EP Infrastructure

H1 2020 Results Call

15 September 2020

Gary Mazzotti, Vice Chairman of the Board of Directors
Václav Paleček, Finance Director

www.epinfrastructure.cz

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- ❑ The Information contains certain measures that are not measures defined by International Financial Reporting Standards, namely, EBITDA, Adjusted EBITDA, Capital Expenditures, Cash Generation, Reported Free Cash Flow, Adjusted Free Cash Flow, Cash Conversion Ratio, Group Cash Conversion Ratio, Gross Debt, Net Debt, Net Leverage Ratio (either on fully consolidated or proportionate basis). These measures do not represent the measures of the same or similar names as may be defined by any documentation for any financial liabilities of the Group.
- ❑ The Information should be read in conjunction with the "Condensed Consolidated Interim Financial Statements as of and for the six-month period ended 30 June 2020" as published on www.epinfrastructure.cz.

Presenting team

Gary Mazzotti

Deputy Chairman of EPIF Management Board

- *Independent Management Board member*
- *>30 years of experience*
- *Serves on boards of other EPIF entities*

Václav Paleček

Finance Director

- *>10 years of experience*
- *Serves on boards of other EPIF 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 together with its subsidiaries "the **Group**") is a leading Central European group which operates traditional energy infrastructure assets

- ☐ EPIF's core activities are transmission, distribution and storage of gas, distribution of electricity and provision of district heating

- ☐ EPIF assets are predominantly located in the low risk and fast-growing economies of Slovakia and the Czech Republic, while being also present in Germany (gas storage assets acquired at the end of 2018) and Hungary (key heat producer in Budapest)

- ☐ EPIF's strategy is to operate **regulated and/or long-term contracted assets which have a critical feature of converting a substantially higher part of their operating result into free cash flow** than its peers. The primary reason for superb cash conversion ability is due to low Capex intensity. This is driven by (a) excellent conditions of the assets underpinned by effective maintenance, (b) high cost to build and low cost to operate (gas transmission, gas storage and heat infra segments), (c) use of modern durable materials (gas distribution segment), and (d) large investments performed by previous owners (electricity distribution segment)

- ☐ In the Last Twelve Month ("LTM") period ending on 30 June 2020(1) EPIF reached:
  - **Consolidated LTM sales** of **EUR 3,331 million** (EUR 3,476 million in 2019)
  - **Adjusted LTM EBITDA(2)** of **EUR 1,536 million** (EUR 1,606 million in 2019)
  - **Proportionate Net Leverage Ratio(3)** of **4.1x** (3.9x in 2019)
  - **Adjusted LTM Free Cash Flow(4)** of **EUR 969 million** (EUR 1,107 million in 2019)
  - **Group Cash Conversion Ratio(5)** at approx. **63%** (69% in 2019)
  - Decline in operational performance was to certain extent driven by **gas frontloading in 2019**, which shifted a portion of gas flows from 2020 to 2019. **Impact of Covid-19** outbreak on EPIF business was fairly limited due to its critical infrastructure nature

- ☐ Recently, EP Energy, 100% subsidiary of EPIF, entered into a **contract to dispose its stake** in Pražská teplárenská Group(6) and Budapesti Erömü Zrt. to Veolia Environment S.A. Group (BBB/Baa1/-). Both transactions are subject to an approval of competition authorities and certain technical conditions

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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 31-33
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 36
4. Adjusted Free Cash Flow represents Cash generated from operations, disregarding Change in restricted cash, less Income tax paid, Acquisition of property, plant and equipment and intangible assets and emission rights as presented in the consolidated statement of cash flows of the Group, adjusted for selected items. For more details see slide 34
5. Group Cash Conversion Ratio represents Adjusted Free Cash Flow divided by Adjusted EBITDA
6. Defined as Pražská teplárenská a.s., its subsidiaries and PT Transit, a.s.

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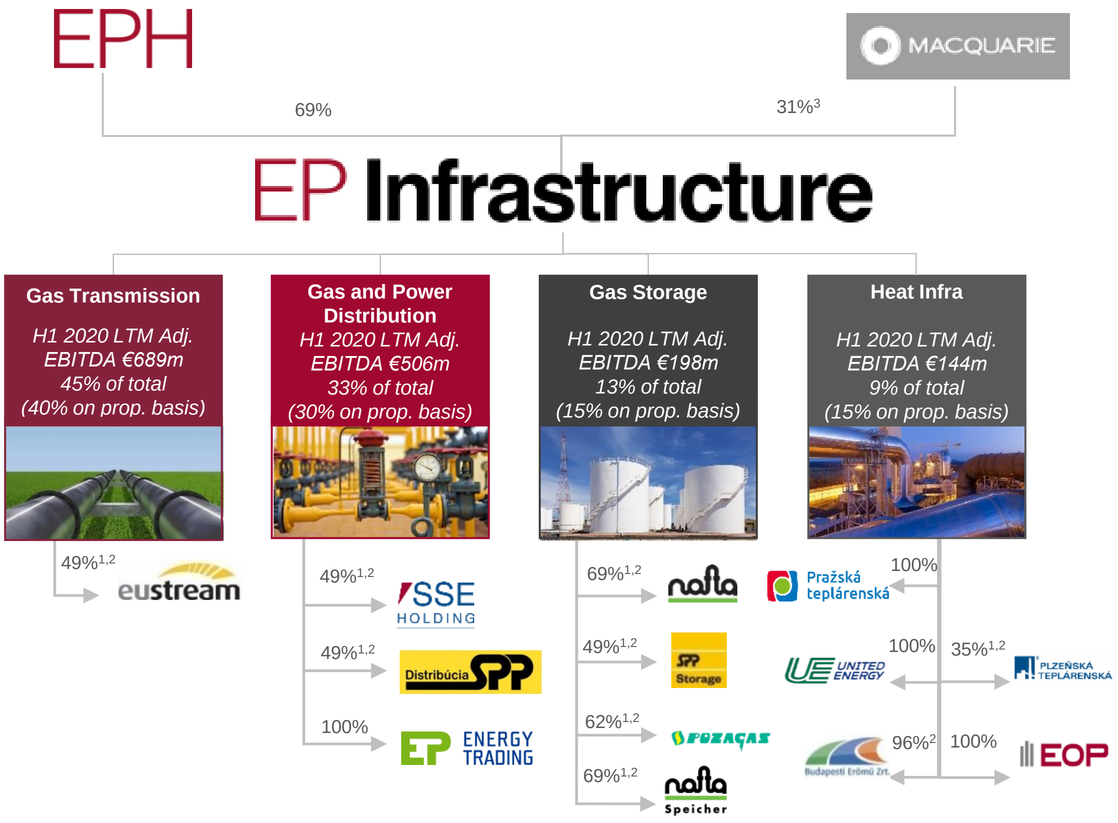
EPIF Group overview



EPH

MACQUARIE

69%

31%[3]

EP Infrastructure

Gas Transmission

H1 2020 LTM Adj. EBITDA €689m
45% of total
(40% on prop. basis)

49%[1,2] eustream

Gas and Power Distribution

H1 2020 LTM Adj. EBITDA €506m
33% of total
(30% on prop. basis)

49%[1,2] SSE HOLDING

49%[1,2] Distribúcia SPP

100% EP ENERGY TRADING

Gas Storage

H1 2020 LTM Adj. EBITDA €198m
13% of total
(15% on prop. basis)

69%[1,2] nafta

49%[1,2] SPP Storage

62%[1,2] POZAGAS

69%[1,2] nafta Speicher

Heat Infra

H1 2020 LTM Adj. EBITDA €144m
9% of total
(15% on prop. basis)

100% Pražská teplárenská

100% UNITED ENERGY

35%[1,2] PLZEŇSKÁ TEPLÁRENSKÁ

96%[2] Budapesti Erőmű Zrt.

100% EOP

BBB
Outlook: stable
S&P Global

Baa3
Outlook: stable
Moody's

BBB-
Outlook: stable
FitchRatings

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+)[4] and the Czech Republic (AA- / A1 / AA-)[4] and Germany (AAA/Aaa/AAA)[4]
- 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

