 2018 amounted to **EUR 1,466 million** being 0.3% higher compared to 2017. After consideration of 2018 acquisitions, the **Pro Forma Adjusted EBITDA** reached **EUR 1,516 million**
- The 2018 results reconfirmed that EPIF, with its diversified character of regulated and long-term contracted activities, operates in a **stable and expectable business environment** and that EPIF continues to excel in conversion of operating profit into cash with **Group Cash Conversion Ratio of 72%**
- The **Proportionate Net Leverage Ratio** as of 31 December 2018 stood at **4.21x**. **Proportionate Pro Forma Net Leverage Ratio** was **4.10x**
- On 20 April 2018, **EPIF successfully placed its debut international offering of EUR 750 million** 1.659% fixed rate notes due 2024. Through this bond issuance, EPIF has been able to benefit from the favorable conditions in the international debt capital markets at that time in order to partially refinance its existing bank loans at the EPIF level and extend its debt maturity profile, while reducing the average cost of its borrowings
- On 1 May 2018, **EP Energy repaid EUR 598 million of bonds** using combination of intercompany loan provided by EP Infrastructure totaling EUR 250 million and own cash of EUR 348 million
- In Q4 2018 **the EPIF Group completed two strategic acquisitions** – **Plzeňská teplárenská**, district heating provider in Pilsen, in which the Group holds 35% and management control, and long-term contracted **Gas storage assets in Bavaria**, where EPIF effectively owns 69% share incl. management control
- On 8 April 2019 **EPIF issued 8-year floating rate notes of EUR 70 million** which have been admitted to trading on the Third Market operated by Vienna Stock Exchange. Subsequently, EPIF has been working on a **Schuldschein transaction (volume of EUR 100+ million) which is expected to be completed at the end of April**. Aim of the new financing was to further optimize the Group's maturity profile, to diversify EPIF's investors base and prepare for the November EP Energy bond refinancing (EUR 496 million)

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Appendix – Adjusted EBITDA and Pro forma Adjusted EBITDA calculation (I/III)

- **EBITDA** represents Profit from operations less Depreciation and amortisation and Negative goodwill (if any). **Adjusted EBITDA** represents operating profit plus depreciation of property, plant and equipment and amortisation of intangible assets less negative goodwill (if applicable), adjusted by (a) excluding non-cash non-recurring impairment charges relating to property, plant and equipment and intangible assets (2018: EUR -20 million; 2017: EUR 0 million), when a majority related to impairment charged at Plzeňská energetika a.s. ("PE") as a result of commercial negotiations between the Group and the City of Pilsen in relation to a merger of PE and Plzeňská teplárenská, a.s. ("PLTEP"). The merger was completed on 31 October 2018 and EPIF holds 35% and a management control in PLTEP as the successor entity (effect of EUR -10 million) and (b) excluding one-off gain from sale of unused non-operational land and assets (2018: EUR 20 million; 2017: EUR 7 million) and (c) adding back (if negative) or deducting (if positive) the difference between (i) compensation for the expenses for mandatory purchase and off-take of energy from renewable sources pursuant to the Slovak RES Promotion Act and the Decree recognised in revenues in the relevant period and (ii) net expenses accounted for the mandatory purchase of energy from renewable resources in accordance with the Slovak RES Promotion Act, in each case inclusive of accruals (2018: EUR -41 million; 2017: EUR 41 million).

- Slovak RES Promotion Act means Slovak Act No. 309/2009 Coll., on promotion of renewable energy sources and high-efficiency cogeneration and on amendments to certain acts (zákon o podpore obnoviteľných zdrojov energie a vysoko účinnej kombinovanej výroby a o zmene a doplnení niektorých zákonov).

- Decree means the Slovak Decree of the Regulator No. 18/2017 Coll. (or any other applicable decree or law replacing it).

- **Pro-forma Adjusted EBITDA** includes (a) adjustment to EBITDA in order to present results of merged Plzeňská teplárenská for the period from 1 January 2018 to 31 October 2018 (whereas the historical 2018 IFRS consolidated financial statements include results of Plzeňská energetika only for the period from 1 January 2018 to 31 October 2018 and results of merged Plzeňská teplárenská for the period from 1 November to 31 December 2018 as the merger was completed on 31 October 2018) and (b) adjustment to EBITDA to present results of the Gas storage assets in Bavaria for the period from 1 January 2018 to 31 December 2018 (whereas the historical 2018 IFRS consolidated financial statements include the Gas storage assets in Bavaria from the balance sheet perspective only as the business was acquired on 31 December 2018). For full details and assumptions made please refer to a separate document "Unaudited pro forma condensed consolidated financial information as of and for the year ended 31 December 2018" disclosed on www.epinfrastructure.cz.