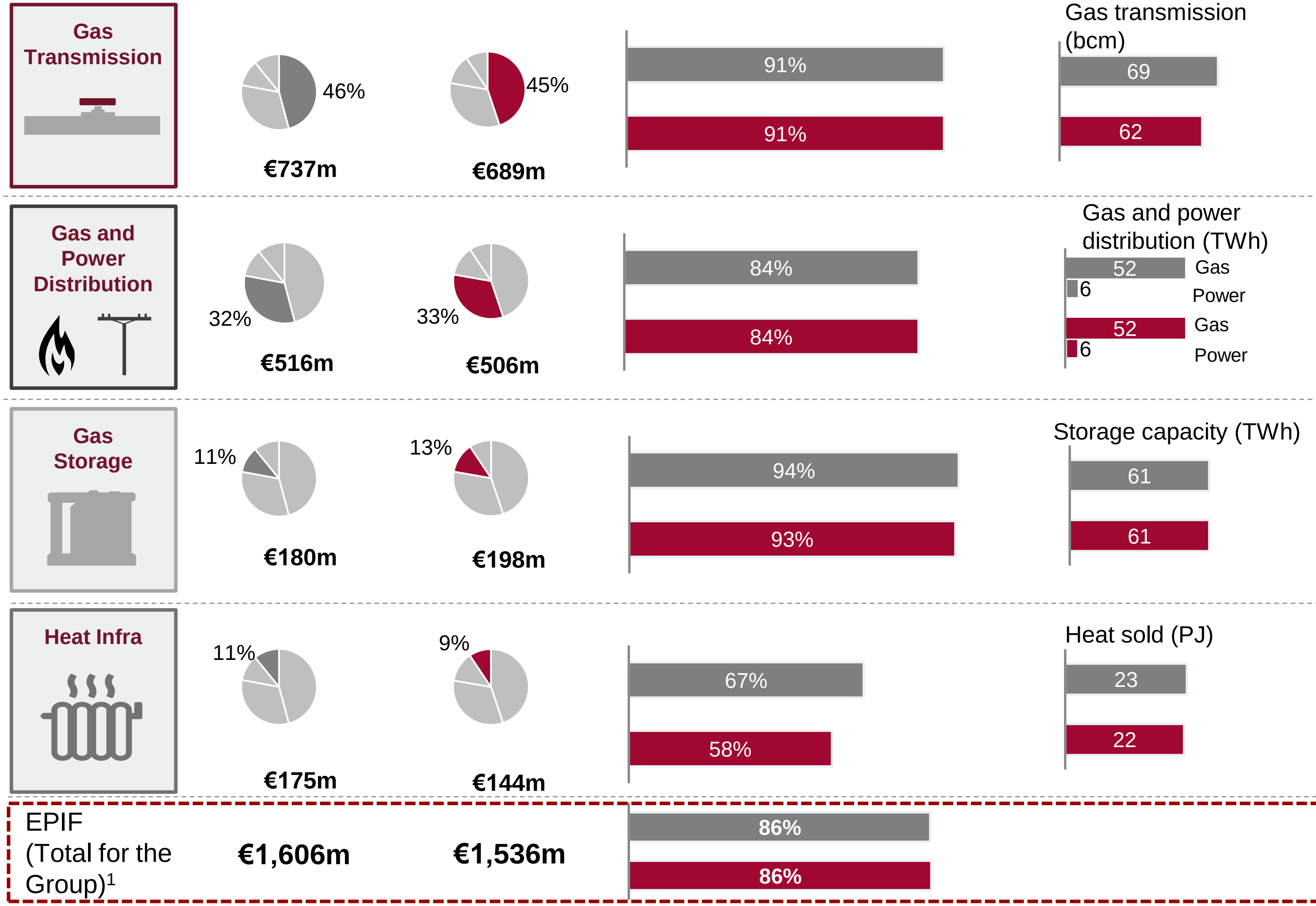
€m	H1 2020 LTM	2019	2018	2017
Adjusted EBITDA[5]	1,536	1,606	1,466	1,461
Prop. Adjusted EBITDA[5]	839	884	818	800
Adjusted Free Cash Flow[5]	969	1,107	1,030	1,045
Group Cash Conversion ratio[6]	63%	69%	70%	72%
Prop. Net debt[5]	3,415	3,481	3,447	3,597
Prop. Net Leverage Ratio[5]	4.1x	3.9x	4.2x	4.5x[7]

1. Includes management control and represents fully consolidated entity
2. Minority shareholders are: Slovak government (eustream, SPPD, SSE, SPPS), Slovak government and other minor shareholders (Nafta, Nafta Speicher and Pozagas), 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. S&P / Moody's / Fitch
5. Please refer to Appendices for definitions of Adjusted EBITDA, Proportionate Adjusted EBITDA (slides 31-33), Adjusted Free Cash Flow (slide 34), Proportionate Net debt and Proportionate Net Leverage Ratios (slide 36)
6. Group Cash Conversion Ratio represents Adjusted Free Cash Flow divided by Adjusted EBITDA
7. Prior to implementation of dividend lock up covenant

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

2019 and H1 2020 LTM comparison (all figures for a 12-month period)

▇ 2019
🟥 H1 2020 LTM



Segment	Adj. EBITDA		Cash conversion (excl. WoCa & Tax)[2]	Operating KPIs	Business profile
Gas Transmission	46% €737m	45% €689m	91% 91%	Gas transmission (bcm) 69 62	❑ Regulated / long-term contracted
Gas and Power Distribution	32% €516m	33% €506m	84% 84%	Gas and power distribution (TWh) 52 Gas 6 Power 52 Gas 6 Power	❑ Almost fully regulated; natural monopoly position in distribution business in the region of operation
Gas Storage	11% €180m	13% €198m	94% 93%	Storage capacity (TWh) 61 61	❑ Predominantly long-term contracted
Heat Infra	11% €175m	9% €144m	67% 58%	Heat sold (PJ) 23 22	❑ Predominantly regulated
EPIF (Total for the Group)[1]	€1,606m	€1,536m	86% 86%		

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1. Total figure includes also other segments of the Group (Other and Holding Results)
2. Cash Conversion (excl. WoCa & Tax) 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.

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Financing strategy of EPIF Group

➢ We are aiming:

- ❑ To retain diversified sources of financing available to the Group and **keep 60-80% of debt exposure in bonds** (or similar products, subject to market conditions)
- ❑ To increase average duration of the debt in EPIF Group while optimizing the interest cost
- ❑ **EPIF's share on the overall proportionate Group´s financing shall represent app. 70% of the overall Group's proportionate gross debt** (66% share as of 30 June 2020)

➢ The targeted financing structure of EPIF Group is presently based on the following cornerstones:

- ❑ Financing of the Group relying on two pillars: SPP-I Group and EPIF (parent company of the group)
- ❑ **Overall Proportionate Net Leverage Ratio of the Group to be around 4.3x** (strongly supported by dividend lock-up covenant at 4.5x) **while EPIF reported a proportionate net leverage ratio of 4.1x as of 30 June 2020**
- ❑ **Maximum net leverage of 2.5x at SPPI Group level** as agreed in the Shareholders' Agreement with **historical net leverage around 2.0x** EBITDA (1.4x as of 30 June 2020)
- ❑ **Maximum net leverage of 2.5x at SSE Group level** as agreed in the Shareholders' Agreement while currently with negative net leverage

➢ Key developments in H1 2020

- ❑ On 14 January 2020, the Group signed **a new bank financing agreement** for the total amount of EUR 800 million. The funds comprise a term loan of EUR 400 million and a committed revolving credit facility of up to EUR 400 million; both are unsecured and have a five-year term. The Group used the funds to fully refinance the existing EPIF's bank debt which was due in 2023 (EUR 500 million)
- ❑ On 5 March 2020, the Group declared and distributed a **dividend of EUR 200 million** to its shareholders
- ❑ On 25 June 2020, eustream issued **7-year senior unsecured bond in the total amount of EUR 500 million** bearing fixed interest rate of 1.625% per annum. Proceeds were used for a **repayment of the SPP Infrastructure Financing B.V. bond of EUR 750 million** due in July 2020 which was guaranteed by eustream

Conservative capital structure and financial policy strongly supported by the shareholders

Summary capital structure

Fully consolidated basis (€m)	30 June 2020
Gross debt[1]	5,582
Cash	1,473
Net debt	**4,109**
Adjusted LTM EBITDA H1 2020[3]	1,536
Net debt / Adjusted EBITDA[3]	**2.7x**

Proportionately[2] consolidated basis (€m)	30 June 2020
Gross debt[1]	4,191
Cash	775
Net debt	**3,416**
Adjusted LTM EBITDA H1 2020[3]	839
Net debt / Adjusted EBITDA[3]	**4.1x**

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) while **management target is to be around 4.3x**
- 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. Ratings were **affirmed in May and June 2020** despite the Covid-19 outbreak
  - 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 Republic
    - As of 30 June 2020, the EP Energy group was largely free of external debt as the EP Energy 2019 bonds were settled in Q4 2019
  - **Potential 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

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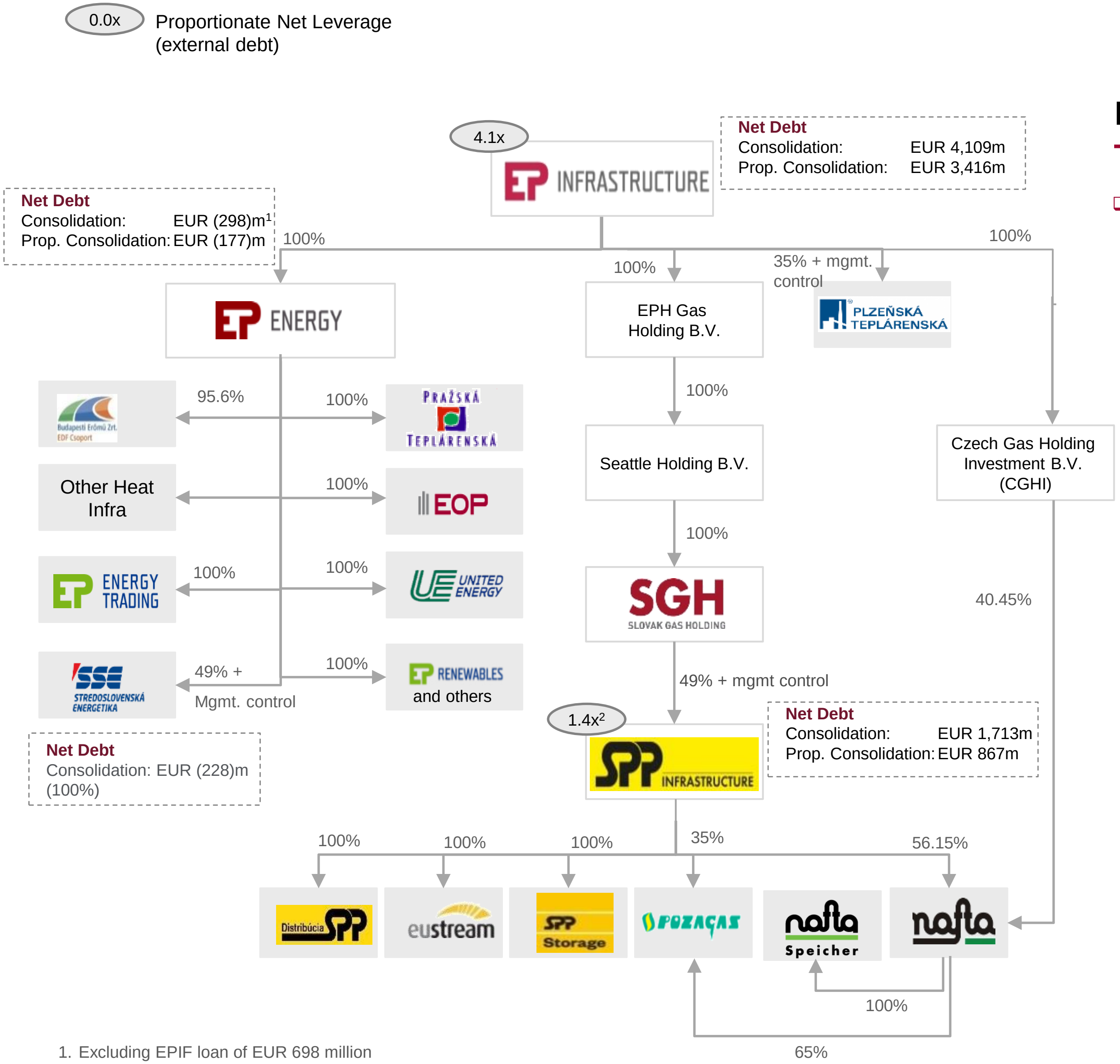
1. Represents principal owed and lease liabilities disregarding accrued interest and unamortized fees
2. Calculated by taking into consideration the proportionate ownership of EPIF in its subsidiaries
3. Adjusted EBITDA („Adj. EBITDA") represents operating profit plus depreciation of property, plant and equipment and amortisation of intangible assets less negative goodwill (if applicable), adjusted for selected items. For more details see slides 31-33

Capital structure overview as at 30 June 2020 – external debt



0.0x Proportionate Net Leverage (external debt)

4.1x EP INFRASTRUCTURE

Net Debt
Consolidation: EUR 4,109m
Prop. Consolidation: EUR 3,416m

Net Debt
Consolidation: EUR (298)m[1]
Prop. Consolidation: EUR (177)m

100% EP ENERGY

100% EPH Gas Holding B.V.

35% + mgmt. control PLZEŇSKÁ TEPLÁRENSKÁ

100% Czech Gas Holding Investment B.V. (CGHI)

95.6% Budapesti Erőmű Zrt. EDF Csoport

100% PRAŽSKÁ TEPLÁRENSKÁ

Other Heat Infra

100% EOP

100% EP ENERGY TRADING

100% UE UNITED ENERGY

49% + Mgmt. control SSE STREDOSLOVENSKÁ ENERGETIKA

100% EP RENEWABLES and others

Net Debt
Consolidation: EUR (228)m (100%)

100% Seattle Holding B.V.

100% SGH SLOVAK GAS HOLDING

49% + mgmt control

1.4x[2] SPP INFRASTRUCTURE

40.45%

Net Debt
Consolidation: EUR 1,713m
Prop. Consolidation: EUR 867m

100% Distribúcia SPP

100% eustream

100% SPP Storage

35% POZAGAS

56.15% nafta

100% nafta Speicher

65%

Key highlights

- Being a parent company, EPIF has very **strong access to all cash flow** generated across the group:
  - Fully unencumbered access to the cash flows generated by **EP Energy OpCos**, which are currently largely free of external debt
  - Modest level of debt below 2.0x at **SPPI group** entities 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

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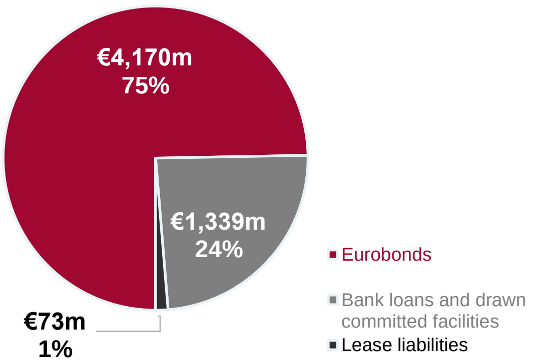
1. Excluding EPIF loan of EUR 698 million
2. Proportionate Net Leverage of SPPI reflects shareholding from EPIF perspective

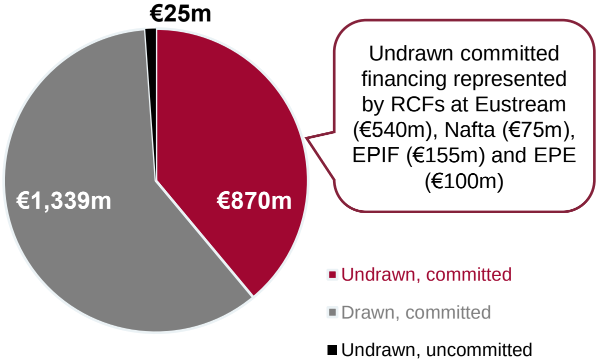
Gross debt overview as of 30 June 2020

Bank and bond debt breakdown by instrument

Total debt: €5,582m

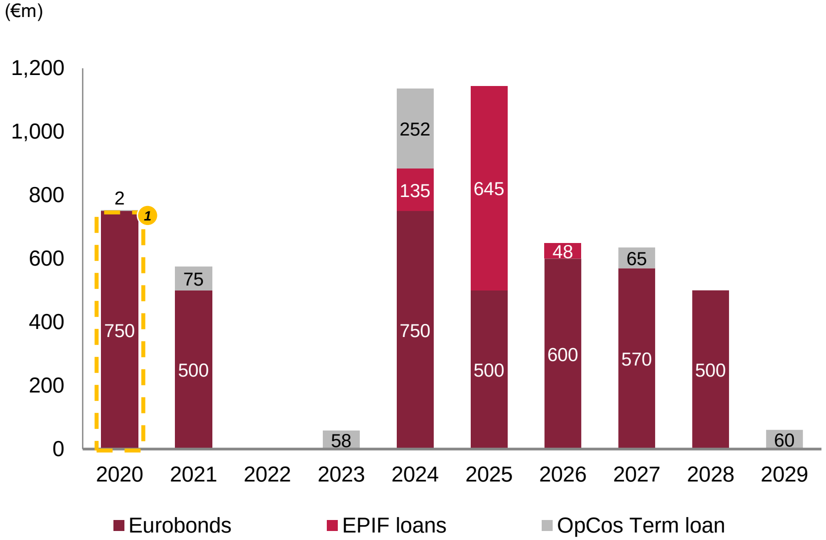


Utilization of bank financing



Undrawn committed financing represented by RCFs at Eustream (€540m), Nafta (€75m), EPIF (€155m) and EPE (€100m)

Debt maturity profile[1]



① SPP Infrastructure Financing BV bond of EUR 750 million repaid in July 2020

Commentary

- Almost all debt is EUR denominated
- As of 30 June 2020 the EPIF Group had EUR 895 million of undrawn revolving credit lines (of which EUR 870 million committed)
- On 14 January 2020, EPIF signed a new bank financing agreement for the total amount of EUR 800 million. The funds comprise a term loan of EUR 400 million and a committed revolving credit facility of up to EUR 400 million; both are unsecured and have a five-year term. The Group used the funds to fully refinance the existing EPIF's bank debt which was due in 2023 (EUR 500 million)
- On 25 June 2020, eustream issued 7-year senior unsecured bond in the total amount of EUR 500 million bearing fixed interest rate of 1.625% per annum
- On 15 July 2020, the Group repaid bonds issued by SPP Infrastructure Financing B.V. in 2013 in the nominal amount of EUR 750 million using combination of proceeds from 2027 bonds issued by eustream (EUR 500 million) on 25 June 2020 and own resources
- During July 2020 eustream reduced limits of its revolving credit facilities from EUR 590 million to EUR 275 million, as they were in place primarily to back up 750m bond refinancing

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1. Excluding leases and drawdown revolving loans; based on the debt maturities as of 30 June 2020

ESG Pillars and Strategy

ESG matters are monitored and managed on the Group level

EPIF Group obtained an ESG rating "Average Performer" from Sustainalytics and 65/100 ESG rating from S&P

- **EPIF plans to further improve its awareness of the ESG areas**, including implementation of new ESG policies which were approved on the EPIF Board level in H1 2020. ESG matters are controlled by Health, Safety and Environmental Committee which quarterly reports to the EPIF Board of Directors
- For the first time, **S&P rated our Environmental, Social and Governance performance**, supporting us to better identify opportunities to strengthen our sustainability commitment. We are the first company in the CEE to have obtained such rating