- The EBITDA, Adjusted EBITDA and Pro forma Adjusted EBITDA included in this presentation do not represent the terms EBITDA, Adjusted EBITDA or Pro forma Adjusted EBITDA as may be defined by any documentation for any financial liabilities of the EP Infrastructure Group

Appendix – Adjusted EBITDA and Pro forma Adjusted EBITDA calculation (II/III)

- EBITDA, Adjusted EBITDA and Pro forma Adjusted EBITDA calculation (2018):

Key Metrics *(in EUR millions)*	Gas Transmission	Gas and Power Distribution	Heat Infra	Gas Storage	Total segments	Other	Holding entities	Consolidated financial information
2018								
Profit from operations	579	308	78	123	1,088	17	-6	1,099
Depreciation and amortisation	84	153	70	21	328	3	-	331
Negative goodwill	-	-	-	-5	-5	-	-	-5
EBITDA	**663**	**461**	**148**	**139**	**1,411**	**20**	**-6**	**1,425**
Non-cash non-recurring impairments of assets	2	-	10	8	20	-	-	**20**
One off gain from sale of unused non-operational lan and assets	-	-	-5	-	-5	-15	-	**-20**
System Operation Tariff (surplus) / deficit	-	41	-	-	41	-	-	**41**
Adjusted EBITDA	**665**	**502**	**153**	**147**	**1,467**	**5**	**-6**	**1,466**
Plzeňská teplárenská	-	-	24	-	24	-	-	**24**
German Storage Assets	-	-	-	26	26	-	-	**26**
Pro-forma Adjusted EBITDA	**665**	**502**	**177**	**173**	**1517**	**5**	**-6**	**1516**

Appendix – Adjusted EBITDA and Pro forma Adjusted EBITDA calculation (III/III)

❑ EBITDA and Adjusted EBITDA calculation (2017):

Key Metrics	Gas Transmission	Gas and Power Distribution	Heat Infra	Gas Storage	Total segments	Other	Holding entities	Consolidated financial information
(in EUR millions)								
2017								
Profit from operations	576	388	85	125	1,174	2	-12	1,164
Depreciation and amortisation	88	163	72	19	342	3	-	345
EBITDA	**664**	**551**	**157**	**144**	**1516**	**5**	**-12**	**1509**
Non-cash non-recurring impairments of assets	-	-	-	-	-	-	-	**-**
One off gain from sale of unused non-operational lan and assets	-	-	-7	-	-7	-	-	**-7**
System Operation Tariff (surplus) / deficit	-	-41	-	-	-41	-	-	**-41**
Adjusted EBITDA	**664**	**510**	**150**	**144**	**1468**	**5**	**-12**	**1461**

Appendix - Capital structure related definitions

- **Gross debt** for the Group represents the sum of indebtedness (representing principal amount and disregarding, among other things, unamortized fees, discounts and accrued interest) including finance leases but excluding mark-to-market of hedging instruments as included in the consolidated financial statements of the Group in the line items Non-current loans and borrowings and Current loans and borrowings, disregarding unamortized fees and accrued interest

- **Net debt** represents Gross debt less Cash and cash equivalents (as included in the consolidated financial statements of the Group). **Proportionate Net Debt** represents Net Debt, taking into consideration the proportionate ownership of EPIF in its subsidiaries

- **Net Leverage Ratio** represents Net Debt divided by Adjusted EBITDA. **Proportionate Net Leverage Ratio** represents Net Leverage Ratio, taking into consideration the proportionate ownership of EPIF in its subsidiaries

- **Pro Forma Net Leverage Ratio** represents Net Debt divided by Pro Forma Adjusted EBITDA. **Proportionate Pro Forma Net Leverage Ratio** represents Pro Forma Net Leverage Ratio, taking into consideration the proportionate ownership of EPIF in its subsidiaries.

- The terms Gross debt, Net debt, Proportionate Net Debt, Net leverage Ratio, Proportionate Net leverage Ratio, Pro Forma Net Leverage Ratio and Proportionate Pro Forma Net Leverage Ratio do not represent similarly named measures as may be defined and included in any documentation for any financial liabilities of EP Infrastructure Group

Contact

EP Infrastructure, a.s.

Pařížská 26

110 00 Praha 1

Czech Republic

Tel.: +420 232 005 100

Fax: +420 232 005 400

Mail: investorrelations@epinfrastructure.cz

Web: www.epinfrastructure.cz