Second Sustainability Report issued in September 2020

- The issued **Sustainability report** provides a complete overview of the EPIF Group's business and the **links between EPIF's strategy and commitment to a sustainable global economy**. Sustainability report for 2019 was published at the end of August 2020 and for the first time, it incorporates EPIF's alignment with the United Nations Sustainable Development Goals and the 2030 Agenda

Commitment to low carbon business model

- **Major portion of our EBITDA** is generated from operation of infrastructure assets which carry a **marginal CO_2 footprint** (89% of EBITDA in 2019; 11% of total CO2 emissions). These include gas transmission, gas and power distribution or gas storage
- Heat is generated in a **highly efficient cogeneration** process and is supported both on a local and EU level. The otherwise wasted by-product of power generation, heat, is funneled into the distribution network, thus capturing otherwise wasted energy, and delivered in the form of heat to our customers
- Our **energy mix gradually moves** away from lignite **to less emission-intensive fuels** such as biomass or communal waste. The existing biomass boilers and a waste incineration plant operated by Plzeňská teplárenská will be complemented by a new biomass boiler in the heating plant run by United Energy
- Despite growth in energy production, we have reduced SO_2 emissions by 55% and dust emissions by 40% between 2015 and 2019

Transparent corporate governance structure

- EPH/MIRA Shareholders' Agreement protects **minority shareholder rights**, and outlines clear **corporate governance** and approval of capital structure, including financial policy
- The governance of EPIF and its sub-holdings is based on a **two-tier management structure** comprising the Board of Directors and the Supervisory Board

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Gas Transmission: key highlights

H1 2020 LTM Adj. EBITDA[2]: EUR 689 million
2019 Adj. EBITDA: EUR 737 million

eustream

1 ***Key strategic asset for Slovakia and the EU***

- Sole gas transmission system operator (TSO) in Slovakia and owner of all transmission infrastructure
- Almost **a third 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
- Historical trend of increasing need for Russian gas in Europe because of decrease of domestic production and anticipated growing gas consumption
- SK-PL interconnector currently under construction is scheduled to commence operations in late 2021. This strategic project is on the EU top priority list

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 and escalated by 50% of the European inflation

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 2039 (supported by already placed conditional bookings)**
- At the end of 2019, **a five-year gas transit deal was reached between Russia and Ukraine** with agreed minimum annual volumes of 65 bcm in 2020 (with 40 bcm reserved for eustream) and 40 bcm annually thereafter (without nominations for exits yet). Also, Russia has an option to extend for other 10 years, i.e. by 2034. This new agreement proves the vital role that Ukrainian corridor (and eustream) plays for Russian gas

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

- Optimally maintained, well developed pipelines and facilities
- EUR 689m Adj. LTM EBITDA[2] in H1 2020, with **high Cash Conversion (excl. WoCa & Tax)**[3] of 91%, while EUR 737m Adj. EBITDA[2] 2019, with Cash Conversion (excl. WoCa & Tax)[3] of 91%
- The decrease in H1 2020 Adj. LTM EBITDA was primarily driven by 2019 front-loading of volumes from 2020 due to then existing uncertainties regarding renewal of the transit contract between Russia and Ukraine
- 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

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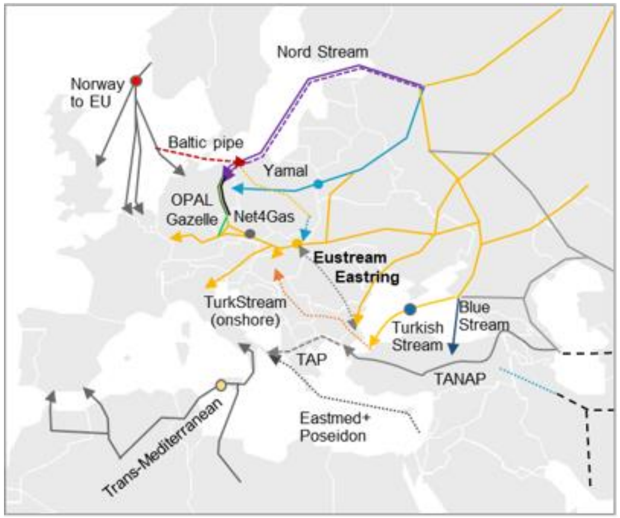
1. S&P / Moody's / Fitch
2. For definition of Adjusted EBITDA please see slides 31-33
3. Cash Conversion (excl. WoCa & Tax) represents Adjusted EBITDA less CAPEX (Acquisition of property, plant and equipment and intangible assets (without emission allowances and goodwill) as presented in the Operating segments information in the consolidated financial statements of the Group) divided by Adjusted EBITDA

Eustream is the key player in transit of gas to Western and Southern Europe

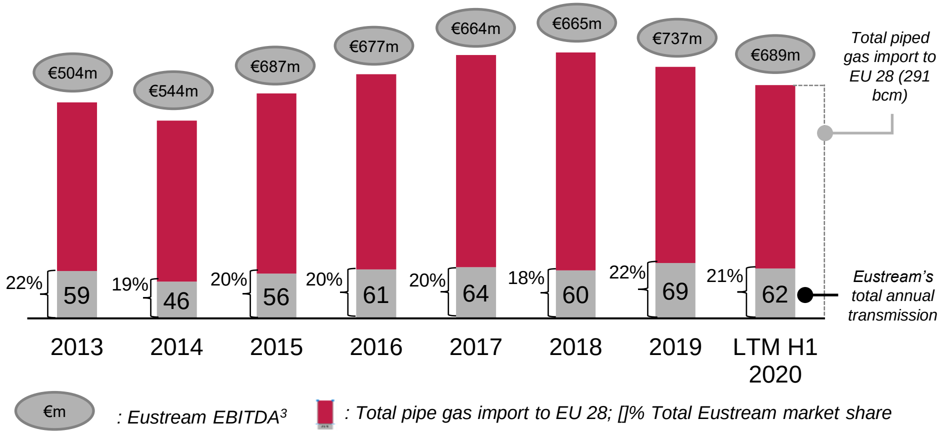
Prominent role in European gas sourcing

- **Critical infrastructure** for the European Union (particularly for Italy, Austria, Central Europe) and for Ukraine
- No other existing transmission route with sufficient capacity to supply major part of the aforementioned region in the context of expected increase in imports of Russian gas to meet EU consumption
- Large majority of 62 bcm of gas in H1 2020 LTM (69 bcm in 2019) was transmitted under **long term ship or pay contracts** to traditional markets of Eustream
- Eustream presently plays a **pivotal role in North to South natural gas flows** (mostly from Nord Stream I). Eustream shall transmit also gas from Nord Stream II, if implemented
- **C. 72% of imported gas from EU to Ukraine[4]** is transmitted using Eustream network (point Budince) since start of commercial operation of the SK UA reverse flow mechanism[1]



Pipeline Name	Status 03/2020	Yearly Capacity
Existing pipelines		
Eustream		**78.5 bcm**
Nord Stream		55 bcm
Yamal		36.5 bcm
Blue Stream		16 bcm
Net4Gas		66 bcm
OPAL		36.5 bcm
Gazelle		33 bcm
Trans-Mediterranean		30 bcm
Other Africa to EU		31.7 bcm
Norway to EU		152.7 bcm
Turkish Stream (1+2)		31.5 bcm
TANAP		16 bcm
Eugal		55 bcm
Potential pipelines		
TAP		10 bcm
Baltic pipe		10 bcm
Eastmed+Poseidon		10 bcm
Nord Stream II		55 bcm
Eastring		**20-40 bcm**
TurkStream (onshore RS-HU)		9 bcm

Stable market share and EBITDA development of Eustream[2]



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1. Source: Data of the operators of the individual entry points to Ukraine, ie FGSZ Zrt . (Hungary), GazSystem S.A. (Poland) and Eustream a.s.
2. Total piped gas import to EU28 includes pipeline deliveries from Russia, Norway, Algeria and Libya. Total Eustream share is calculated as Eustream total annual transmission / Total piped gas import to EU28
3. Source: EPIF consolidated financial statements; EBITDA defined as "Operating profit plus depreciation and amortization less negative goodwill"
4. Based on average imports in the period from 2014 to H1 2020

H1 2020 LTM Adj. EBITDA[1]: EUR 506 million
2019 Adj. EBITDA: EUR 516 million

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

Distribúcia SPP

1 ***Regulated monopoly in the gas distribution market in Slovakia***

- Regulated **natural monopoly** of gas distribution in Slovakia
- Key strategic asset located in a country with the 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
- While having revenues relatively stable, Adj. EBITDA[1] and performance has been improving due to **continuous focus on cost control and efficiencies**
- 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 (excl. WoCa & Tax)[2]** in the Gas and power distribution segment, reached 84% in H1 2020 LTM (2019: 84%)
- 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 with almost half of the pipelines made of durable plastics
- 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

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1. Represents Adj. EBITDA for the whole segment. For definition of Adjusted EBITDA please see slides 31-33
2. Cash Conversion (excl. WoCa & Tax) 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

H1 2020 LTM Adj. EBITDA[1]: EUR 506 million
2019 Adj. EBITDA: EUR 516 million

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

Stredoslovenská distribučná

SSE HOLDING

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

- ☐ **Monopoly distribution company** in its region of operation[2]
- ☐ Critical distribution asset in Slovakia with network length of c. 35,000 km
- ☐ Diversified customer base of c. 760,000 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**
- ☐ **As of 1 January 2020, the SOT clearing obligation** causing fluctuation in results was transferred to the state-owned company (see appendix for details)

3 ***Strong operational performance***

- ☐ **Stable distribution volumes** around 6 TWh per year with 5.9 TWh in H1 2020 LTM (2019: 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 (excl. WoCa & Tax)**[3] in the gas and power distribution segment, reached 84% in H1 2020 LTM (2019: 84%)
- ☐ **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
- ☐ Leverage capped in SHA with Slovak government by 2.5x EBITDA with current Net Leverage remaining negative

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1. Represents Adj. EBITDA for the whole segment. For definition of Adjusted EBITDA please see slides 31-33
2. Refers to SSD which contributed the vast majority of SSE's Adj. EBITDA in 2019 and H1 2020 LTM periods. Other SSE activities consist primarily of electricity supply
3. Cash Conversion (excl. WoCa & Tax) 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

Heat Infra: key investment highlights

H1 2020 LTM Adj. EBITDA[1]: EUR 144 million
2019 Adj. EBITDA: EUR 175 million

Gas Transmission
Distribution
Heat Infra
Gas storage

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

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

- Ownership of approximately 1,300 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 largely **resilient to economic cycles**
- The segment reports reasonably solid **Cash Conversion (excl. WoCa & Tax)[2]** of 58% for H1 2020 LTM (2019: 67%)
- Lower H1 2020 Adj. LTM EBITDA as compared to 2019 was chiefly affected by mild winter in 2020, lower power spreads and higher EUA prices

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

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1. For definition of Adjusted EBITDA please see slides 31-33
2. Cash Conversion (excl. WoCa & Tax) 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 Storage: key investment highlights

H1 2020 LTM Adj. EBITDA[1]: EUR 198 million
2019 Adj. EBITDA: EUR 180 million

Gas Transmission
Distribution
Heat Infra
Gas storage

1 Market leader in the CE region with significant position in Bavaria

- ☐ **Market leader** (23.8% 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
- ☐ 7.6% market share in Germany through acquisition of storage assets (NAFTA Speicher) at the end of 2019 (20.0 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 and NCG VTP gas hubs

3 Medium and long-term contracts, Stable and predictable cash flow generation and modern asset base

- ☐ 100% of **capacity contracted** for season 2020/21, 55% on a **long-term basis** until season 2025/26 and 35% until season 2026/27 (shares as of 30 June 2020) supporting stable EBITDA (incl. NAFTA Speicher)
- ☐ **Moderate investment needs** due to modern facilities and strong cost control on opex side
- ☐ Track record of **superb Cash Conversion (excl. WoCa & Tax)**[2] - 93% in H1 2020 LTM (2019: 94%)

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

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1. For definition of Adjusted EBITDA please see slides 31-33
2. Cash Conversion (excl. WoCa & Tax) 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

Agenda

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

Recent developments

a) Financing and dividends

- ❑ On 15 July 2020, the Group **repaid bonds issued by SPP Infrastructure Financing B.V.** ("SPPIF") in 2013 in the nominal amount of **EUR 750 million** using combination of proceeds from **2027 bonds issued by eustream (EUR 500 million)** on 25 June 2020 and own resources. Eustream acted as a guarantor on the SPPIF bond due in July 2020

- ❑ On 15 July 2020, the existing EUR 50 million facility provided by Komerční banka, a.s. ("KB") to EP Energy and EPET, maturing in July 2020, **was successfully transferred to a new CZK 1.25 billion (ca EUR 50 million) facility between KB and EP Energy and EPIF** with maturity in July 2023

- ❑ During July 2020 **eustream reduced limits of its revolving credit facilities** („RCF") from EUR 590 million to EUR 275 million, as they were in place primarily to back up 750m bond refinancing

- ❑ On 7 August 2020, **the Group declared and distributed a dividend of EUR 100 million** to its shareholders, while EUR 200 million was paid on 5 March 2020

b) Environmental, Social and Governance matters

- ❑ In March 2020, **ESG Group policies were approved on the EPIF level**. The individual subsidiaries will follow at minimum the principles and commitments laid out in the policies and implement them in their own binding internal rules

- ❑ On 8 April 2020, **EPIF obtained a new ESG rating from S&P (65/100)** representing a new important milestone on EPIF Group's ESG journey

- ❑ On 28 Augist 2020, **EPIF issued 2019 Sustainability Reporty** which is for the first time fully aligned with the United Nations Sustainable Development Goals and the 2030 Agenda

c) COVID-19 impact

- ❑ a summary is presented on slides 24-25

d) Divestments

- ❑ a summary is presented on slide 26

COVID-19 impact on the EPIF Group I/II

Central priorities since the beginning of the outbreak

- ☐ Guaranteeing the **health and safety of our employees** mainly through
  - Internal communication from the first day of the emergency, in order to share with our employees the health and behavioral rules established by the authorities
  - Remote working where possible (communication through conference calls and virtual working sessions)
  - Distribution of protective equipment to staff whose on-site presence is essential
- ☐ Safeguarding the **continuity of the essential energy security service** in the countries where EPIF operates
  - Critical employees strictly divided into smaller teams
  - Identification of essential CAPEX and maintenance works which will be prioritized, while other projects might be postponed if necessary

Corporate responsibility

- ☐ EPIF has substantially participated on **large scale aid representing a purchase of vital medical supplies** which were donated to healthcare facilities, municipalities and others in need in Slovakia and Czech Republic

COVID-19 impact on the EPIF Group II/II

Financial impacts

- ☐ **Decline in economic activity adversely affected demand for commodities and their prices**. However, the impact of economic slowdown on EPIF operations is limited thanks to the nature of Group‘s business which is largely **regulated or long-term contracted**
  - Revenues largely driven by **already booked capacities** (ship-or-pay, store-or-pay contracts in place)
  - Decline in commodity prices partly mitigated by **hedging in place**. On the other hand, the unhedged portion of gas and power sales is exposed to future development of the market post current market drop caused by COVID outbreak
- ☐ Financial stability is further supported by **superb cash conversion, strict control over counterparty credit risk** and **sufficient committed liquidity lines** arranged with strong financial houses
- ☐ Impact of the COVID-19 outbreak on individual segments:
  - ☐ **Gas Transmission segment** was impacted primarily by 2019 gas frontloading, while the COVID-19 impact was clearly marginal
  - ☐ 2% decline in EBITDA of **Distribution segment** in H1 2020 LTM as compared to 2019 was partially driven by a drop in power distribution volume by -4% primarily due to reduction in economic activity of large industrial power consumers. On the other hand, gas distribution volume remained mostly stable as gas consumption of households is rather inelastic. A volume risk is partially limited in the structure of distribution tariffs
  - ☐ **Gas storage segment was favourably affected** by improved storage prices chiefly stemming from oversupply of gas in Europe, not linked directly to COVID-19 pandemic
  - ☐ **Heat Infra** results were impaired by primarily mild winter 2020, which is the major driver of segment‘s results. This effect was coupled with lower power price, which was to a certain extent driven by the COVID-19 outbreak
- ☐ Should there be further adverse development in the COVID-19 pandemic, it could further negatively affect the economic situation as the state budgets have been heavily hit by the first wave of various stimulus packages and their capacities to mitigate additional negative impacts might have been already depleted to a large extent
- ☐ Future outlook of the COVID-19 and possible economic consequences are hardly predictable, therefore the Group cannot exclude potential negative impacts on EPIF‘s business operations (e.g. higher credit risk leading to increased bad debt provisions, delays in deliveries of CAPEX or OPEX etc.). Furthermore, if the Group‘s operating performance deteriorated as a result of the COVID-19 effects, the management might need to reconsider the target value of Proportionate Net Leverage of 4.3x

Divestments of PT and BERT

Overview of both transactions

- Recently, EP Energy entered into a **contract to dispose its stake** in **Pražská teplárenská a.s.** (“PT Group“)(1) and **Budapesti Erömü Zrt.** (“BERT“) to Veolia Environment S.A. Group (BBB/Baa1/-). Each disposal is subject to an approval of competition authorities and certain technical conditions. Closing of both transactions is expected to take place in 4Q 2020

- Amount of proceeds from transactions to remain undisclosed

- Both entities accounted for roughly 5% of EPIF‘s consolidated EBITDA (or ca 10% of proportionate EBITDA) in 2019 PT Group is a major heat distributor in Prague, while BERT is a key producer of heat in Budapest. PT Group owns and operates the largest district heating network in the Czech Republic (550 km; 230,000 households). It supplies heat for the right-bank part of Prague. BERT is the largest heat producer in Budapest. The company, owning three gas cogeneration sources (with an output of 1,402 MWt / 396 MWe), is covering 56% of the heat consumption of FÖTÁV Zrt., a municipal district heating network operator owned by the city of Budapest

Use of proceeds

- After the collection of the net disposal proceeds, EPIF expects using a portion of transactions‘ proceeds **to repay a part of its idebtedness** in order to stay below its dividend lock-up covenant of 4.5x of Proportionate Net Leverage Ratio of the Group, while the remaining proceeds, depending on at that time available information, might be used for (i) **potential acquistions** provided the target fits well with EPIF‘s infrastructure profile and strict investment criteria and/or (ii) for **distribution to shareholders** subject again to the aforementioned dividend lock-up covenant of 4.5x

- Given the small scale of divested assets and using proceeds to keep leverage below 4.3x treshold, we believe that the divestments **do not represent a change in risk, business or financial profile** of the EPIF Group

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1. Defined as Pražská teplárenská a.s., its subsidiaries and PT Transit, a.s.

Key takeaways

BBB / Baa3 / BBB-
(all Stable outlook)

1. Critical infrastructure assets in stable and developed markets of Slovakia, Czech Republic and Germany
2. EPIF’s assets are strategic and vital for the region and transmit natural gas to the EU countries
3. Major subsidiaries are co-owned by the Slovak State, while EPIF keeps management control
4. Mostly fully regulated and/or long-term contracted businesses
5. Highly diversified business across Gas Transmission, Gas & Power Distribution, Gas Storage & Heat Infra segments
6. Dominant or leading positions in respective areas of operation or region
7. High cash conversion ratio, mainly, due to low capex intensity
8. Stable and predictable profitability
9. Well-invested, modern asset base with perpetual business model
10. Conservative financial policy with ca. 70% of proportionate debt on EPIF (parent) level and conservative debt refinancing profile
11. Commitment to Investment Grade ratings also supported by a dividend lock-up covenant of 4.5x EBITDA
12. Strong management team with proven track record and sector expertise
13. Highest standards of corporate governance regime
14. EPIF is committed to operating its portfolio responsibly to gradually reduce environmental footprint
15. Committed long-term shareholders

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5) Subsequent events & Summary
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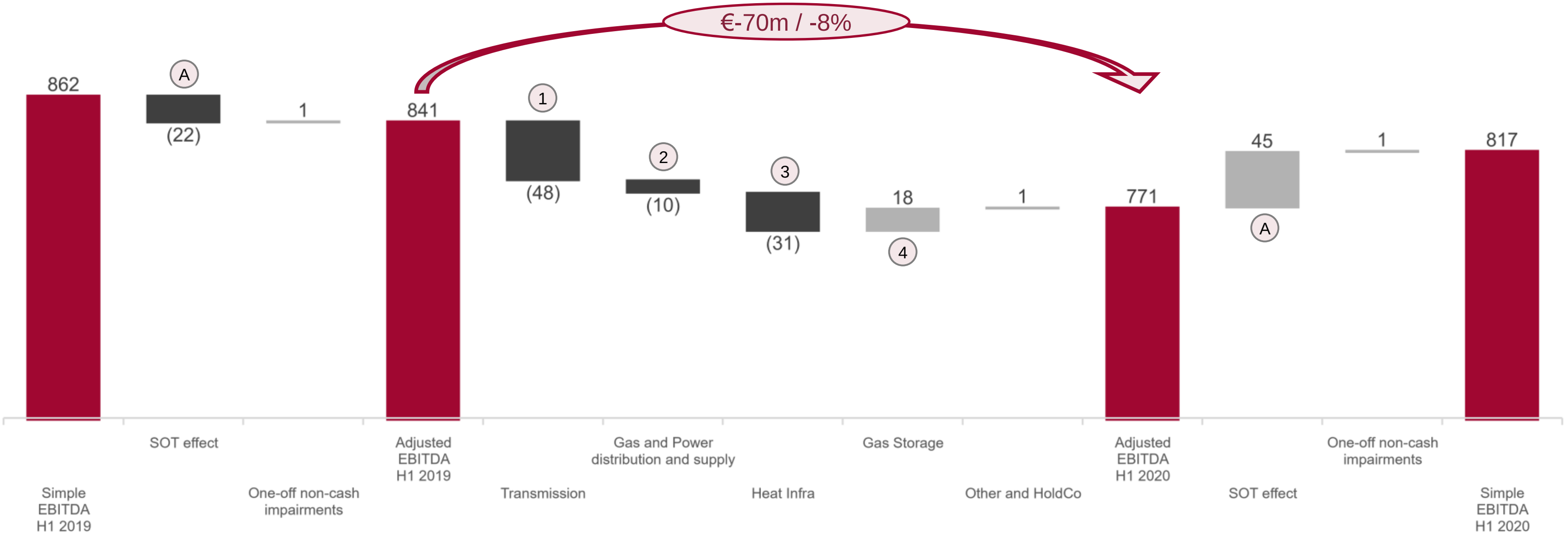
Overview of H1 2020 results
Adjusted EBITDA bridge H1 2020 vs. H1 2019

Indicative Adjusted EBITDA bridge[1] (m EUR)



Core business

① The results in the **Gas transmission** segment were primarily driven by front-loading of volumes to 2019 from 2020 (H1 2019: 34.3 bcm versus H1 2020: 27.4 bcm) due to then existing uncertainty with regards to renewal of the transit contract between Russia and Ukraine

② 4% decline in **Gas and Power distribution** results mainly stems from (i) lower volume of distributed power (-8%) due to reduced economic activity of large industrial power consumers (COVID-19 related impact), part of which is to be compensated in subsequent years, (ii) extra gas capacity bookings during cold May 2019, while gas distribution volume period to period remained stable (+0.6%) as gas consumption of households is rather inelastic, and (iii) increased personal and other operating expenses across the segment. The overall effect attributable to COVID-19 pandemic is limited

③ Performance of the **Heat Infra** segment was negatively affected by higher average temperature during winter 2020 characterised by -2% lower day-degrees[2] (H1 2019: 1,832 day-degrees versus H1 2020: 1,787 day-degrees), which is the major driver of segment's results. Further, the segment was impacted also by lower power prices realized by Czech cogeneration plants (c. 19% lower in H1 2020 compared to H1 2019)

④ **Gas storage** operations generated higher Adjusted EBITDA due to more favourable winter-summer spreads chiefly stemming from oversupply of gas in Europe

Non-core business

Ⓐ Adjustments for effect of SOT deficit/surplus[3] that is merely a timing difference with EUR 22 million positive effect on H1 2019 results and EUR 45 million favourable effect on H1 2020 results

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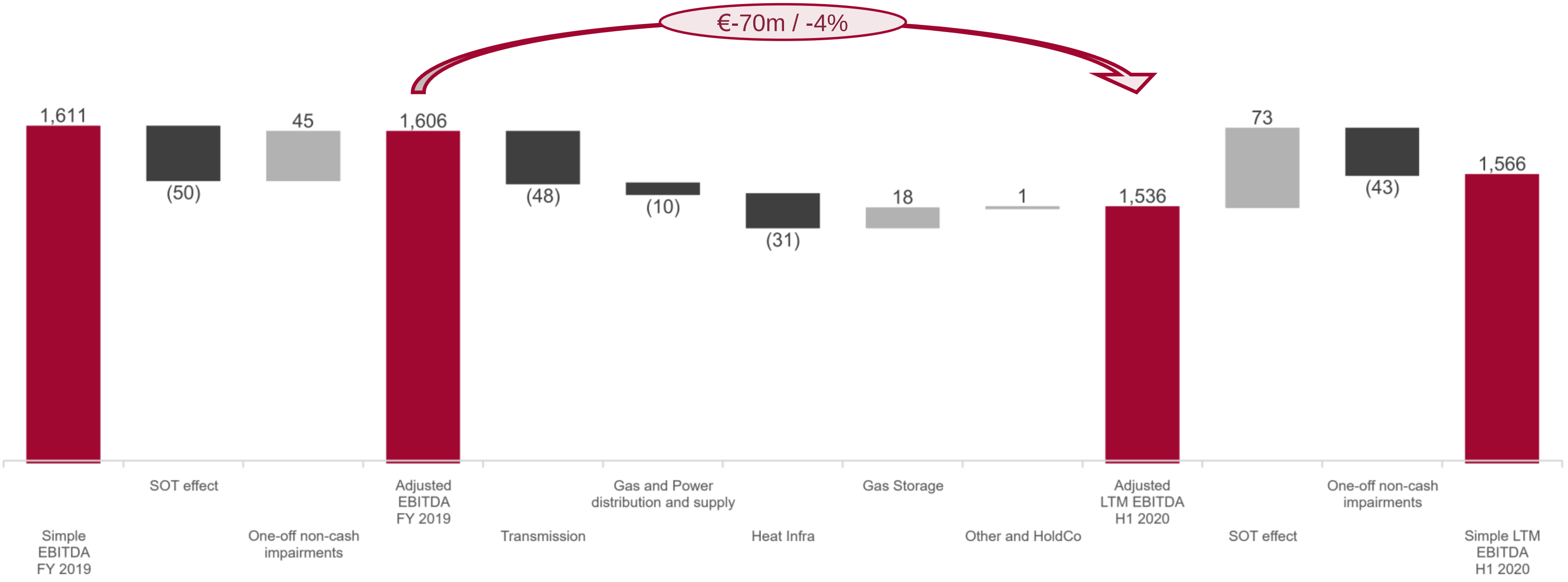
1. Figures might not add up due to rounding
2. Day-degrees measure integrates the difference between reference indoor temperature and outdoor temperature over the given period of time. A higher value indicates that the temperature in the given period was below the reference temperature for a longer period of time. Day-degrees relate to all areas in the Czech Republic and Hungary where EPIF delivers heat
3. System Operations Tariff („SOT“) mechanism explained on slide 35

Overview of H1 2020 LTM results

H1 2020 LTM Adjusted EBITDA vs. 2019 Adjusted EBITDA

Indicative Adjusted EBITDA bridge[1] (m EUR)



Please refer to the previous slide for details about the variances

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1. Figures might not add up due to rounding

Appendix – Adjusted EBITDA calculation (I/III)

- **EBITDA** represents Profit from operations less Depreciation and amortisation and Negative goodwill (if any). **Adjusted EBITDA** is EBITDA adjusted as follows: (a) excluding non-cash non-recurring impairment charges relating to property, plant and equipment and intangible assets (H1 2020: EUR 1 million; H1 2019: EUR -1 million; H1 2020 LTM: EUR -43 million; 2019: EUR -45 million) and (b) 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 (H1 2020: EUR 45 million; H1 2019: EUR 22 million; H1 2020 LTM: EUR 73 million; 2019: EUR 50 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)

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

Appendix – Adjusted EBITDA calculation (II/III)

- EBITDA and Adjusted EBITDA calculation (H1 2020 LTM and 2019):

H1 2020 LTM in €m	Gas transmission	Gas and Power Distribution	Heat Infra	Gas Storage	Total Segments	Other	Holding entities	Consolidated financial information
Profit from operations	557	348	64	165	**1,134**	2	(6)	**1,130**
Depreciation and amortization	(132)	(192)	(80)	(29)	**(433)**	(3)	-	**(436)**
Negative goodwill	-	-	-	-	**-**	-	-	**-**
EBITDA	**689**	**540**	**144**	**194**	**1,567**	**5**	**(6)**	**1,566**
Non-cash non-recurring impairments of assets	-	39	-	4	**43**	-	-	**43**
System Operation Tariff (surplus)/deficit	-	(73)	-	-	**(73)**	-	-	**(73)**
Adjusted EBITDA	**689**	**506**	**144**	**198**	**1,537**	**5**	**(6)**	**1,536**

2019 in €m	Gas transmission	Gas and Power Distribution	Heat Infra	Gas Storage	Total Segments	Other	Holding entities	Consolidated financial information
Profit from operations	606	368	93	146	**1,213**	1	(6)	**1,208**
Depreciation and amortization	(130)	(159)	(82)	(29)	**(400)**	(3)	-	**(403)**
Negative goodwill	-	-	-	-	**-**	-	-	**-**
EBITDA	**736**	**527**	**175**	**175**	**1,613**	**4**	**(6)**	**1,611**
Non-cash non-recurring impairments of assets	1	39	-	5	**45**	-	-	**45**
System Operation Tariff (surplus)/deficit	-	(50)	-	-	**(50)**	-	-	**(50)**
Adjusted EBITDA	**737**	**516**	**175**	**180**	**1,608**	**4**	**(6)**	**1,606**

Appendix – Adjusted EBITDA calculation (III/III)

- EBITDA and Adjusted EBITDA calculation (H1 2020 and H1 2019):

H1 2020 in €m	**Gas transmission**	**Gas and Power Distribution**	**Heat Infra**	**Gas Storage**	**Total Segments**	**Other**	**Holding entities**	**Consolidated financial information**
Profit from operations	252	202	44	91	**589**	2	(4)	**587**
Depreciation and amortization	(65)	(110)	(40)	(14)	**(229)**	(1)	-	**(230)**
Negative goodwill	-	-	-	-	**-**	-	-	**-**
EBITDA	**317**	**312**	**84**	**105**	**818**	**3**	**(4)**	**817**
Non-cash non-recurring impairments of assets	-	-	-	(1)	**(1)**	-	-	**(1)**
System Operation Tariff (surplus)/deficit	-	(45)	-	-	**(45)**	-	-	**(45)**
Adjusted EBITDA	**317**	**267**	**84**	**104**	**772**	**3**	**(4)**	**771**

H1 2019 in €m	**Gas transmission**	**Gas and Power Distribution**	**Heat Infra**	**Gas Storage**	**Total Segments**	**Other**	**Holding entities**	**Consolidated financial information**
Profit from operations	301	222	73	72	**668**	1	(4)	**665**
Depreciation and amortization	(63)	(77)	(42)	(14)	**(196)**	(1)	-	**(197)**
Negative goodwill	-	-	-	-	**-**	-	-	**-**
EBITDA	**364**	**299**	**115**	**86**	**864**	**2**	**(4)**	**862**
Non-cash non-recurring impairments of assets	1	-	-	-	**1**	-	-	**1**
System Operation Tariff (surplus)/deficit	-	(22)	-	-	**(22)**	-	-	**(22)**
Adjusted EBITDA	**365**	**277**	**115**	**86**	**843**	**2**	**(4)**	**841**

Appendix – Adjusted Free Cash Flow calculation

- **Adjusted Free Cash Flow** represents Cash generated from operations, disregarding Change in restricted cash, less Income tax paid, Acquisition of property, plant and equipment and intangible assets and emission rights as presented in the consolidated statement of cash flows of the Group, adjusted for the EBITDA and working capital effect of the System Operation Tariff

€m	H1 2020	H1 2020 LTM	2019	2018
Cash generated from operations	781	1,537	1,620	1,535
Income taxes paid	(135)	(285)	(228)	(292)
Acquisition of property, plant and equipment, investment property and intangible assets	(69)	(222)	(220)	(192)
Purchase of emission rights	(1)	(53)	(54)	(26)
excluding Change in restricted cash	(1)	(2)	(1)	4
Reported FCFF	**575**	**975**	**1,117**	**1,029**
excluding SOT (EBITDA effect)	(45)	(73)	(50)	41
excluding SOT (working capital effect)	48	67	40	(40)
Adjusted FCFF	**578**	**969**	**1,107**	**1,030**

SOT regulatory mechanism overview

System Operations Tariff (‘SOT’) gap prior 2020 mechanism overview

- Under the then applicable legislation, SSD must connect producers of green energy(1) and purchase the green electricity generated used to cover network losses
- The purchase tariff for green energy was set by RONI on a yearly basis, usually at higher-than-market prices, and was compensated via a special regulated tariff charged to the end customers, **the SOT**
- **Temporary system imbalances** in power consumption and power generation were causing a mismatch between the subsidies paid and the compensation received via the SOT, which has resulted **in accumulation of deficit by the SSE Group**. The total amount due from RONI reached EUR 219m as of 30 June 2020 and is expected to be fully recognised on SSD‘s balance sheet in course of 2020 (and collected latest by 2021)(2)

RES support scheme after 2019 and improved visibility on SOT

- In order to prevent such imbalances, an **amendment to the Slovak RES support act(3)** was adopted in November 2018 and included major changes that had been discussed between the three Slovak DSOs and the Ministry of Economy:
  - **Single buyer**(4) to be responsible for purchasing of RES energy & deviation of RES generation
  - **Cost of single-buyer to be compensated by state owned market operator (OKTE)**
  - **Bonuses to be paid by OKTE directly to RES generators**
  - **No subsidies for RES generation through DSOs**
  - **RES support costs of OKTE to be compensated via SOT tariff charged to final customers**
- RONI to compensate the already accumulated deficit for each DSO in next periods
- SOT clearing transferred from DSOs to OKTE from January 1, 2020
  - No SOT impact on DSOs’ P&Ls from 2020 onwards except for effects of settlement of prior SOT gaps
- EPIF expects the SOT deficit for 2018-2019 to be fully recognised on SSD’s balance sheet in 2019-20 and settled in 2020-21

As of 1 January 2020, the Slovak DSOs is no longer participating in the SOT scheme, as the clearing system was transferred to the state-owned company OKTE. The accumulated SOT deficit is expected to be cash settled latest in the period 2020-2021

Source: Company information

Note:

(1) If they comply with requirements set by the regulator

(2) According to the current Regulatory Framework: Coll. 309/2009 paragraph 5, section 1

(3) Renewable Energy Sources support act

(4) Set by Ministry of Energy

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 lease liabilities 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

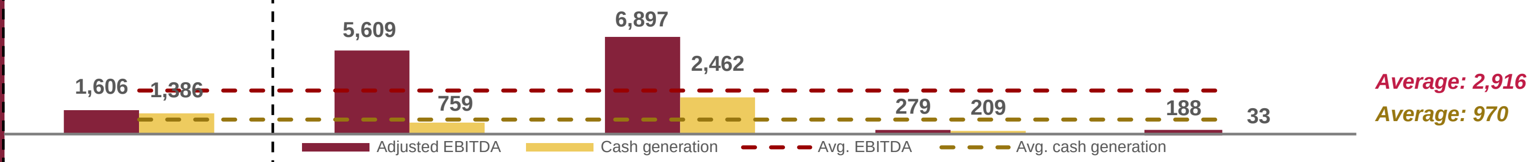
- The terms Gross debt, Net debt, Proportionate Net Debt, Net leverage Ratio and Proportionate Net leverage Ratio do not represent similarly named measures as may be defined and included in any documentation for any financial liabilities of EP Infrastructure Group

Strongly performing business with excellent cash conversion

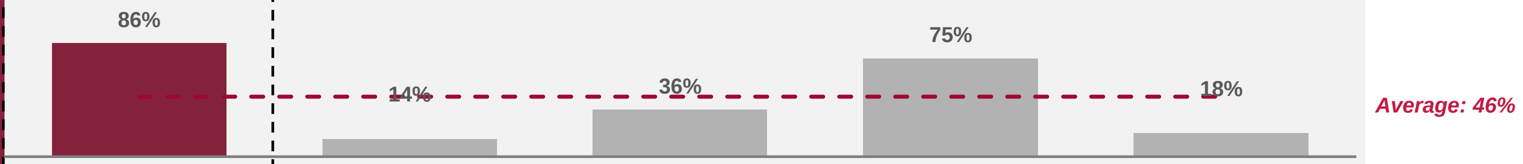
❑ Northern European peers

	EP Infrastructure (1)	nationalgrid (5)	e.on (6)	FLUXYS (7)	ELENIA
Key countries	**Slovakia Czech Republic Germany**	**UK**	**Germany Sweden CEE**	**Belgium Germany**	**Finland**
Company rating and outlook *(S&P / Moody's / Fitch)*	BBB / Baa3 / BBB- Stable / Stable / Stable	A- / Baa1 / BBB Neg. / Neg. / Stable	BBB / Baa2 / BBB+ Stable / Stable / Stable	n.a.	BBB+ / n.a. / n.a.4 Stable / n.a. / n.a.
Country rating *(S&P / Moody's / Fitch)*	A+ / A2 / A+ AA- / Aa3 / AA- AAA / Aaa / AAA	AA / Aa2 / AA-	AAA / Aaa / AAA AAA / Aaa / AAA	AA / Aa3 / AA- AAA / Aaa / AAA	AA+ / Aa1 / AA+

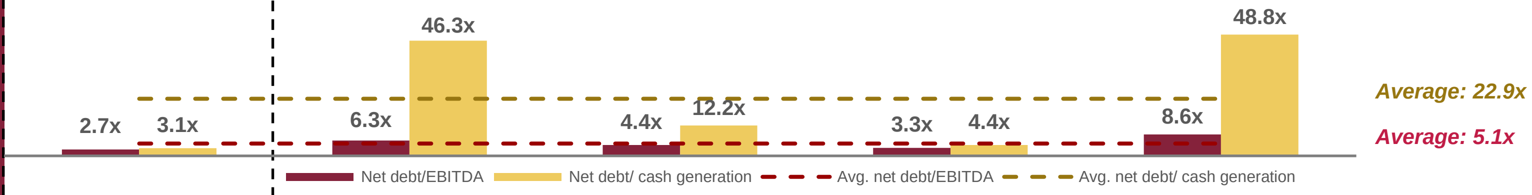
FY2019 Adjusted EBITDA and FY2019 Cash generation (ex Taxes and WoCa) (€m)[2]



FY2019 Cash conversion (ex Taxes and WoCa)[3]



FY2019 Net financial debt / EBITDA and FY2019 Net financial debt / cash generation (ex Taxes and WoCa)[2]



Sources: Company information, Rating reports.

Notes:

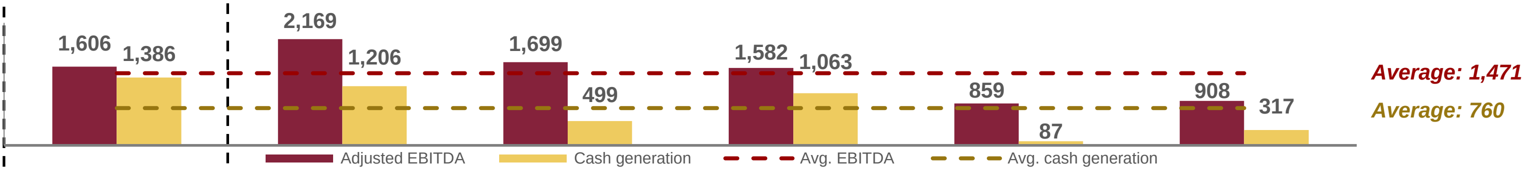
(1) EPIF information is shown on a fully consolidated basis.
(2) Cash generation calculated as Adj. EBITDA – Capex. Excludes effect of taxes and working capital adjustments.
(3) Cash conversion calculated as (Adj. EBITDA – Capex) / Adj. EBITDA. Excludes effect of taxes and working capital adjustments
(4) Long-term bond credit rating for Elenia Finance Oyj
(5) National Grid's EBITDA and CAPEX (ex WoCa) figures are calendarized on a last twelve months basis, as of 30 September 2019
(6) E.ON's EBITDA and CAPEX (ex WoCa) figures are shown on a pro forma basis (post asset swap transaction with RWE)
(7) Fluxys' EBITDA and CAPEX (ex WoCa) figures are calendarized on a last twelve months basis, as of 30 June 2019

Strongly performing business with excellent cash conversion

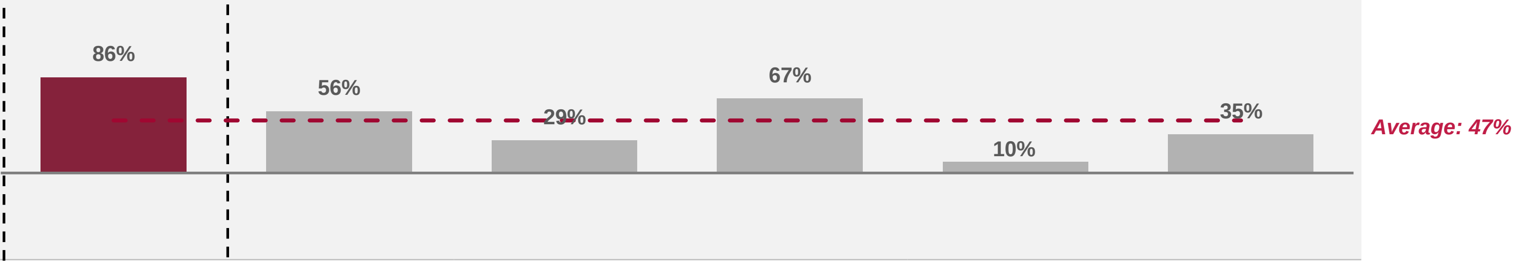
- Southern European peers

	EP Infrastructure (1)	snam	Terna (5)	Red Eléctrica de España	enagas (6)	Italgas (4)
Key countries	Slovakia Czech Republic Germany	Italy Austria	Italy	Spain	Spain	Italy

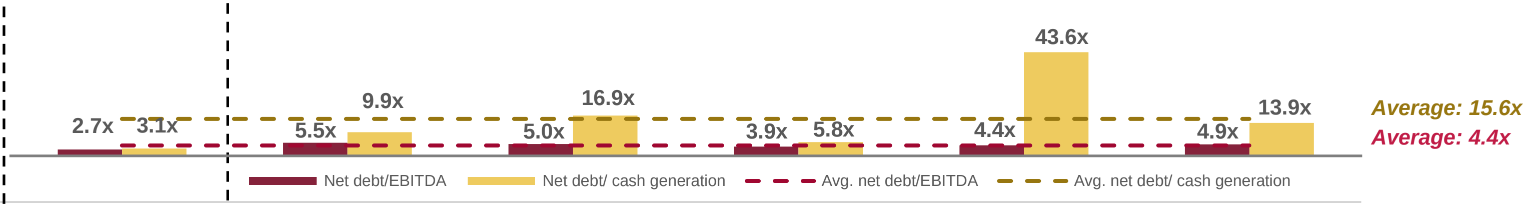
FY2019 Adjusted EBITDA and FY2019 Cash generation (ex Taxes and WoCa) (€m)[2]



FY2019 Cash conversion (ex Taxes and WoCa)[3]



FY2019 Net financial debt / EBITDA and FY2019 Net financial debt / cash generation (ex Taxes and WoCa)[2]



	EP Infrastructure (1)	snam	Terna (5)	Red Eléctrica de España	enagas (6)	Italgas (4)
Company rating and outlook *(S&P / Moody's / Fitch)*	BBB / Baa3 / BBB- Stable / Stable / Stable	BBB+ /Baa2 /BBB+ Neg. / Stable / Stable	BBB+ / Baa2 / BBB+ Neg. / Stable / Stable	A- / n.r. / A- Stable / n.r. / stable	BBB+ / Baa2 / BBB+ Stable / Stable / Stable	n.r. / Baa2 / BBB+. n.r. / Stable / Stable
Country rating *(S&P / Moody's / Fitch)*	A+ / A2 / A+ AA- / Aa3 / AA- AAA / Aaa / AAA	BBB / Baa3 / BBB AA+ / Aa1 / AA+	BBB / Baa3 / BBB	A / Baa1 / A-	A / Baa1 / A-	BBB / Baa3 / BBB

Sources: Company information, Rating reports.

Notes:

(1) EPIF information is shown on a fully consolidated basis

(2) Cash generation calculated as Adj. EBITDA – Capex. Excludes effect of taxes and working capital adjustments.

(3) Cash conversion calculated as (Adj. EBITDA – Capex) / Adj. EBITDA. Excludes effect of taxes and working capital adjustments

(4) Capex includes concession agreements

(5) Terna's EBITDA and CAPEX (ex WoCa) figures are calendarized on a last twelve months basis, as of 30 September 2019

(6) Enagas' significant y-o-y CAPEX (ex WoCa) increase is due to the acquisition of U.S. oil and gas pipeline operator Tallgrass Energy at the end of 2019

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